

PRESIDENT TRUMP TESTS POSITIVE FOR COVID-19

This week we have just learned that President Trump has tested positive for COVID-19. While he is not the first world leader to be infected during the pandemic, with the president of Brazil, the prince of Monaco, and even our own Prime Minister and his nemesis Michael Barnier all having fallen victim to the pandemic, Trump of course is the most important among them – and also the only one four weeks away from an election. At 74 he is in the high-risk category and at 77 so too is his opponent Joe Biden. With the two of them having shared a debate stage on Tuesday lets hope he makes a speedy recovery and there are no further infections.

How this impacts the race is anyone's guess; assuming no serious effects from his fight with the virus, while it will no doubt draw attention to the president's biggest failure – the weak response to coronavirus – that was hardly an unknown before. Trailing 8% in the polls and with record low numbers of undecided voters, and with record number having likely voted already, hopefully it will have little impact.

THE MARKETS THIS WEEK

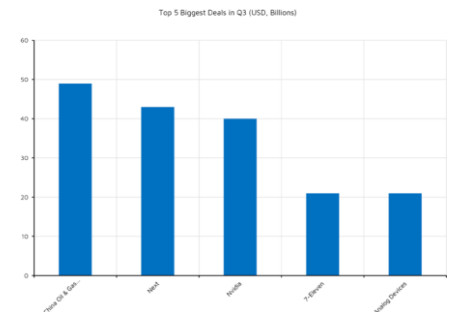
FTSE 100	S&P 500	Nikkei 225	Euro Stoxx 50	Hang Seng	US 10 Yr	UK 10 Yr	Brent Crude	Gold	Wheat	GBP USD
+0.01%	+4.13%	-0.75%	+1.31%	-1.19%	+0.01%	+0.05%	-7.02%	+2.64%	+3.67%	+1.47%

M&A: ACTIVITY REBOUNDS STRONGLY IN Q3

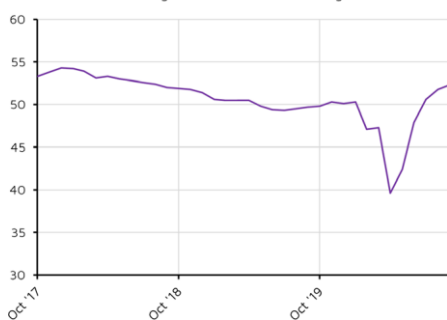


Deal making never stopped, it just took the second quarter off. A period of stability last quarter allowed companies to restructure and reorganise as well as allowing private equity groups to go on a purchasing spree. Thirty-six deals worth \$5bn-plus were announced totalling \$456bn making it the busiest quarter ever recorded. The bulk of the deals (\$391bn) were completed in September leaving investment banks very happy as they banked a record \$28bn in fees.

Despite the Q3 resurgence in mergers and acquisition this wasn't enough to offset the damage done by covid as overall activity dropped to its lowest level in seven years as companies prioritised surviving both demand and supply side shock. Covid has accelerated technology trends so it was unsurprising to see tech deals being most in demand. However, the pandemic has curtailed most travel, adversely impacting cross-border dealmaking leading to most deals being completed on a local basis.



J.P.Morgan Global Manufacturing PMI



GLOBAL: MANUFACTURING CONTINUES TO RECOVER

This week the results of the Purchasing Managers Indexes (PMIs) for manufacturing were released. The soft data points to an uneven recovery with faster expansions in the US and the Eurozone while growth was muted in China and the UK, nevertheless, there were a number of positive takeaways.

New orders and output rose for the third consecutive month as economies continued to re-open. In turn the headline index remained in expansionary mode, climbing from 51.8 in August to 52.3 in September. Overall business sentiment hit its highest level since 2018.

However, the labour market remains subdued. Global manufacturing employment declined for the tenth successive month as job shedding was mainly driven by Eurozone and Japan but there are pockets of growth led by US and China who both increased staffing levels.

SHELL: RELEVANCE IN A TURBULENT NEW ERA



Royal Dutch Shell announced plans to cut costs and reorganise its operations cutting up to 9,000 jobs from a workforce of 83,000 to save £2.5 billion a year. Combined with the suspension of share buy backs, slashed investment and a dividend cut for the first time since the second world war, the company aims to put itself on firmer footing while attitudes against carbon intensive industries gain momentum.

Short term turbulence aside, the company's plan to transition its energy production to low carbon intensity production has gained further momentum. The plan to pursue net-zero emissions has been reassessed and will refocus strategy on lower carbon areas such as biofuels, gas, solar development and the emerging hydrogen sector.

While the increased commitment toward sustainability is undoubtedly positive, some investors may be asking why the changes haven't happened sooner.

