

GLOBAL MARKET UPDATE

America has decided

Although there are a number of states yet to be called, **Joe Biden has already gained over 270 electoral college votes to become the United States' 46th President** (to be inaugurated on the 20th January 2021). Although President Trump has not conceded yet and vowed more legal claims, it is highly unlikely that the incumbent President can remain in office. It is worth noting that a 'blue wave' victory by the Democratic Party did not materialise, as the Senate will most likely remain under the Republicans' control at least until January, and there is a good chance that Republicans will retain a Senate majority thereafter. **Financial markets found comfort in the idea that there would be no political deadlock over the outcome of the Presidential election**, which could have created policy paralysis and policy uncertainty for a prolonged period.

Due to the excitements that came with the Presidential election, many have ignored the release of the latest labour market metrics in US: non-farm payrolls rose 638,000, whilst the unemployment rate fell to 6.9% in October. **Fed Chair Jerome Powell noted the improvement in economic activity and the jobs market** in his regular post-decision speech, but emphasised downside risks, which could halt the recovery. The Fed continues to be committed to the zero-lower bound for several years.

Now that the US Presidential election is behind us, investors can recalibrate their focus and pay more attention to policy agendas, vaccine news and the upcoming macro data releases.

THIS WEEK'S GLOBAL EQUITY MARKET MOVERS

DEVELOPED	
Top 3	Italy 11.90% Luxembourg 10.49% Germany 10.17%
Bottom 3	Portugal 4.49% New Zealand 4.84% Austria 6.90%

EMERGING	
Top 3	Poland 16.02% Hungary 14.39% South Africa 13.74%
Bottom 3	Dubai -1.25% Egypt 1.13% Abu Dhabi 1.24%

FRONTIER	
Top 3	Argentina 6.11% Sri Lanka 5.99% Slovenia 5.82%
Bottom 3	Kuwait -15.62% Kenya -0.87% Jordan -0.78%

UNITED STATES

By the end of the trading week, the probability of a Biden victory became significantly more likely. The greater clarity on the potential outcome and the reduced probability of a political deadlock contributed to the improvement in investor sentiment. **As a result of the reduced uncertainties, all major stock indices in the US gained:** the Russell 2000 increased 6.9%, the S&P 500 rose 7.3% and the Nasdaq Composite climbed 9%. Furthermore, **the building expectations for a decisive Biden victory triggered a broad-based dollar weakness** vs. both developed and emerging market currencies.

EUROPE

The substantial improvement in investor sentiment in the US triggered a rally in European stock markets. The Italian benchmark was one of the best performers (+11.9% in USD) followed by the German DAX (+10.2% in USD). The Polish country index was one of the greatest beneficiaries of the risk-on investor sentiment, and thus rose 16% in USD by the end of the week.

The European Commission (EC) upgraded the GDP forecast for Poland, to -3.6% in 2020 and revised it to +3.3% in 2021. **The EC perceives Poland as one of the most economically resilient countries within the EU.**

ASIA PACIFIC

Emerging Asian stock markets enjoyed the positive effects of the outcome of the US Presidential election. By the end of Friday, the vast majority of stock indices gained. The South Korean benchmark (+8.4% in USD) and Chinese “H” shares (+7.6% in USD) led the pack.

President Xi Jinping presented his long-term view on the Chinese economy. The President’s envisions the Chinese economy doubling in size by 2035. The Chinese Communist Party’s longer-term plans include investing in R&D, technology and green solutions.

PMIs painted a healthy picture of the Chinese economy, as all of them remained more than comfortably over the 50-point threshold, suggesting that both manufacturing and services activities would continue to steam ahead. The sub-indices measuring new orders (including export orders) indicated further expansion.

Both manufacturing and services PMIs in India reflected an increasing amount of optimism, as the gauges rose to 58.9 and 54.1 in October, respectively. According to the commentaries, economic activity further strengthened and became more broad-based compared with the

previous months. The manufacturing sector recorded the strongest increase in production and sales since 2007-2008.

The aggregate manufacturing PMI for ASEAN countries improved to 48.6 in October, from 48.3 observed in September. Manufacturing activity in the region was uneven, as Vietnam (51.8) and Thailand (50.8) registered metrics suggesting expansion, whilst gauges in other countries, such as the Philippines and Indonesia, remained in contractionary territory, due to the maintenance of mobility restrictions.

The central bank in Malaysia kept the key policy rate stable at 1.75%. The monetary authority remains on accommodative stance to provide as much impetus to the economy as possible. The central bank expects GDP growth to be in the range between -3.5 and -5.5% in 2020, followed by 5.5-8% growth in 2021.

LATIN AMERICA

Investor sentiment in Latin American stock markets significantly improved during the week, as the visibility on the outcome of the US Presidential election increased. The Brazilian (+12.8% in USD) and Chilean (+10.7% in USD) country indices delivered the strongest returns by the end of Friday compared with their regional peers.

Manufacturing PMI in Brazil hit new highs reaching 66.7 in October, as most key components, such as output, employment and new orders further climbed. Overall, the headline gauge suggests that industrial production grow in October (following the 3.4% YoY growth in September). **In contrast, manufacturing PMI in Mexico remained well below 50 in October,** reaching only 43.6. The report pointed out that the renewed rise in new covid cases poses risks to Mexican manufacturers.

The minutes released from the last meeting of the Brazilian central bank, when the Monetary Policy Council (MPC) opted for the maintenance of the key policy rate at 2%. **The MPC saw the economic recovery as uneven and identified that the balance of risks to the growth outlook is tilted to the downside.** The MPC’s arguments imply that the key interest rate will be kept stable.

Congress in Peru voted in favour of allowing a second round of early withdrawals from pension funds. This time only those are allowed to withdraw funds from their pension accounts who have not worked over the last 12 months. The bill is yet to be signed into law.

AFRICA

The South African Top 40 index delivered a 13.7% return in USD during the week, tracking the risk-on behaviour in

global stock markets. The gains by the Egyptian Hermes index was modest, 1.1% in USD by the end of Friday.

The whole economy IHS Markit PMI in South Africa rose to 51 in October. This is was the first time since April 2019 that the gauge rose above the 50-point threshold. The improvement was primarily due to the easing of lockdown restrictions, which contributed to the improvement of domestic demand.

The Egyptian non-oil private sector PMI further improved and hit 51.4 in October, hovering over 50 for the second consecutive month. According to the commentary, the Egyptian non-oil private sector *'expanded at the quickest rate in nearly six years*

THE WEEK A HEAD

UNITED STATES	DATE	CONSENSUS
CPI inflation (Oct) YoY	Thu/12	1.3%

EUROPE	DATE	CONSENSUS
UK: GDP growth (3Q20) YoY	Thu/12	-9.4%
Russia: GDP growth (3Q20) YoY	Thu/12	-4.0%
Poland: GDP growth (3Q20) YoY	Fri/13	-1.8%
Eurozone: GDP growth (3Q20) YoY	Tue/13	-4.3%

ASIA PACIFIC	DATE	CONSENSUS
China: CPI inflation (Oct) YoY	Tue/10	0.8%
Philippines: GDP growth (3Q20) YoY	Tue/10	-9.6%
India: CPI inflation (Oct) YoY	Thu/12	7.1%
Malaysia: GDP growth (3Q20) YoY	Fri/13	-6.5%

LATIN AMERICA	DATE	CONSENSUS
Mexico: industrial production (Sep) YoY	Wed/11	-6.2%
Brazil: retail sales (Sep) YoY	Wed/11	6.8%
Mexico: interest rate decision	Thu/12	4.125%
Brazil: economic activity (Sep) YoY	Fri/13	-2.5%

AFRICA	DATE	CONSENSUS
South Africa: manufacturing production (Sep) YoY	Tue/10	-7.7%
Egypt: CPI inflation (Oct) YoY	Tue/10	
Egypt: interest rate decision	Thu/12	8.75%

GLOBAL MARKET DATA

2 - 8 NOVEMBER

Market Summary

Data:

Last Calendar Week

Equities				Return (USD)				
Name	BBG Code	Country	Price	1 Week	MTD	3M	YTD	1Y
North America and Developed Europe								
S&P 500 INDEX	SPX Index	US	3,509.44	7.32%	7.32%	7.32%	8.63%	13.75%
RUSSELL 2000 INDEX	RTY Index	US	1,644.16	6.87%	6.87%	6.87%	-1.46%	3.15%
NASDAQ COMPOSITE	CCMP Index	US	11,895.23	9.01%	9.01%	9.01%	32.57%	41.03%
Euro Stoxx 50 Pr	SX5E Index	Europe	3,204.05	10.50%	10.50%	10.50%	-9.48%	-6.98%
FTSE 100 INDEX	UKX Index	UK	5,910.02	7.70%	7.70%	7.70%	-22.29%	-18.09%
Asia Pacific								
NIKKEI 225	NKY Index	Japan	24,325.23	7.27%	7.27%	7.27%	8.40%	10.50%
S&P/ASX 200 INDEX	AS51 Index	Australia	6,190.18	8.18%	8.18%	8.18%	-4.13%	-3.08%
Straits Times Index STI	STI Index	Singapore	2,578.68	7.92%	7.92%	7.92%	-20.15%	-20.97%
HANG SENG INDEX	HSI Index	Hong Kong	25,712.97	6.66%	6.66%	6.66%	-8.37%	-6.80%
SHANGHAI SE COMPOSITE	SHCOMP Index	China "A"	3,312.16	3.97%	3.97%	3.97%	14.37%	17.37%
HANG SENG CHINA ENT INDX	HSCEI Index	China "H"	10,497.80	7.56%	7.56%	7.56%	-5.57%	-3.11%
Nifty 50	NIFTY Index	India	12,263.55	6.22%	6.22%	6.22%	-2.96%	-2.08%
TAIWAN TAIEX INDEX	TWSE Index	Taiwan	12,973.53	3.56%	3.56%	3.56%	13.34%	18.79%
KOSPI INDEX	KOSPI Index	Korea	2,416.50	8.22%	8.22%	8.22%	13.48%	15.99%
JAKARTA COMPOSITE INDEX	JCI Index	Indonesia	5,335.53	7.12%	7.12%	7.12%	-17.29%	-14.98%
PSEI - PHILIPPINE SE IDX	PCOMP Index	Philippines	6,685.69	6.56%	6.56%	6.56%	-9.73%	-13.25%
STOCK EXCH OF THAI INDEX	SET Index	Thailand	1,260.08	7.47%	7.47%	7.47%	-21.89%	-23.63%
FTSE Bursa Malaysia KLCI	FBMKLCI Index	Malaysia	1,519.64	4.22%	4.22%	4.22%	-5.23%	-5.68%
HO CHI MINH STOCK INDEX	VNINDEX Index	Vietnam	938.29	1.43%	1.43%	1.43%	-2.34%	-8.25%
KSE-100 INDEX	KSE100 Index	Pakistan	40,731.61	3.02%	3.02%	3.02%	-2.70%	11.80%
DSE 30 Index	DS30 Index	Bangladesh	1,718.80	2.75%	2.75%	2.75%	14.15%	4.19%
Latin America								
BRAZIL IBRx INDEX	IBX Index	Brazil	43,022.74	13.87%	13.87%	13.87%	-34.68%	-29.37%
S&P/BMV IPC	MEXBOL Index	Mexico	38,530.50	7.31%	7.31%	7.31%	-19.06%	-19.16%
S&P Merval TR ARS	MERVAL Index	Argentina	48,492.54	6.11%	6.11%	6.11%	-11.82%	1.95%
S&P/CLX IPSA (CLP) TR	IPSA Index	Chile	3,812.38	10.66%	10.66%	10.66%	-18.39%	-19.55%
S&P/BVLPeruGeneralITRPN	SPBLPGPT Index	Peru	17,994.83	3.43%	3.43%	3.43%	-19.37%	-17.04%
COLOMBIA COLCAP INDEX	COLCAP Index	Colombia	1,172.34	7.22%	7.22%	7.22%	-37.78%	-36.87%
Emerging Europe, Middle East and Africa								
WIG 20	WIG20 Index	Poland	1,697.49	17.00%	17.00%	17.00%	-21.00%	-24.04%
MOEX Russia Index	IMOEX Index	Russia	2,895.62	10.50%	10.50%	10.50%	-23.85%	-21.09%
FTSE/JSE AFRICA TOP40 IX	TOP40 Index	South Africa	51,876.24	13.74%	13.74%	13.74%	-8.76%	-5.01%
EGYPT HERMES INDEX	HERMES Index	Egypt	1,075.51	1.13%	1.13%	1.13%	-14.50%	-18.89%
MASI Free Float Index	MOSENEW Index	Morocco	10,360.98	-0.67%	-0.67%	-0.67%	-11.15%	-5.52%
NIGERIA STCK EXC ALL SHR	NGSEINDX Index	Nigeria	31,016.17	2.44%	2.44%	2.44%	10.25%	12.01%
DFM GENERAL INDEX	DFMGI Index	Dubai	2,181.65	-1.25%	-1.25%	-1.25%	-21.86%	-19.95%
FX (vs USD)				Return +ive=USD Stronger				
Name	BBG Code	Country	Price	1 Week	MTD	3M	YTD	1Y
DOLLAR INDEX SPOT	DXY Index	USD Index	92.23	-1.92%	-1.92%	-1.29%	-4.32%	-6.03%
USD-EUR X-RATE	USDEUR Curncy	Europe	0.84	-1.97%	-1.97%	-0.92%	-5.48%	-7.06%
USD-GBP X-RATE	USDGBP Curncy	Russia	0.76	-1.59%	-1.59%	-0.83%	0.86%	-2.56%
USD-AUD X-RATE	USDAUD Curncy	Turkey	1.38	-3.45%	-3.45%	-1.57%	-3.39%	-5.04%
USD-JPY X-RATE	USDJPY Curncy	UK	103.37	-1.31%	-1.31%	-2.57%	-4.87%	-5.65%
Bloomberg JPMorgan Asia Dollar	ADX Index	Asia USD Index	107.62	1.09%	1.09%	3.73%	2.34%	2.91%
USD-CNY X-RATE	USDCNY Curncy	Australia	6.61	-1.21%	-1.21%	-5.12%	-5.06%	-5.26%
USD-INR X-RATE	USDINR Curncy	China	73.97	-0.83%	-0.83%	-1.42%	3.85%	4.26%
USD-TWD X-RATE	USDTWD Curncy	India	28.54	-0.15%	-0.15%	-2.96%	-4.59%	-5.91%
USD-KRW X-RATE	USDKRW Curncy	Japan	1,121.24	-1.50%	-1.50%	-5.75%	-2.92%	-2.84%
USD-IDR X-RATE	USDIDR Curncy	Korea	14,249.00	-3.60%	-3.60%	-3.27%	2.90%	1.79%
USD-PHP X-RATE	USDPHP Curncy	Taiwan	48.18	-0.78%	-0.78%	-1.88%	-4.98%	-4.55%
USD-BRL X-RATE	USDBRL Curncy	Argentina	5.43	-5.49%	-5.49%	0.15%	35.18%	32.85%
USD-MXN X-RATE	USDMXN Curncy	Brazil	20.64	-2.93%	-2.93%	-8.09%	9.32%	8.03%
USD-ARS X-RATE	USDARS Curncy	Chile	79.03	0.91%	0.91%	8.60%	32.01%	32.60%
USD-PLN X-RATE	USDPLN Curncy	Mexico	3.79	-4.30%	-4.30%	1.16%	0.06%	-1.65%
Russian Ruble SPOT (TOM)	USD RUB Curncy	Egypt	77.39	-2.61%	-2.61%	4.85%	24.73%	21.97%
USD-ZAR X-RATE	USDZAR Curncy	Nigeria	15.64	-3.92%	-3.92%	-11.39%	11.88%	6.61%
Commodities				Return (USD)				
WTI CRUDE FUTURE Dec20	CLA Comdty	US	37.14	3.77%	3.77%	-11.97%	-34.20%	-30.20%
BRENT CRUDE FUTR Jan21	COA Comdty	UK	39.45	3.98%	3.98%	-13.16%	-35.19%	-31.79%
Baltic Dry Index	BDIY Comdty		1,196.00	-6.78%	-6.78%	-20.32%	9.72%	-16.25%
Natural Gas Futures	NGI Comdty		2.89	-13.89%	-13.89%	29.04%	31.93%	4.18%
Gold Spot \$/Oz	XAU Curncy		1,951.73	3.83%	3.83%	-3.62%	28.16%	33.35%
Silver Spot \$/Oz	XAG Curncy		25.53	8.30%	8.30%	-7.85%	42.28%	49.99%
LME COPPER 3MO (\$)	LMCADSO3 Comdty		6,946.50	3.39%	3.39%	10.12%	12.51%	16.28%



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