

# The Weekly Snapshot

14 September

## ANZ Investments brings you a brief snapshot of the week in markets

US equity markets fell for a second straight week as the six-month rally hit its first speed bump, led by weakness in the previous high-flying tech sector. For the week, the NASDAQ 100 fell 4.1%, its worst weekly performance since March, while the broader S&P 500 fell around 2.5%.

Meanwhile, European markets outperformed, with the FTSE 100 and German DAX both recording solid gains. Down under, the NZX 50 and ASX 200 ended the week with small losses.

### What's happening in markets

The decline in US markets came as uncertainty around the latest stimulus package continued as both Democrats and Republicans appear to be no closer to a deal. The latest move came when Democrats blocked a bill brought to the Senate floor by Republicans, raising concerns the next bill may not arrive until after the election in November.

The stimulus stalemate came the same day economic data showed the number of Americans filing for unemployment benefits rose to 884,000, slightly more than expected. In other economic data around the world:

- UK GDP for August rose by 6.6%, continuing its COVID rebound
- The NAB business confidence rose to -8 from -14, but is still in negative territory
- US CPI for August rose by 0.4%, down from 0.6% the prior month
- Chinese producer prices for August fell for a seventh-straight month, highlighting the disinflationary environment.

In central bank news, the European Central Bank meeting came and went with no real surprises with rates unchanged. The one minor note was in the statement from ECB President Christine Lagarde who said "there are further indications of a moderate increase (in inflation) in line with previous expectations". Central banks have been grappling for years to combat benign inflation.

Elsewhere in Europe, tensions between the UK and Brussels escalated when the European Commission ordered British PM Boris Johnson to scrap his plans to override parts of the Brexit treaty, namely sections that deal with Northern Ireland. The Commission said the PM's plan has "seriously damaged trust" between the EU and the UK.

The return of geopolitical tensions in Europe saw the British pound fall nearly 2% versus the US dollar on Thursday.

On the coronavirus front, the vaccine trial between AstraZeneca and Oxford University was paused last week after an unexplained illness in one of the participants. However, it should be noted that vaccine research is often paused in Phase 3 to address any unexplained illness that can often be unrelated to the vaccine, meaning this is by no means the end of the vaccine trial.

***"As part of the ongoing randomized, controlled global trials of the Oxford coronavirus vaccine, our standard review process triggered a pause to vaccination to allow review of safety data,"*** – the company said in a statement.

### What's on the calendar

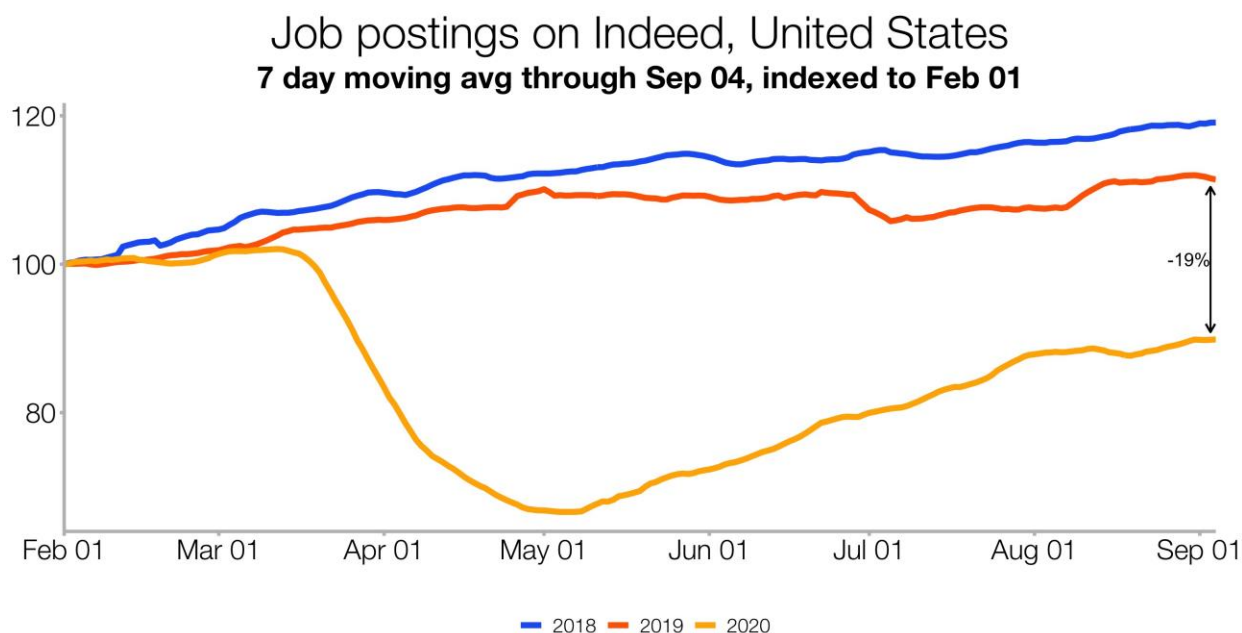
It's a busy week on the economic data calendar, most notably in China, with the monthly data splurge that includes retail sales, industrial production and unemployment figures. China has arguably been the strongest economy to rebound out of the coronavirus slump, and as the world's second-largest economy, we will be closely eyeing if this economic momentum has continued.

Closer to home, we will get the first look at the economic impact of the coronavirus on the New Zealand economy with the release of GDP for the second quarter. It will likely be the largest economic decline on record, with most forecasts somewhere either side -15%.

And in the US, the Federal Reserve will meet for the first time since Chair Jerome Powell said the central bank will tolerate higher inflation. The central bank is not expected to make any changes to its monetary policy, but it is likely to stress it needs help from Congress in the form of another stimulus package. Also watch for any updated economic projections.

## Chart of the week

The job postings on indeed.com – a real-time measure of the labour market activity – is nearly 20% below where it was in 2019, as of 4 September, highlighting the hit the labour market has taken since the coronavirus pandemic.



Source: Indeed.



## Here's what we're reading

Following on from the above chart, here is the data from Indeed, which goes into much more detail, including sector, metro area and others - <https://www.hiringlab.org/2020/09/09/job-postings-through-sept-4/>

A Hartford Funds Management Group survey ([link to survey](#)) found more than 60% of investors plan to make changes to their investment portfolios based on the outcome of the US election - <https://www.institutionalinvestor.com/article/b1n9qkr5zmjgdv/Institutions-Beware-Retail-Investors-Plan-Massive-Asset-Shift-Based-on-U-S-Elections>

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