

Current Update

November 2020



Market Commentary

Enhancer assets rallied strongly in November, mainly due to several vaccines proving effective against Covid-19. Diversifier and Anchor assets added less value as corporate bonds outperformed government bonds and the price of precious metals, especially gold, fell.

US equities surged as vaccine breakthroughs sparked investor optimism that a return to economic normality is in sight. Joe Biden won the presidential election with a clear victory despite the ongoing protests of incumbent President Trump. The most economically-sensitive areas of the US stock market rose the most sharply. Energy stocks were up markedly. Financials, industrials and materials also rose. The US dollar declined.

In the eurozone, expectations of global recovery supported shares, with the region a particular beneficiary given its high exposure to global trade. There were also encouraging signs that Covid-19 infection rates are slowing in several European countries, enabling governments to start easing lockdown restrictions. Energy and financials were amongst the best-performing sectors.

UK equities performed well, helping them to recoup some of their year-to-date underperformance versus other regions. Sentiment was also helped by hopes that a “no-deal” Brexit might be avoided. A notable rotation into value stocks prompted some debate as to whether the long-term dominance of so-called growth stocks may at last be challenged.

Asian equities, including Japan, had a strong month. China returned to strong economic growth while Japan appeared driven by vaccine-related news and the slow-motion results from the US presidential election.

Emerging market equities registered a robust return. Value outperformed growth, while Latin America and emerging Europe outperformed emerging Asia.

Government bond yields were volatile during the month, with large swings around the US election and vaccines news. Gilts lost value as yields rose but with inflation appearing to rise index linked bonds did appreciate.

Diversifiers were mixed as energy related assets and property added value but Gold fell sharply.

UK	30-Nov-20	31-Dec-19
FTSE 100	6,266	7,542
FTSE 100 % Change	-16.92%	
BoE Interest Rate	0.10%	0.75%
CPI	0.70%	1.50%
Govt, 10YR Yield	0.31%	0.83%
FTSE 350	3,569	4,249

Currency	30-Nov-20	31-Dec-19
GBP/USD	1.33	1.32
GBP/EURO	1.11	1.18

Commodity (\$)	30-Nov-20	31-Dec-19
Gold	1,788	1,518
Silver	22.64	18.00
Brent Crude Oil	48.25	66.03

Govt 10YR Bond	30-Nov-20	31-Dec-19
US	0.84	1.92
Japan (JGB)	0.03	-0.02
Germany (Bund)	-0.57	-0.18

Global Markets	30-Nov-20	31-Dec-19
Dow Jones	29,638	28,538
Dax	13,291	13,249
CAC	5,518	5,978
Nikkei 225	26,433	23,656
Shanghai	3,391	3,050
Sensex	44,149	41,253
Nifty 50	12,968	12,168

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10 Key Events to Watch:

UK		Previous	Forecast
Tuesday, Dec 15, 2020	Unemployment Rate (Oct)	4.8%	4.8%
Wednesday, Dec 16, 2020	CPI (YoY) (Nov)	0.7%	0.6%
Thursday, Dec 17, 2020	Retails Sales (MoM) (Nov)	1.2%	-
Thursday, Dec 17, 2020	BoE Interest Rate Decision	0.10%	0.10%
Tuesday, Dec 22, 2020	GDP (YoT) (q3 final)	-19.8%	15.5%
GLOBAL			
Thursday, Dec 10, 2020	ECB Interest Rate Decision	0.00%	-
Monday, Dec 14, 2020	China Industria Production (YoY)	6.9%	-
Wednesday, Dec 16, 2020	USA Fed Interest Rate Decision	0.25%	-
Wednesday, Dec 16, 2020	Germany Manufacturing PMI (Dec)	57.8%	-
Tuesday, Dec 22, 2020	USA GDP (QoQ) (Final Q3)	-21.5%	-9.6%

Key Recent Announcements

US ISM MANUFACTURING PMI (Oct):

Survey results shows down trend to 59.3 in Oct 2020 from 55.4 as compared to previous month, against market expectations of 55.8.

UK MANUFACTURING PMI (Oct):

Manufacturing PMI stood at 53.7 as compared to 53.3 from the previous month.

UK INFLATION RATE YoY (OCT):-

The rate of inflation across the UK stood at 0.7 percent in Sep 2020, compared to 0.5 percent the previous market expectations of 0.6 percent.

US GDP (QOO) (Q3):

The US GDP stood at 33.1 percent in Q3 as compared to -31.4% percent from the previous quarter.

For further information or enquiries, professional advisors please contact the investment team directly on **020 3383 0180** or by emailing info@riverscm.com

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