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Monthly Global Market Commentary
November 2, 2020

Uncertainty – 10/30/2020
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Global markets fell as parts of Europe reenter lockdown and the US faces a third wave of new COVID-19 cases. This comes against the backdrop of generally positive macroeconomic data and strong earnings beats by large cap companies. The S&P fell -5.62% while the MSCI World Index fell -5.64%. The active US treasury curve was largely unchanged.

Remdesivir Approved
On October 22nd, Remdesivir (also known as Veklury) was approved by the FDA for treatment of COVID-19. The FDA had previously approved the drug for emergency use in May and was considered best practice at the time. The EU also approved use of the drug.

This comes on the backdrop of conflicting studies on the effectiveness of Remdesivir, unfortunately muddying the waters on effectiveness. A study posted in the New England Journal of Medicine concluded "Remdesivir was superior to placebo in shortening the time to recovery in adults who were hospitalized with Covid-19 and had evidence of lower respiratory tract infection."

Preliminary results for the WHO Solidarity Trial released interim results on October 15th finding that all 4 treatments evaluated (Remdesivir, hydroxychloroquine, lopinavir/ritonavir and interferon) had little or no effect on overall mortality, initiation of ventilation and duration of hospital stay in hospitalized patients.

It is unlikely that the differences in conclusions are the result of political influence. Neither study is claiming use of Remdesivir is linked to higher mortality rates so the risks associated with use is low. Unfortunately, we don't have a clean signal.

US Elections
Election night falls on Tuesday, November 3rd. While we will be staying up to see the results, we may not know the outcome of the election on Tuesday. The mass adoption of mail in voting during the pandemic has raised fears of votes failing to be counted or fraud. Both Republicans and Democrats have set aside campaign funds to litigate close election results.

FiveThirtyEight.com, which uses a blend of polling data based on their assessment of quality, is showing good odds for Democrats winning control of the House (98%), Senate (77%) and Presidency (89%). Given these odds, that places the likelihood of a Blue Wave (winning control of all parts of the legislative branch) occurring at 67%. A Biden win has largely been priced into betting markets and indices. Small cap and value companies have strongly outperformed large cap during the last month as there is an expectation of Democrats creating more fiscal stimulus which could help more vulnerable companies currently trading at lower valuations.

The 2016 results are casting a large shadow over the election forecasts. Trump voters appeared to be less willing to voice their opinions to pollers during the last election cycle. There is still an anti-establishment sentiment in the Republican base that may result in them being underreported, thus overstating Bidens odds in the election.

Conclusion
If you are feeling nervous about how the outcome of the election will affect your portfolio, it is worth noting that past Presidents' party affiliation has ultimately had little impact on the real market. If you are curious how past presidents have impacted the markets, Forbes put out a decent article a few months back. Generally, markets don't like uncertainty. There will be less policy uncertainty after the election.

With the exception of utilities, companies listed in the S&P 500 have been posting stronger-than-expected revenues (+3.00%) and earnings (+17.10%). Consensus is a vaccine will be available broadly by the second quarter of 2021. Life in the US is expected to get back to normal by early 2022. There will likely be periods of uncertainty along the way but we will make it through this.

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Stock Market Performance

	11/2/20	W-o-W	M-o-M	Y-o-Y
DJIA	26,791	-3.2%	-3.2%	-2.0%
S&P 500	3,309	-2.7%	-1.2%	7.9%
MSCI World	2,293	-4.1%	-2.9%	1.8%
S&P/TSX	15,581	-3.1%	-3.8%	-6.1%
BSX	1,871	-6.1%	10.2%	-15.2%
FTSE100	5,650	-2.5%	-4.3%	-22.6%
DAX	11,779	-3.3%	-7.2%	-9.1%
CAC	4,691	-2.6%	-2.8%	-18.6%
Nikkei	23,295	-0.8%	1.2%	1.9%
Hang Seng	24,460	-1.8%	4.3%	-9.7%
Shanghai	3,225	-0.8%	0.2%	9.0%

Key Rates and Prices

Currencies	11/2/20	Month ago	Year ago
EUR	$1.16	$1.17	$1.12
GBP	$1.29	$1.29	$1.29
JPY	¥104.77	¥105.29	¥108.19
CAD	$0.75	$0.75	$0.76
CHF	$1.09	$1.09	$1.01
AUD	$0.70	$0.72	$0.69
Fixed Income			
3M LIBOR	0.22	0.23	1.89
3M Treasury Bill	0.09	0.09	1.52
2Yr Treasury Note	0.15	0.13	1.55
10Yr Treasury Note	0.84	0.70	1.71
Fed Funds Rate	0.25	0.25	1.75
Commodities			
Gold/oz.	1,888.60	1,899.84	1,514.34
Silver/oz.	23.83	23.74	18.13
Copper/lb.	3.05	2.97	2.65
Oil	35.54	37.05	56.20

Global Economic Calendar (November 2nd - November 6th)

Mon: Construction Spending (US)
Tues: Redbook (US); Factory Orders (US)
Wed: MBA Mortgage Applications (US); EIA Petroleum Status Report (US); Intl Trade in Goods and Services (US)
Thurs: Jobless Claims (US); Money Supply (US); Fed Balance Sheet (US); EIA Natural Gas Report (US); Productivity and Cost (US)
Fri: Bakers Hughes Rig Count (US); Consumer Credit (US); Employment Situation (US)