BIL 1856 BANQUE INTERNATIONALE À LUXEMBOURG

Weekly Market Snapshot

5th October 2020

News highlights

- US equities saw their first positive week since August, even with a weaker end of Friday while European indices registered a third week of gains out of the last four.
- Hopes that US Congress will reach a deal on a relief bill supported equity markets up to the news that President Trump and senior advisors tested positive for Covid-19.
- Eurozone consumer prices fell for a second consecutive month in September, with the year-on-year headline inflation number hitting -0.3%. While some temporary factors were at play (e.g. lower German VAT), the drop of service inflation to just 0.5% demonstrated that the health crisis is having a significant deflationary impact.
- The ECB president Lagarde gave the clearest sign yet that the bank could follow the Fed in changing its inflation target towards a more symmetric approach.
- Although the U.S. economy added 661,000 jobs in September, the latest monthly employment report provided further evidence of a slowdown in the pace of the economic recovery and in the labour participation rate.
- The Tokyo Stock Exchange shut down for the day on Thursday as its operator raced to solve a technical glitch that halted equities trading. The company said it had yet to identify the exact cause of the malfunction but had ruled out a cyberattack. Trading resumed as normal on Friday, although market activity was light due to Golden Week and other holiday closures in several markets across Asia.
- The first of three presidential debates between Trump and Biden turned out to be a chaotic, rowdy event, based on mutual contempt. The status of upcoming Vice-President and Presidential debates remains uncertain.

EQUITIES *(local currency, price change)*

	Last Price	5 days	YTD		5 Years
US			Local	EUR	
S&P 500	3 348	1.5%	3.6%	-0.7%	71.6%
Nasdaq	11 075	1.5%	23.4%	18.3%	135.2%
Dow Jones	27 683	1.9%	-3.0%	-7.0%	68.1%
Europe					
Stoxx 50	3 191	1.7%	-14.8%	-14.8%	3.3%
DAX	12 689	1.8%	-4.2%	-4.2%	32.8%
CAC	4 825	2.0%	-19.3%	-19.3%	8.2%
FTSE	5 902	1.0%	-21.7%	-26.9%	-3.7%
AEX	553	2.3%	-8.5%	-8.5%	30.9%
BEL 20	3 248	2.7%	-17.9%	-17.9%	-2.8%
SMI	10 252	0.4%	-3.4%	-2.8%	20.4%
EM & Asia					
Nikkei 225	23 030	-0.8%	-2.6%	-3.7%	29.9%
Hang Seng	N/A	1.0%	-16.8%	-19.9%	9.1%
India	N/A	3.5%	-6.2%	-12.8%	47.6%
Russia	2 852	-1.5%	-6.4%	-28.9%	76.9%
Brazil	94 016	-3.1%	-18.7%	-44.8%	99.9%

FIXED INCOME *(local currency, total return)*

	Yield	5 days	YTD	5 Years
US				
Government	0.50	-0.3%	8.7%	19.5%
Investment Grade	1.92	0.0%	6.4%	31.8%
High Yield	5.69	0.9%	0.8%	39.9%
Europe				
Government -	0.13	0.2%	3.7%	15.0%
Investment Grade	0.52	0.2%	1.0%	14.7%
High Yield	4.39	0.6%	-2.4%	23.3%
EM				
Global HC USD	3.78	0.0%	1.7%	33.8%

EUR VERSUS MAJOR CURRENCIES

	Last	5 days	YTD	5 Years
USD	1.17	0.7%	4.5%	-9.4%
JPY	123.39	0.4%	1.3%	22.6%
CHF	1.08	-0.2%	-0.7%	-10.9%
GBP	0.91	-0.8%	7.0%	13.6%

COMMODITIES

	Last	5 days	YTD		5 Years
			USD	EUR	
Brent	39.27	-6.3%	-40.5%	-43.0%	-64.2%
Gold	1 899.84	2.1%	25.2%	20.0%	7.7%

Source: Bloomberg, BIL, as at 02/10/2020

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