

# The noise, the numbers & the nuance

Weekly Market Update | 25 September 2020

Welcome to our weekly newsletter, where we summarise the key market developments over the last seven days



## The noise

- On Tuesday Boris Johnson announced a new series of restrictions to combat rising Coronavirus cases in England. Pubs, bars and restaurants must now close at 10pm, people should work from home where possible and fines for breaking rules have increased. Yesterday, Chancellor Rishi Sunak announced a new Job Support Scheme to replace the furlough scheme which ends on 31<sup>st</sup> October; the government will top up salaries in any firms where employees are working at least one third of normal hours.
- The US supreme court justice, Ruth Bader Ginsburg died last Friday, thrusting an imminent spotlight on who might fill the vacancy, just six months out from the election. Fiscal stimulus packages will remain on hold whilst politicians are preoccupied with the shifting sands of political power in Washington.
- When asked whether he would allow a peaceful transfer of power were he to lose the November election, Donald Trump replied in very ambiguous terms, saying: "We're going to have to see what happens. You know that I've been complaining very strongly about the ballots, and the ballots are a disaster." It increasingly seems that even once the votes are counted, the identify of the next President will not be immediately clear.



## The numbers

GBP Performance to 24/09/20	1 Week	YTD
<b>Equity GBP Total Return (MSCI)</b>		
UK (MSCI UK)	-4.1%	-22.2%
Europe (MSCI Europe)	-4.0%	-7.2%
US (MSCI USA)	-1.7%	7.1%
Japan (MSCI Japan)	0.0%	2.8%
Emerging Markets (MSCI Emerging)	-3.0%	0.5%
<b>Fixed Income GBP Total Return</b>		
UK Government (Barclays Sterling Gilts Index)	-0.3%	8.4%
Investment Grade Hedged (Barclays Global Aggregate Corporate Bond Index)	-0.4%	4.6%
High Yield Bonds Hedged (Barclays Global High Yield Index)	-1.8%	-2.4%
<b>Currency moves</b>		
GBP vs USD	-1.7%	-3.8%
GBP vs EUR	-0.3%	-7.7%
GBP vs JPY	-1.1%	-6.8%
<b>Commodities GBP return</b>		
Gold (in £)	-2.2%	28.1%
Oil (in \$)	-0.8%	-26.3%

Source: Bloomberg, data as at 24/09/2020



## The nuance

A perusal of the noise and the numbers of this week's review paints a slightly gloomy picture. However, despite the short-term negative backdrop, investors are well advised to look beyond the noise to the structural trends of growing fiscal stimulus and continued monetary support which will aid businesses through these tough times.

Whilst politicians are still bickering and a stalemate regarding fiscal stimulus seems to have been reached, one need only look back on recent months for ample evidence that politicians are extremely adept at spending money, even when they don't have it. It seems highly likely that another fiscal injection will arise once political tensions ease off.

As for the second wave of Coronavirus infections which is sweeping the globe, it is perhaps slightly more difficult to stay upbeat. However, despite rising numbers of cases, the data shows that our healthcare systems are coping better and the vast majority of patients recover. Perhaps herd immunity is achievable sooner than we might expect and the experience of medical professionals has improved our ability to treat patients. Whilst we have taken a step backwards by closing down some economic activity, it may be that societies are learning to live with this virus faster than people realise.

The longer-term outlook is not all doom and gloom and whilst our portfolios are constructed to protect on the downside, they are also well placed to benefit from a more optimistic market sentiment.



## Quote of the week

*"You couldn't write it. Police turned up looking for migrants on a beach full of naked people."*

**Jamie Anley**, beachgoer from Kent

Having fled their homeland for the promise of a better life, a group of eleven migrants finally made land near Hastings, on the coast of South England. They likely wondered just what sort of place they'd come to as they were greeted by 80 nudists enjoying the late summer sun. One man swam – naked – out to the inflatable as it approached the shoreline to check that all on board were ok. The beachgoers proceeded to offer the migrants hot drinks, before they disappeared into the nearby woods. Jamie Anley, who observed the scene, said that before landing they were paddling about ten metres off the beach. We can only imagine that they were deliberating whether to turn back around.

Source: [www.dailymail.co.uk](http://www.dailymail.co.uk)

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