



MARKETS RALLY ON VACCINE NEWS

A look at the week that passed as markets rallied on vaccine news

The US market

The US Markets jumped on Monday the 9th as investors reacted to trial data from drug manufacturer Pfizer and BioNTech indicating their Covid-19 vaccine is more than 90% effective. This as governments adopt a more precautionary tone, as any C19 vaccine will take many months to be distributed, but the news was initially greeted with a mass of global enthusiasm. Further positive news came as Mr. Market gained support from the fact that the number of Americans claiming unemployment benefits fell.

On the election front, I argue that the election doesn't matter for now, but what will very much matter moving forward is the fact that the US is clearly divided. In my humble opinion it's a problem that no president will be fixing anytime soon. Meanwhile, the markets seem undaunted by President Trump's current defiant stance and accusations on electoral fraud. Looking forward the markets will be affected by further negatives from the US Congress as they continue to disagree over the next stimulus bill. The labour market recovery will as a result slow as the pandemic rages on and fiscal stimulus expires. Republicans deemed the Democrats' multitrillion-dollar proposal as too exuberant.

Across the pond

Again, I noted that the markets reacted strongly to vaccine news, indices moved sharply higher as investment houses and traders had turned optimistic following Pfizer's vaccine results released on Monday, this was bolstered by additional news from Russia that their Sputnik vaccine has proven 92% effective at protecting people from Covid-19.

The UK government reacted to the news by formally announcing that they will be ready to immunize people against COVID-19 as fast as pharmaceutical companies can deliver supplies of a vaccine, that is of course once such vaccine has been approved. Conservative MPs don't want to continue with economically damaging lock downs, in a surprise move they have set up a group to fight any future lockdown in England, the argument being that such actions are devastating to commerce. The Covid Recovery Group as they are called has around 50 MP members, which want the country to simply live with C-19 after restrictions end next month.

In the UK redundancies rose by a record 181,000 in the quarter, reaching a record high of 314,000 (source - the Office for National Statistics). I had anticipated this, given that many companies would have made workers redundant in anticipation of the end of the furlough scheme, this life line scheme had originally been earmarked to end as October closed. It has since been extended which is good news with Christmas fast approaching.

Brexit is still the elephant in the room, with both the UK and EU looking set to fail this week's deadline to seal a post-Brexit trade deal. The UK Government will unveil legislation which will enable ministers to intervene and block firms in hostile states from taking over UK companies. Under the National Security and Investment Bill, it will be mandatory for deals involving firms in 17 sectors deemed of strategic importance to be notified to officials.

RIO Regular accounts

So far this month it's been nothing but good news for members invested in the RIO Regular Investment Accounts. Both accounts were ideally positioned prior to the rally in the equity markets, and as such each has benefited and gained ground. Looking forward, I would expect and have prepared for volatility; importantly I have sold in to the rally and banked gains.

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