



UK Week in Markets

Week ending 22 November 2020



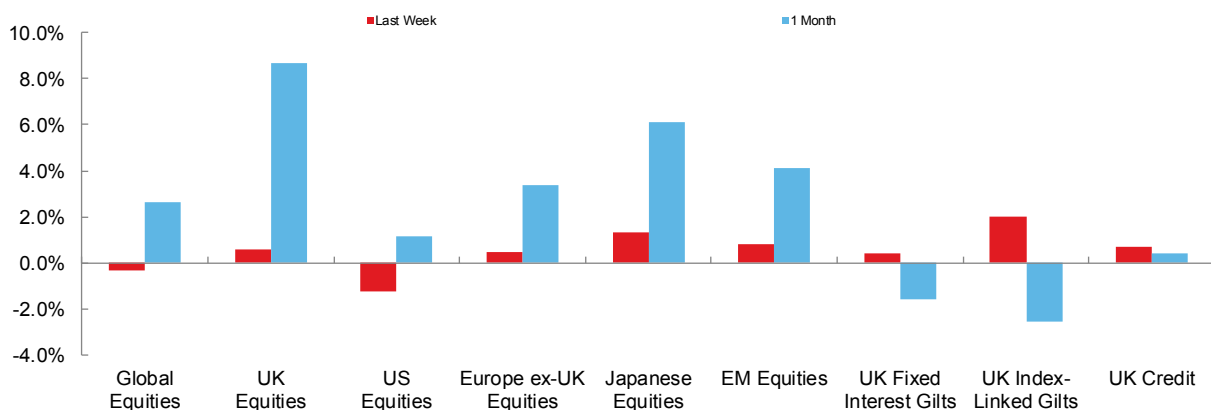
Key News and Events

- US biotech group Moderna's mRNA vaccine was shown to be 94.5% effective in clinical trials. According to Moderna, the newly developed vaccine can be shipped and stored up to 6 months at minus 20C and can be refrigerated between 2C and 8C for 30 days. Meanwhile, Pfizer and BioNTech became the first pharmaceutical companies to apply for regulatory approval in the US for their Covid vaccine.
- The US Treasury announced that it had decided not to extend various emergency lending programs set up by the US Federal Reserve (Fed) beyond December 2020. However, the Fed opposed the move, warning that the economy remained "strained and vulnerable".
- Hungary and Poland blocked the European Union's (EU) 1.8 trillion-euro budget and recovery package citing that the stimulus disbursement will be linked to the commitment of European values. Both countries are under investigation by the EU for allegedly disrespecting European values including freedom of press and independence of judiciary.
- Elsewhere, the UK and Canada agreed on a trade deal which will mirror the terms of an existing agreement between Canada and the EU. The new trade agreement will be implemented when the Brexit transition period ends on December 31st.



Market Overview

Index Returns



Cumulative Return Over Last 12 Months

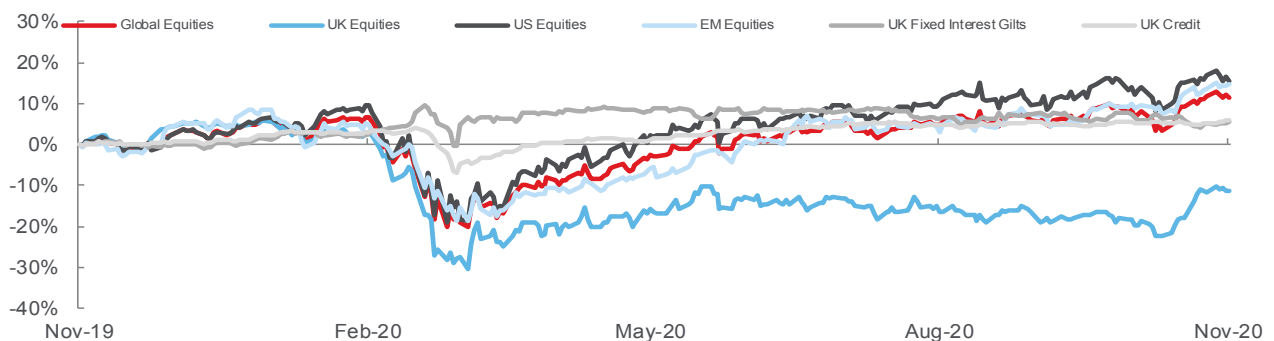


Chart Source: FactSet, FTSE, MSCI, ICE BofAML. Total return in GBP terms shown.



Market Summary

Equities

- Global equity markets rose in local currency terms over the week.
- The MSCI AC World Index rose by 0.4% in local currency terms and fell by 0.3% in sterling terms.
- The Energy sector was the best performer, returning 4.6% in sterling terms.
- The Health Care sector was the worst performer, returning -3.1% in sterling terms.
- Asia Pacific ex-Japan equities were the best performing market in sterling terms (+2.3%).
- US equities were the worst performing market in sterling terms (-1.3%).

Government Bonds

- The 10-year gilt yield fell by 3bps to 0.31% and the 20-year gilt yield fell by 2bps to 0.85%.
- The 10-year US treasury yield fell by 6bps to 0.83%.
- At the 10-year maturity, the German bund yield fell by 3bps to -0.58% and the French government bond yield fell by 3bps to -0.35%.
- Greek government bond yields fell by 6bps to 0.69%.
- The UK Over 5-year real yield fell by 10bps to -2.16% and the UK 20-year real yield fell by 8bps to -2.37%.
- 20-year breakeven inflation rose by 5bps to 3.12%.

Credit

- The sterling non-gilt spread over UK gilt yields (based on the Merrill Lynch index) fell by 5bps to 107bps over the week.
- The US high yield bond spread over US treasury yields fell by 14bps to 449bps over the week.
- US Investment Grade bonds rose over the week, returning 1.2%. The spread of hard currency emerging market debt over US treasury yields rose by 3bps to 386bps over the week.

Commodities

- The S&P GSCI index rose by 2.6% in USD terms over the week.
- The S&P GSCI Energy index rose by 3.5% as the price of Brent Crude oil rose by 5.1% to US\$45/BBL.
- Industrial metal prices rose by 4.0% as copper prices rose by 3.6% to US\$7,179/MT.
- Agricultural prices rose by 2.0% and gold prices fell by 0.8% to US\$1,876/Oz.

Currencies

- Sterling strengthened by 1.0% against the US dollar and rose by 0.7% against the euro, ending the week at \$1.33/£ and €1.12/£ respectively.
 - The US dollar decreased by 0.8% against the Japanese yen, ending the week at ¥103.82/\$.
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Contacts

Himmat Dhaliwal

Aon – London

himmat.dhaliwal@aon.com

+44 (0) 1372 73 3619

Nikhil Anto

Aon – Bangalore

nikhil.anto@aon.com

+91 80 6621 8236

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Registered Office:

The Aon Centre

The Leadenhall Building

122 Leadenhall Street

London EC3V 4AN

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