



## OCTOBER 2020 REVIEW

### 31ST OCTOBER 2020

Equity markets moved lower in October as a resurgence of COVID-19 in Europe and the uncertainty surrounding the US elections spooked investors.

The FTSE All Share fell 3.8% in the month, while the S&P 500 was down 2.8% and MSCI Europe ex UK off 5.8%.

The widespread restrictions announced across Europe, which included new national lockdowns in France and Germany, were enough to send equities lower for a second successive month.

It is likely the economic impact of the second lockdowns across Europe will be smaller than the first. They are less comprehensive, and in most cases schools and non-essential businesses remain open. Companies and households are generally better prepared – for example, retailers and restaurants have expanded their online and delivery capacity. However, there is every chance that some countries will impose stricter lockdowns in the future to control the virus.

While Europe struggled against the virus, China finally allowed movement between provinces that had been in

place since the outbreak. China's success in controlling COVID-19 has allowed its economic recovery to gather pace and the country looks set to be one of the only major nations that will see positive economic growth in aggregate over 2020 relative to 2019.

Against this backdrop, Chinese equities rose 5.4% in the month and helped Asian and Emerging Market equity indices to rise 2.4% and 2.1%.

In the UK, outside of the new COVID restrictions, Brexit negotiations continued without seemingly moving closer to a deal. The UK briefly called off talks in October, but these have since restarted. The issues of state aid and fishing rights remain blockers to an agreement being reached before year end.

Finally, in the United States, the not insignificant event of the 2020 election campaign was in full swing. At the time of writing, the Democrat Joe Biden has been declared the victor; confirming October polls that pointed to a blue win. Strong gains early in the month in anticipation of a large Democrat driven fiscal stimulus package were unwound as pandemic fears took hold.

#### IMPORTANT INFORMATION

As with any investment, your capital is at risk. The value of an investment, and any income from it, can fall as well as rise. Investors may not get back the full amount they invest. Past performance is not a reliable indicator of future results. Personal opinions may change and should not be seen as advice or a recommendation. We recommend investors seek professional advice before deciding to invest.

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