

Markets rise on vaccine and election clarity

Snapshot



World Equities
Sovereign Bonds
Oil
Copper



Corporate Bonds
Gold

The week ahead

1
Dec

U.S. manufacturing PMIs and eurozone inflation figures are published.

2
Dec

Eurozone unemployment and Japanese consumer confidence data is release.

4
Dec

U.S. non-farm payrolls go to print, with a fall in the unemployment rate forecast.

Equities started the week on a positive note as AstraZeneca and Oxford University announced their vaccine is up to 90% effective with two doses. Optimism did wane as the week went on over the news, but it is the most cost effective option available and it does mean there are three viable vaccines in development. Markets also cheered reports that Janet Yellen was set to be appointed Treasury Secretary, with the ex-Fed Chair seen as likely to work closely with her former employers with the potential for a more coordinated fiscal and monetary approach.

President Trump also cleared the way for a transition of government to President-elect Biden. The President continues to maintain that the election was 'rigged' but has lost a string of judicial challenges, and a number of recounts in key states actually increased Biden's lead. With a formal concession looking unlikely, some level of uncertainty will remain regarding the transition process.

U.S. economic data was also mixed, with weekly jobless claims up to their highest level in five weeks and personal incomes and consumer confidence both also moving lower. On the other hand, manufacturing data and corporate profits continue to rebound to pre-pandemic levels. Eurozone data was less positive as the effects of lockdowns start to take hold. Manufacturing and Services PMIs were both lower on the month, with U.K. Services also in contraction territory.

Eurozone government bond yields were broadly flat as an initial move higher was tempered by dovish ECB comments in relation to further stimulus into 2021. There is also a growing sense that European banks will be allowed to resume dividends next year, provided they can assure regulators of their balance sheet strength. Finally, lockdowns remain in place across most of the continent, with Germany, Portugal, and the U.K. amongst those announcing further restrictions.

Our regular market information continues on the next page.

| | 1 Week Return 23.11.20 to 30.11.20 | | Year to Date Return 01.01.20 to 30.11.20 | |
|-----------------|---------------------------------------|-------|---|--------|
| | Local Currency | Euro | Local Currency | Euro |
| World | 2.2% | 1.0% | 12.0% | 5.2% |
| U.S. | 1.9% | 0.8% | 16.5% | 9.4% |
| Europe | 1.6% | 1.6% | 0.5% | 0.5% |
| Ireland | 2.6% | 2.6% | 4.8% | 4.8% |
| U.K. | 0.5% | -0.2% | -14.4% | -19.0% |
| Japan | 3.7% | 3.0% | 7.2% | 5.2% |
| Hong Kong | 1.3% | 0.2% | 2.6% | -3.1% |
| Corporate Bonds | -0.1% | -0.1% | 2.6% | 2.6% |
| Sovereign Bonds | 0.6% | 0.6% | 7.3% | 7.3% |

Equities

- Global markets were up last week up by 1.0% in euro terms and 2.2% in local terms.
- Year to date the U.K. market is down -19.0% in euro terms and -14.4% in local terms.
- The influential U.S. Market was up 0.8% in euro terms and 1.9% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 0.84% last week. The German equivalent finished at -0.59%. The Irish 10-year bond yield finished at -0.28%.
- The Euro/U.S. Dollar exchange rate finished at 1.20, whilst Euro/GBP finished at 0.90.

Commodities

- Oil finished the week at \$45 per barrel.
- Gold finished the week at \$1,774 per troy ounce up 16.9% year to date in local terms and 9.4% year to date in Euro terms.
- Copper finished the week at \$7,487 per tonne.

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