

Markets spooked by tech earnings, as election looms large

Snapshot



Corporate Bonds
Sovereign Bonds



World Equities
Oil
Gold
Copper

The week ahead

3
Nov

The U.S. election takes place, although the result may not be immediately clear.

5
Nov

The Federal Reserve and the Bank of England both meet for their latest interest rate decisions.

6
Nov

US Non-Farm Payrolls go to print.

Q3 earnings released late on Thursday from Apple, Amazon, Alphabet, and Facebook failed to assuage market concerns as stocks were led lower by Tech over the course of the week. Each company beat consensus revenue and earnings forecasts, yet all but Alphabet fell in trading on Friday as investors booked profits and were disappointed by the guidance for the last quarter of the year.

In terms of U.S. data, real GDP jumped 33.1% (annualised) in Q3 and beat expectations and was driven by a large surge in consumer spending. However, it is worth noting that this follows the record fall in Q2 and real GDP is still roughly 3.5% below pre-pandemic levels. Weekly unemployment claims came in at 751,000 for the week, still well above the longer-term average but at their lowest level since mid-March.

Eurozone GDP also beat expectations, but still has not recovered fully to the levels seen earlier in the year. Much of Europe is now under lockdown once again, with some weakness in the services sector gaining attention. Whilst the ECB did not make any changes at its meeting last week, the tone was quite dovish and there is a growing expectation that we will see a loosening of monetary conditions in December.

Positive vaccine news from AstraZeneca was overshadowed by the accelerating case count as Europe enters the winter period. Yields (which move inversely to price) on core eurozone government bonds fell, as France has reintroduced national lockdowns with the U.K. to follow later in this week.

Our regular market information continues on the next page.

	1 Week Return 26.10.20 to 2.11.20		Year to Date Return 01.01.20 to 2.11.20	
	Local Currency	Euro	Local Currency	Euro
World	-4.0%	-2.7%	-1.4%	-5.0%
U.S.	-3.9%	-2.5%	4.0%	0.2%
Europe	-4.0%	-4.0%	-12.6%	-12.6%
Ireland	0.5%	0.5%	-2.6%	-2.6%
U.K.	-3.8%	-3.1%	-25.5%	-29.9%
Japan	-2.3%	-0.6%	-6.0%	-5.8%
Hong Kong	-3.4%	-2.1%	-9.8%	-12.7%
Corporate Bonds	0.0%	0.0%	1.5%	1.5%
Sovereign Bonds	0.6%	0.6%	6.9%	6.9%

Equities

- Global markets fell last week up by -2.7% in euro terms and -4.0% in local terms.
- Year to date the U.K. market is down -29.9% in euro terms and -25.5% in local terms.
- The influential U.S. Market was down -2.5% in euro terms and -3.9% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 0.86% last week. The German equivalent finished at -0.62%. The Irish 10-year bond yield finished at -0.25%.
- The Euro/U.S. Dollar exchange rate finished at 1.16, whilst Euro/GBP finished at 0.90.

Commodities

- Oil finished the week at \$35 per barrel.
- Gold finished the week at \$1,887 per troy ounce up 24.4% year to date in local terms and 19.8% year to date in Euro terms.
- Copper finished the week at \$6,707 per tonne.

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