



BLACK OAK

FAMILY OFFICE

## Economic & Market review – September 2020

The month of September has been a hard month for investors with the same looming concerns:

- Coronavirus pandemic and its impacts
- US-China trade war
- US Presidential election
- BREXIT outcome
- Support from the Central Banks

Therefore, all the major equity markets retreated during the month (S&P500 -6.1%/ Dow Jones -4.5%/ Nasdaq -7.4%/ Eurostoxx50 -4.3%) and, more surprisingly, gold did not play its safe haven role as it was down 3.7% over the course of September.

Concerning the COVID19, the 2<sup>nd</sup> wave of the pandemic seems to be here unfortunately with infections that kept growing in Europe and the US to reach worrying levels. Some US states, European countries or regions have reimposed quarantine or social distancing measures. The sad number of 1 million deaths has been reached. Meanwhile on the positive side, more and more potential vaccines are in the final phase of trials (8 candidates are in phase 3) and experts judge that a safe and effective vaccine could be approved either during the last quarter of 2020 or the first quarter of 2021.

The outcome of the US presidential election is still very open even if Joe Biden has the favour of the polls. The first debate between the two opponents has been useless with the two constantly exchanging sharp remarks in a face-to face challenge.

Regarding the BREXIT, MPs in the House of Commons have passed a law on the interior market that provides possible derogations from the divorce agreement negotiated with the Europeans that had been signed by both parties. London admits that this partially transgresses international law, but Boris Johnson justifies it by necessity in order to protect the northern Irish province from the “ambiguities” present in the texts already agreed with Brussels.

Finally, the US fiscal stimulus seems to be stuck: Democrats and Republicans are playing cats and mouse at the Capitol. The Prime Ministers agreed to lower their ambitions regarding the support plan, with an envelope of \$2'200 bn. The white house said that it was ready to go to \$1'500 bn but certainly not up to “a number beginning with a 2”. The two clans may manage to get along with a new effort around \$1'700 bn. An agreement is urgent: the lack of a new support would push companies to massively lay off.

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