

News highlights

- Equity and credit markets had a rough week as expectations on the pace of the economic recovery were recalibrated to reflect uneven and slow growth. This comes with stricter local containment measures related to rising coronavirus infections in Europe.
- The risk-off mood supported broad dollar strength and took the shine off precious metals and oil. Interestingly, other safe haven assets, like government bonds, were little changed over the week.
- Advanced PMIs for Europe demonstrated the malaise inside the services component which suffered a significant fall to 47.6 from 50.5 in August, with face-to-face service activities hit by intensifying virus concerns.
- Allegations about major bank weaknesses with regard to money laundering controls were also a drag on investor sentiment, further pressured by rumours that HSBC could be included on Beijing's unreliable entities list.
- The passing away of a US Supreme Court Justice member raised concerns that a political battle in selecting the next nominee could distract from ongoing negotiations between Democrats and Republicans on a deal for another fiscal-relief package.
- Italian government bond yields declined significantly after regional elections in Tuscany and Veneto, reflecting the reduced political uncertainty around the current ruling coalition.
- Following similar moves from Bloomberg Barclays and JP Morgan, FTSE Russell said that in 2021, it will include Chinese government bonds in its widely used World Government Bond Index. The move is estimated to trigger inflows of \$140bn.
- This week, investors will closely follow the first presidential debate in the US, the discussion around the US Supreme Court nomination, as well as the resumption of Brexit negotiations.

EQUITIES (local currency, price change)

	Last Price	5 days	YTD		5 Years
			Local	EUR	
US					
S&P 500	3 298	-0.6%	2.1%	-1.3%	70.8%
Nasdaq	10 914	1.1%	21.6%	17.5%	132.9%
Dow Jones	27 174	-1.7%	-4.8%	-8.0%	66.6%
Europe					
Stoxx 50	3 137	-4.5%	-16.2%	-16.2%	0.8%
DAX	12 469	-4.9%	-5.9%	-5.9%	28.7%
CAC	4 730	-5.0%	-20.9%	-20.9%	5.6%
FTSE	5 843	-2.7%	-22.5%	-28.3%	-4.4%
AEX	541	-1.8%	-10.5%	-10.5%	27.9%
BEL 20	3 164	-6.3%	-20.0%	-20.0%	-6.4%
SMI	10 216	-3.1%	-3.8%	-3.3%	20.1%
EM & Asia					
Nikkei 225	23 205	-0.7%	-1.9%	-2.4%	29.8%
Hang Seng	23 235	-5.0%	-17.6%	-19.9%	9.7%
India	37 389	-3.8%	-9.4%	-15.4%	44.6%
Russia	2 897	-1.9%	-4.9%	-27.4%	76.7%
Brazil	96 999	-1.3%	-16.1%	-41.5%	116.4%

FIXED INCOME (local currency, total return)

	Yield	5 days	YTD	5 Years
Government	0.48	0.3%	9.1%	21.0%
Investment Grade	1.93	-0.6%	6.3%	32.4%
High Yield	6.02	-1.5%	-0.1%	36.2%
Europe				
Government	-	0.11	0.3%	3.5%
Investment Grade	0.57	-0.2%	0.7%	14.5%
High Yield	4.63	-1.5%	-3.1%	21.7%
EM				
Global HC USD	3.81	-1.2%	1.6%	34.0%

EUR VERSUS MAJOR CURRENCIES

	Last	5 days	YTD	5 Years
USD	1.16	-1.8%	3.7%	-10.1%
JPY	122.88	-0.8%	0.9%	22.1%
CHF	1.08	0.1%	-0.5%	-10.7%
GBP	0.91	-0.5%	7.9%	14.4%

COMMODITIES

	Last	5 days	YTD		5 Years
			USD	EUR	
Brent	41.92	-2.9%	-36.5%	-38.6%	-61.8%
Gold	1 861.58	-4.6%	22.7%	18.6%	5.5%

Source: Bloomberg, BIL, as at 18/09/2020

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