

News highlights

- Optimism on the trade war and Brexit seized the spotlight, driving equity markets higher last week
- We saw incremental progress on the US/China trade front: The initial phase of a deal was outlined and US tariff hikes intended for October 15th were suspended. According to Xinhua press agency, both sides “agreed to make the efforts towards a final agreement”. In plain English, the trade war again at a truce and a skinny deal appears to be within reach.
- Hopes of a breakthrough on Brexit were visible with Johnson and Varadkar (Irish Prime Minister) allegedly on a ‘pathway’ to an agreement on the Irish border, potentially allowing the UK to leave in an orderly fashion.
- Good news for equity markets was bad news for bond markets, with both US Treasury and Bund yields rising significantly on the back of positive sentiment.
- EU finance ministers agreed on the Budgetary Instrument for Competitiveness and Convergence (BICC), the first Eurozone fiscal capacity facility. The size of the fund will have to be decided in the context of the 2021-2027 EU budget. Press reports currently described the initiative as a drop in the bucket with limited cross-border capacity, ending up with ‘peanuts’.
- This week market participants will most probably focus on bottom-line business perspectives with the start Q3 earnings season. The EU summit at the end of the week is another ‘last chance’ meeting to agree a deal on Brexit before the deadline. IMF and World Bank annual meetings will be held in Washington from Oct 18th to the 20th.

EQUITIES (local currency, price change)

	Last Price	5 days	YTD		5 Years
			Local	EUR	
US					
S&P 500	2 970	0.6%	18.5%	22.8%	47.7%
Nasdaq	8 057	0.9%	21.4%	25.8%	75.9%
Dow Jones	26 817	0.9%	15.0%	19.1%	55.2%
Europe					
Stoxx 50	3 570	3.6%	18.9%	18.9%	9.1%
DAX	12 512	4.2%	18.5%	18.5%	27.7%
CAC	5 665	3.2%	19.8%	19.8%	27.0%
FTSE	7 247	1.3%	7.7%	10.9%	6.0%
AEX	577	2.3%	18.4%	18.4%	35.6%
BEL 20	3 728	3.2%	14.9%	14.9%	15.8%
SMI	10 017	1.9%	18.8%	21.6%	13.3%
EM & Asia					
Nikkei 225	21 799	1.8%	8.9%	14.8%	33.6%
Hang Seng	26 308	1.9%	1.8%	5.3%	8.2%
India	38 127	1.2%	5.7%	7.7%	40.7%
Russia	2 708	0.6%	14.3%	28.2%	89.2%
Brazil	103 832	1.2%	18.1%	15.7%	79.7%

FIXED INCOME (local currency, total return)

	Yield	5 days	YTD	5 Years
Government	1.74	-1.4%	7.3%	15.5%
Investment Grade	2.89	-1.2%	12.2%	24.4%
High Yield	5.79	0.3%	11.2%	28.1%
Europe				
Government	-	0.02	-0.9%	8.4%
Investment Grade	0.46	-0.4%	6.4%	13.9%
High Yield	3.59	0.3%	9.1%	23.8%
EM				
Global HC USD	4.59	-0.3%	10.6%	27.8%

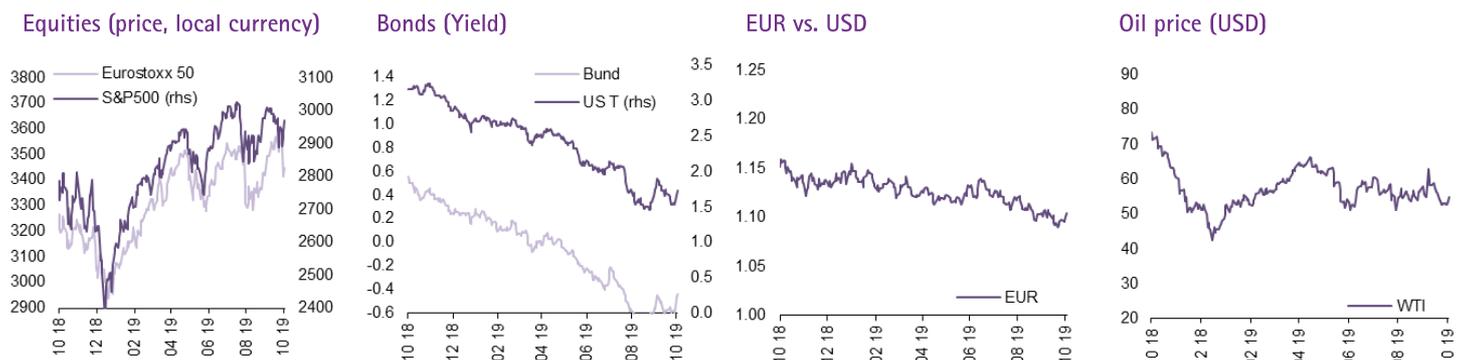
EUR VERSUS MAJOR CURRENCIES

	Last	5 days	YTD	5 Years
USD	1.10	0.6%	-3.7%	-14.6%
JPY	119.71	2.0%	-4.9%	18.9%
CHF	1.10	0.7%	-2.2%	-9.0%
GBP	0.87	-2.1%	-3.0%	9.4%

COMMODITIES

	Last	5 days	YTD		5 Years
			USD	EUR	
WTI	54.70	3.6%	20.5%	24.8%	-40.5%
Gold	1 489.10	-1.0%	16.1%	20.3%	-15.6%
Base Metals	179.81	1.3%	1.1%	1.1%	-18.6%

Charts of the week



Source: Bloomberg, BIL, as at 11/10/19

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