



## WEEKLY FINANCIAL MARKET OVERVIEW

### period 14.12.2020-20.12.2020

Financial Markets	Price	5D,%	1M,%	YTD,%	1YR,%
S&P 500 INDEX	37 09.41	1.25	4.27	14.81	15.16
DOW JONES INDUS. AVG	3 01 79.05	0.44	3.13	5.75	6.06
STOXX Europe 600 Index	3 95.90	-0.99	-0.42	-6.70	-7.27
DAX INDEX	1 86 30.51	0.81	1.46	0.61	0.08
RTS Index	15 48.92	-2.68	7.76	-12.15	-10.70
SHANGHAI SE COMPOSITE	33 94.90	1.53	1.27	12.15	13.83
NIKKEI 225	2 67 63.39	-0.07	4.65	12.93	12.17
MSCI WORLD	26 66.31	1.79	4.97	13.05	13.47
European Renewable Energy Index	24 72.28	2.75	4.90	72.35	73.38
Chicago Board Options Exchange Volatility Index (VIX)	24.47	-1.01	3.25	77.58	95.60
Commodities	Price	5D,%	1M,%	YTD,%	1YR,%
GOLD Futures	18 85.70	4.33	1.89	25.26	29.37
SILVER Futures	25.95	12.53	10.78	50.61	57.58
LME COPPER 3MO (\$)	79 20.00	2.73	12.65	29.33	29.32
LME NICKEL 3MO (\$)	1 75 17.00	1.16	10.60	24.66	26.06
Brent	52.26	0.54	12.46	-23.39	-23.56
WTI	49.10	0.96	12.55	-22.31	-21.51
Currencies	Price	5D,%	1M,%	YTD,%	1YR,%
EUR/USD	1.23	0.48	3.17	8.79	10.14
USD/JPY	1 03.30	0.48	0.80	4.90	5.68
GBP/USD	1.35	-0.32	-0.16	0.21	2.76
Money Market	Price	5D,%	1M,%	YTD,%	1YR,%
LIBOR USD 3M	0.24	8.89	5.36	-87.65	-87.64
LIBOR EUR 3M	-0.57	0.70	-4.19	-37.17	-31.77
EURIBOR 3M	-0.54	1.11	-1.90	-40.21	-33.25
EUR SWAP (EDNIA) 3M	-0.48	0.62	0.76	-8.11	-8.01
Government Bonds	Yield	5D,%	1M,%	YTD,%	1YR,%
US Government Bonds 10 YR (USD)	0.95	1.31	9.77	-52.81	-52.80
German Government Bonds 10 YR (EUR)	-0.57	1.29	-4.97	-230.81	-142.86
UK Government Bonds 10 YR (GBP)	0.25	-18.92	-40.40	-78.10	-76.98
Swiss Government Bonds 10 YR (CHF)	-0.56	-1.95	-16.13	-22.29	-9.92
Japan Government Bonds 10 YR (JPY)	0.01	0.00	-33.33	140.00	150.00

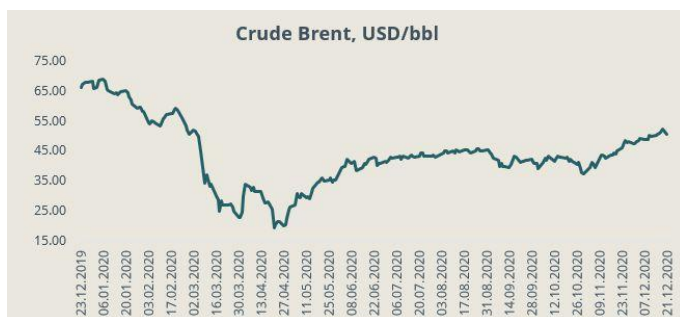
#### Main events of the previous week

In the US Congress, an agreement was reached on a new package of measures to help the country's economy amid a pandemic in the amount of almost \$ 900 billion. The relief package will include \$600 in direct payments to most Americans and would establish \$300 per week in temporary supplemental jobless benefits. The package also includes measures to support businesses, schools, healthcare providers and tenants facing eviction threats due to inability to pay their rent bills. The Democratic-led House of Representatives is expected to vote on the legislation on Monday, December 21st.

An electoral college vote, held December 14 in all 50 states and the metropolitan area of Columbia, confirmed Joe Biden's victory, ending a long-running dispute over the outcome of the US presidential election. As predicted by all post-election day results, the Democratic candidate received 306 electoral votes, Donald Trump 232. Electoral College voting is generally considered a formal procedure, even though, under the US Constitution, it is the electors who decide who will take the post of president of the country. Yet this year, the official announcement of the election results was followed with special attention, as Donald Trump still has not admitted defeat, claiming that the vote was accompanied by massive fraud.

On their last meeting in 2020, the US Federal Reserve kept its base interest rate at 0-0.25%. The Open Market Committee has decided to maintain the target range for the federal funds rate at 0-0.25% and expects that it will be appropriate to maintain this target range until labor market conditions reach levels in line with the committee's estimates for maximum employment, and inflation growth - a target of 2%. In addition to maintaining rates at current levels, the Fed plans to continue buying at least \$80 billion in Treasury bonds monthly, as well as Mortgage-backed Securities (MBS) at least \$40 billion monthly in the coming months until significant progress is made in terms of maximum employment and price stability. The American regulator also noted that economic activity and employment continued to recover, but remain well below the levels of early 2020. The US Federal Reserve has improved forecasts for unemployment and GDP and also retained its forecast for inflation in 2020. The forecast for a fall in GDP this year has been improved compared to September forecast: 2.4% instead of 3.7%. Growth forecast for 2021 was revised from 4% to 4.2%. In addition, changes were made to the data on unemployment. If the forecast was 7.6% in September, now it has dropped to 6.7%. For the next year, it changed from 5.5 to 5%. At the same time, the inflation forecast for 2020 did not change and remained at the level of 1.2% and for the next year it was adjusted from 1.7 to 1.8%. The forecast for core inflation (net of seasonal fluctuations) for the current year was lowered to 1.4 from 1.5%, and for 2021 it was raised to 1.8 from 1.7%. The press service of the regulator also said that the Fed intends to continue the purchase of assets in the amount of at least \$120 billion per month until significant progress is achieved in employment and inflation.

The Bank of Japan on their December meeting kept the interest rate at the negative level - minus 0.1%. Eight participants in the meeting were in favor of maintaining a negative interest rate, one - against. The regulator also decided to extend the additional repurchase of commercial paper and corporate bonds for six months, until the end of September 2021. The maximum redemption volume is about 20 trillion yen in total. In addition, the regulator plans to buy an unlimited number of government bonds and continue to target the yield on 10-year government bonds at a level close to 0%. The Japanese central bank also kept the annual volume of exchange-traded fund (ETF) buybacks at around 12 trillion yen and real estate investment trust (J-REITs) assets at around 180 billion yen. In the short and long term, the Japanese Central Bank expects rates to remain at the current or lower level.



## Economic data

**US.** Retail sales in November fell 1.1% versus October, while retail growth was expected to slow by 0.3%. In turn, excluding data on gasoline and car sales from the indicator, retail sales in November decreased by 0.9%.

The number of initial jobless claims for the week was registered in the amount of 885 thousand, which is 23 thousand more than the week before and 85 thousand more than analysts predicted.

According to the results of the primary assessment of the PMI business activity index in December, the indicator decreased by 2.9 points and amounted to 55.7. Of the indicators that make up the index, business activity in the service sector was 3.1 points lower, while the state of the manufacturing sector decreased by 0.2 points.

**Eurozone.** According to the results of the initial assessment of the PMI business activity index in December, the indicator increased by 4.5 points and amounted to 49.8. Of the indicators that make up the index, business activity in the service sector was 5.6 points higher, while the state of the manufacturing sector increased by 1.7 points.

The consumer price index in November fell by 0.3% compared to October, and the annual inflation rate was also -0.3%. The growth of the core inflation rate excluding food and energy in November amounted to 0.2% y/y.

**China.** Industrial production in November, as expected, increased by 7% compared to November 2019.

Retail sales in November increased by 5% compared to November 2019, while the growth rate of retail trade was expected to be 5.2%.

The unemployment rate in November fell by 0.1 percentage points and amounted to 5.2%.

## Key events this week

- On Wednesday, the US will report on personal income and expenses of Americans in November, as well as changes in oil reserves for the week.
- On Thursday, the US is to publish data on sales of durable goods in November, as well as the number of initial jobless claims for the week.

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