

Market Update

Weekly Bulletin: Global stock markets welcome vaccine news

Key takeaways

In a buoyant week for global markets, share prices were driven higher by news of a potential COVID-19 vaccine, US and UK-EU political dramas rumbled on, and a major Asian trade deal was brokered.

- Early last week, news broke of a potentially viable COVID-19 vaccine, developed by pharmaceutical giant Pfizer. Reflecting the hopes of the world population, global stock markets rose by way of response. Investment sentiment is now caught between two extremes – the economic hardship of lockdowns rolling out across the northern hemisphere (albeit not so restrictive as last time), and the hope of a medical solution to the virus.
- On home shores in the UK, confirmed COVID-19 cases continue to increase. However, the level of overall UK deaths – from all causes, not just the pandemic – now appears to be following a typical seasonal pattern. This indicates that while cases are rising, fatalities are not. This is quite a different picture versus the early UK stages of COVID-19, and suggests we are getting better at treating the disease, or at protecting those most vulnerable to its effects, or both.
- Meanwhile, the seemingly endless Brexit negotiations continue, despite now having passed various purported final deadlines. We still feel that some form of deal will materialise, though the situation is extremely fraught. At 10 Downing Street, a shakeup of the prime minister's advisory team has led many to believe that a deal is afoot, though this may be a case of wishful thinking.
- In another never-ending story, the US election rumbles on, but already feels like rather old news in the 2020 landscape. Over the weekend, President Trump appeared to finally admit to losing the election – an admission coated in unsubstantiated claims of election rigging.
- Buried beneath these stories in most news cycles was an important update on a massive intra-Asian trade deal. Made between a number of Asian nations (including China, Japan and South Korea – notably not India), the Regional Comprehensive Economic Partnership is one of the biggest trade deals in history. The agreement took eight years to negotiate, will take a further two years to be ratified by the individual countries, and covers around one-third of the global economy and world population.

Weekly market moves

- In a good week for riskier asset types, most major stock markets delivered positive returns. Asian markets performed particularly well as the week drew to a close, reflecting the region's new trade deal.
- In keeping with this pro-risk mood, oil prices also rose.
- The flipside of the coin was that traditional 'safe-haven' asset types such as government bonds and gold underperformed.

What to look out for this week

- Brexit is likely to remain a hot topic, with negotiations now very much in 'extra time'.
- With many more vaccines in development, any pharmaceutical progress is also set to capture media headlines.
- Key central bankers speaking this week include Bank of England Governor Bailey and European Central Bank President Lagarde, while a number of emerging market central banks will also announce their latest policy decisions.



Market moves (as at 13 November 2020)

	Index Levels	Last Week	Month to Date	Year to Date
Equity				
MSCI United Kingdom	1,775.1	7.6%	13.9%	-15.1%
MSCI United Kingdom Mid Cap	1,206.6	5.4%	12.6%	-7.2%
MSCI United Kingdom Small Cap	396.0	7.7%	12.6%	-11.7%
MSCI World (GBP)	1,910.0	2.3%	8.5%	10.0%
S&P 500 (GBP)	3,585.2	2.1%	7.8%	13.5%
MSCI Japan (GBP)	1,035.3	1.6%	6.4%	6.9%
MSCI Europe ex-UK (GBP)	1,384.2	4.0%	11.9%	4.6%
MSCI Pacific ex-Japan (GBP)	1,547.8	3.6%	9.4%	-1.1%
MSCI Emerging Markets (GBP)	67,073.5	0.9%	5.8%	9.7%
Bonds				
BoA Merrill Lynch Conventional Gilts	1,390.7	-0.8%	-1.2%	6.2%
BoA Merrill Lynch Index-Linked Gilts	601.4	-2.8%	-3.9%	6.3%
BoA Merrill Lynch £ Corporate	467.2	0.1%	0.5%	5.3%
Commodities				
Oil (West Texas Intermediate, GBP)	\$40.1	8.4%	10.6%	-33.9%
Gold (GBP)	\$1890.9	-2.7%	-1.3%	25.7%
S&P / GSCI (GBP)	1,763.4	3.3%	4.0%	-31.5%

Past performance is not a reliable indicator of future results. The value of investments may fall as well as rise. All performance returns are in GBP, while all index levels are in local currency.

Clear Thinking

Important information

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