



## **CIO OFFICE MORNING MARKET WRAP – Thursday October 8th, 2020. ALSO AVAILABLE ON ALEXA.**

Markets made up for the previous day's losses closing in the green across the board. US stocks gained 1.7%, Treasury yields backed up, while gold and the US dollar were little changed. President Trump backtracked from a no-stimulus approach, whereby he wanted to delay any talks on new fiscal support to until after the elections, to a piecemeal one, which would see him support specific measures, like checks to individuals, aid to the airline industry and more funding for small businesses via the Paycheck Protection Program. Did the wailings and lamentations of the many Americans in financial distress reach to his ears, or rather political calculations did change in the meantime?

President Trump must be aware that he is shifting from the art of the deal to that of the guaranteed no deal, since House Speaker Nancy Pelosi made it clear that the Democrats would not be in favour of any standalone bills. If markets continue to rally, they'll do it with an eye to larger, post-election measures, rather than counting on any kind of last-minute, late-October agreement in Congress. This might be the reason why material stocks, benefitting from future infrastructure expenditure, ended the day at +2.6% outperforming the broader market. From the September FOMC minutes it emerged that some Fed officials

were open to altering or increasing the asset purchase program. With policy rates at zero Quantitative Easing remains one of the most effective instruments in the Fed's toolbox. ECB President Christine Lagarde during an interview spoke against the premature withdrawal of ECB support and also expressed concerns about growing "divergences amongst the economies of the euro area". The Recovery Fund, providing pandemic relief to the weakest economies in the area, won't be operational according to schedule and deflationary pressures in the EU continue to mount.

The vice-presidential debate yesterday between Mike Pence and Kamala Harris regained that kind of dignity which had gone completely lost in the Trump-Biden face-off. Ms Harris called the administration's handling of the pandemic the greatest failure in the history of the US government. The vice-president accused Ms Harris of pushing a far-left agenda. Covid19 is spreading fast in VIP circles in the United States. While the focus was until recently on the White House, where the president, the first lady and many close co-workers got infected, it is now the turn of the popular NFL to be in the limelight. Both in the Patriots and the Titans new cases were recorded.

Stay safe.

**MAURICE GRAVIER**  
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