

# Weekly Investment Update

8<sup>th</sup> January 2021



## Geo-political news

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**US political protests** – A win for democrat candidates in the Georgia runoff elections gave democrats control of the US Senate for the first time in six years. During proceedings where lawmakers were formalising the election victory of President-elect, Joe Biden, the US Capitol was stormed by protesters and the halls of Congress were evacuated. Supporters of the current President, Donald Trump, pushed past barricades and overwhelmed outnumbered police. Soon after, Mr Biden appeared on television and called on President Trump to make a statement to demand an end to the ongoing assault. Trump later issued a pre-recorded statement where he called for an end to the violence, all the while repeating his claims of a fraudulent election result. The day after the protest, the formalisation of the election result went ahead, while Nancy Pelosi, the Speaker of the House of Representatives, called for the immediate removal of President Trump using the 25<sup>th</sup> amendment after this “seditious act”.

**Covid-19** – Covid-19 infection rates and deaths are continuing to hit new daily records in the US and the UK. In the UK, Prime Minister, Boris Johnson, was forced to put England into yet another national lockdown while the Oxford/AstraZeneca vaccination rollout continues. The UK government released data earlier in the week, which showed that 1 in every 50 people in England have Covid, whereas in London, 1 in every 30 people now have Covid as the new and more infectious strain proliferates. On Friday, the Mayor of London declared a ‘major incident’ in the capital’s hospitals as admissions grew larger.

## Market Summary

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**Global Equities** – Major global equity benchmarks finished the week positively as at Thursday’s close. Equity investors mostly looked past the chaos in the US, instead choosing to concentrate more on the likelihood of more US economic stimulus. The UK FTSE 100 surged as optimism over the UK’s vaccine rollout program turned investor sentiment positive. In Europe, the German DAX index hit an intraday all-time high on Friday, pushing over 14,000 points as the euro currency weakened further. After US Congress confirmed President-elect, Joe Biden’s election victory, major US indices closed at record highs.

**Commodities** – Gold prices fell against the US dollar over the week as at Friday’s open, slipping below the key \$1,900 per ounce technical level as the US dollar and Treasury yields strengthened.

Interestingly, copper hit an 8 year high versus the US dollar this week, driven by expectations of increased infrastructure spending by incoming US President Joe Biden after Democrats won control of the Senate.

Oil prices (Brent Crude & WTI) continued their bullish rally this week, spurred on by Saudi Arabia’s surprise announcement earlier this week that it would be cutting output by one million barrels per day for the next two months.

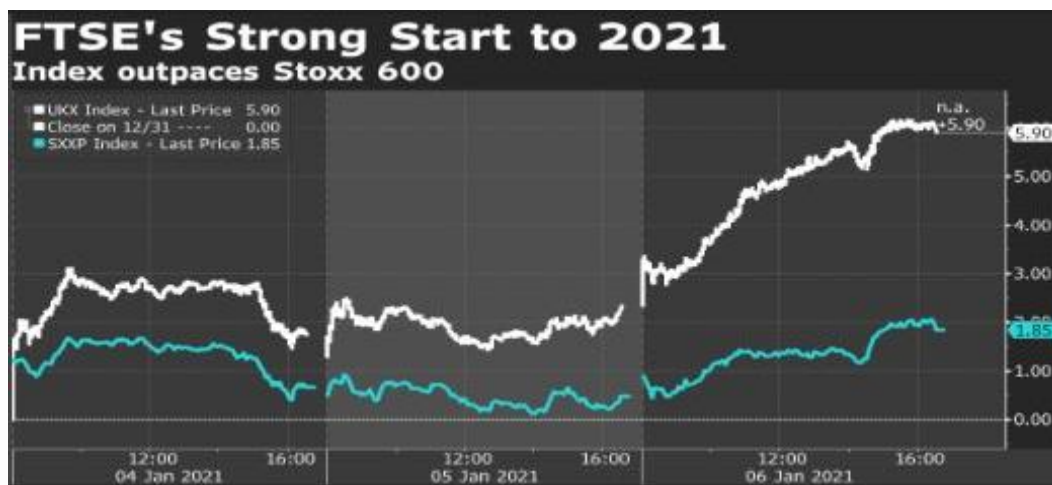
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## Chart of the Week



Source: Bloomberg – the UK FTSE 100 outpaces European equities in the first trading week after the Brexit deal is agreed

## Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
- China CPI		- US CPI		- China GDP - Germany annual GDP

## Market Performance – 08/01/2021

Global Market Indices	2021 YTD %*
FTSE 100	4.35%
S&P 500	2.81%
DAX	1.76%
Nikkei 225	0.85%
Hang Seng	0.28%
Fixed Income	Yield %
UK 10 Yr Gilt	0.29%
US 10 Yr Treasury	1.07%
Commodities	2021 YTD %
Gold	-0.19%
Currency	
GBP/USD	1.36 (08/01/2021)
GBP/EUR	1.11 (08/01/2021)

Source: FE Analytics/ Bloomberg.com

\*Total Return/Local currency

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