



## **CIO OFFICE MORNING MARKET WRAP – Wednesday September 30th, 2020. ALSO AVAILABLE ON ALEXA.**

As we write, the first debate between Donald Trump and Joe Biden just ended, and it was undoubtedly very heated, if not outright aggressive, not far from insults at some times with for example Mr Biden telling the president to “shut-up”. Having said that, there hasn’t been relevant content from an investment point of view, except the confirmation of the risk of results being contested, based on the general mood as well as on the final statements of the two candidates.

Markets were little changed yesterday, waiting for the event. Global stocks were slightly down across regions, including ours, and interest rates were broadly unchanged. The price of Brent crude oil moved down 3.7% to \$40.8, over concerns about the pace of the demand recovery, with a resurgence of coronavirus cases and also rising supply from Libya.

With regards to the macro backdrop, the picture keeps on looking good. The US Consumer Confidence index released yesterday was excellent at 101.8, beating both the consensus expectation of 90 and showing a sharp increase from August’s 84.8. Earlier this morning, another series of positive data from Asia hit the tape: in Japan, both retail sales and industrial production were better than expected with a sharp month-on-month increase.

China PMIs confirmed that the economy is running at full speed there: the manufacturing gauge came out at 51.5 after 51 in August, and more spectacularly the non-manufacturing index was very strong at 55.9, an increase from August while the consensus was expecting a decline.

Markets are reasonably well oriented in the early hours of the Asian session. Stocks in Hong-Kong and China advanced. Korea is closed today, and China markets will also be shut from Thursday for a week of national holidays. US stock futures are up 0.6% as we write: they started strengthening during the debate but again, the causality is not obvious given the overall poor actionable content. The fact that talks on a bipartisan stimulus plan keep on going in Washington is probably more relevant, as the democrat House speaker and the Treasury secretary will resume talks today, near a critical juncture before a vote. Staying on difficult negotiations, talks between the EU and the UK over a trade deal remain deadlocked with little progress in Brussels. Closer to us, our region is mourning the death of Kuwait's ruler Sheikh Sabah Al-Ahmed Al-Jaber Al-Sabah, who was 91. He is succeeded by Crown Prince Sheikh Nawaf Al-Ahmed Al-Jaber Al-Sabah, who is 83.

Today we will look at Germany retail sales and listen to ECB's Lagarde speech before having a look at the EUA US Crude Oil inventories. Key PMIs from the US and Eurozone will be released tomorrow, which will also start the last quarter of a fascinating year so far.

Stay safe.

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