

SARASIN
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Sarasin Six Minute Strategy

The World in 8 Charts – Global economic snapshot
25 September 2020



COVID19:

Stubbornly high restrictions in Europe – business sentiment weakening again

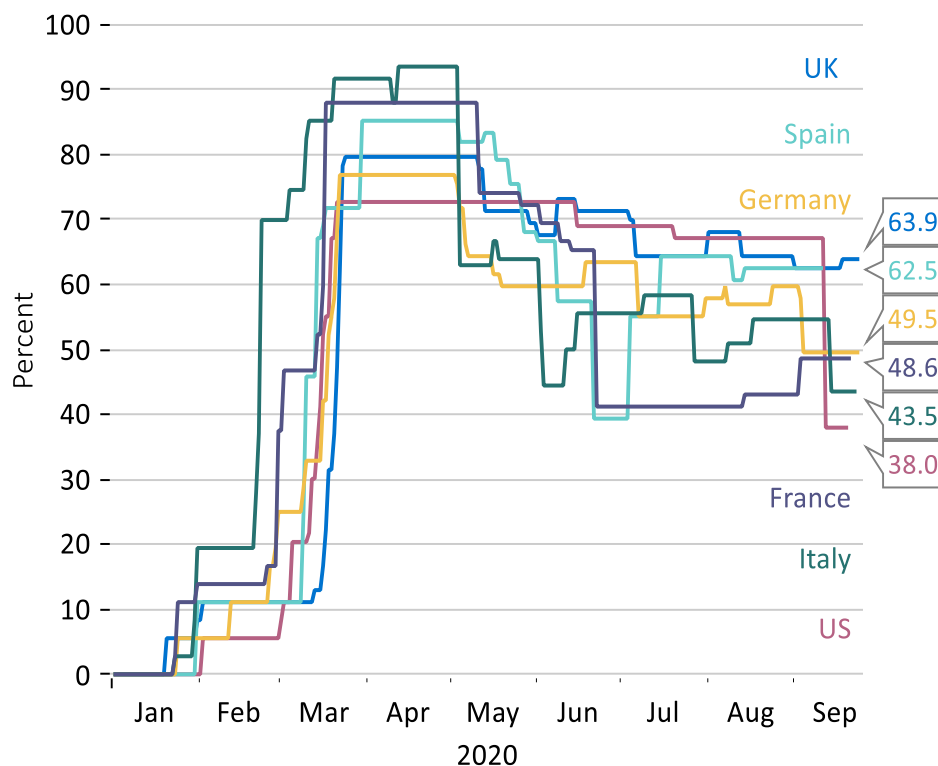


COVID-19 Government Response Tracker



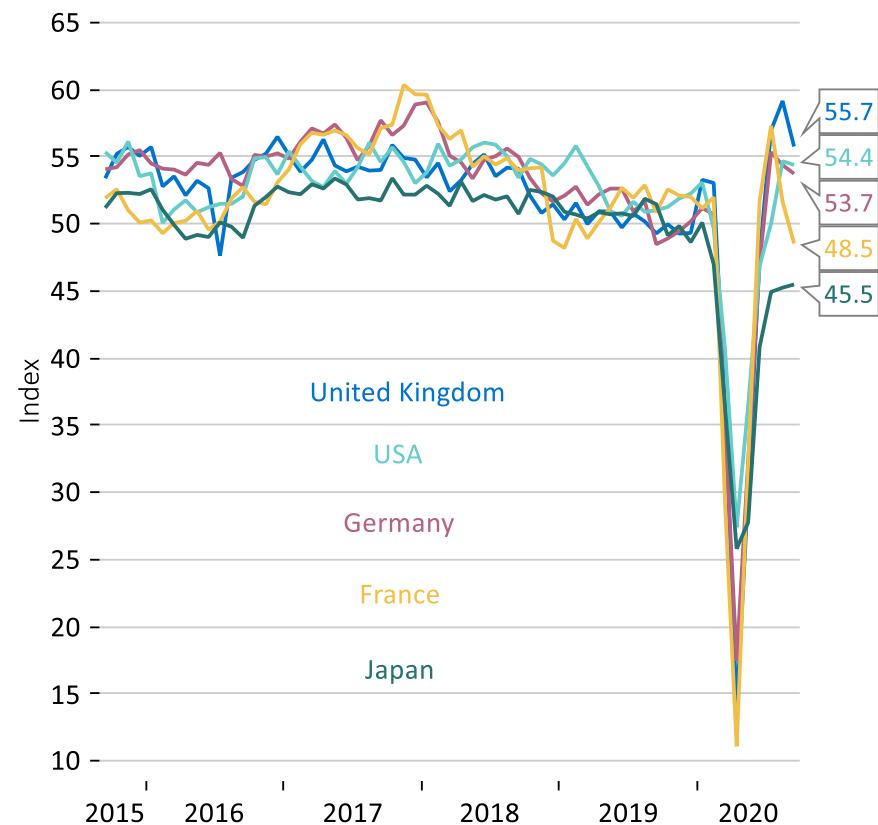
Global Business Sentiment

COVID-19 Global Stringency Index



Source: Macrobond, 25.09.20

Composite PMI (Markit, SA)

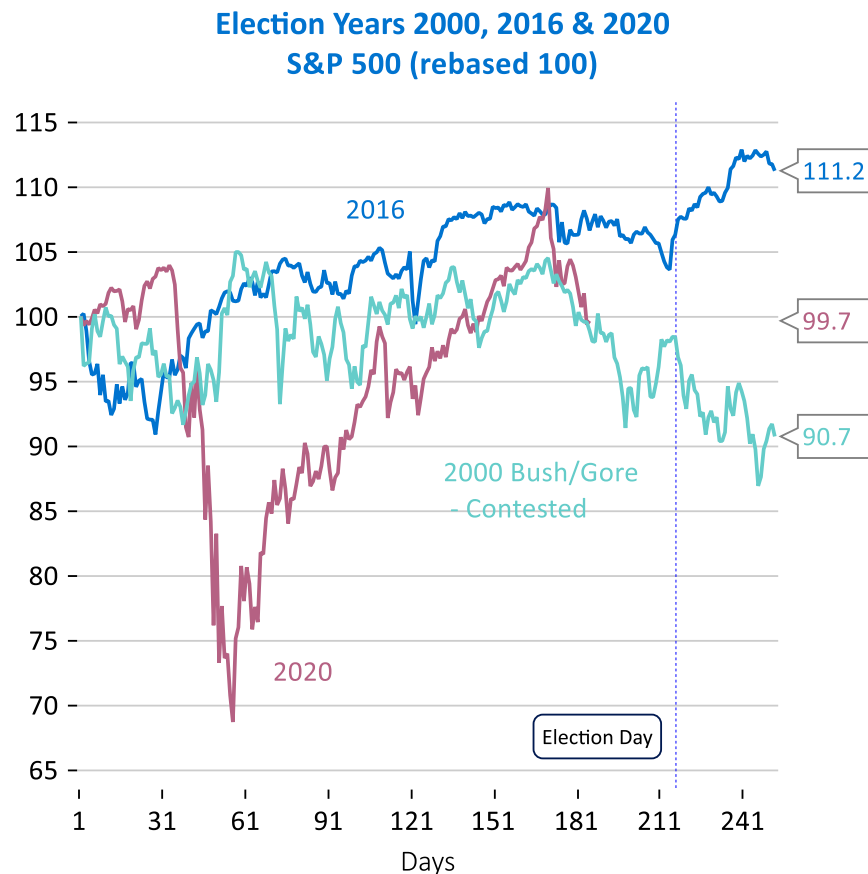


Source: Macrobond, 25.09.20

Contested election hurts US equities & the dollar



Dip into last 60 days to election day matches 2016



Source: Macrobond, 25.09.20

Dates for presidential postal vote count by state

Mail-in Counts

Some battleground states cannot start counting ballots until Election Day, possibly making those critical states slower to report presidential election results. But many states can prepare early and mail-in ballots for counting—and even officially count them—ahead of Nov. 3.

- Can count before Election Day
- Can count before polls close on Election Day
- Count after polls close on Election Day



Note: In all states, no results are released until after polls close. *Counties with populations of 100,000 or more

Source: state election offices; Associated Press

Source: Wall Street Journal, Sept 2020

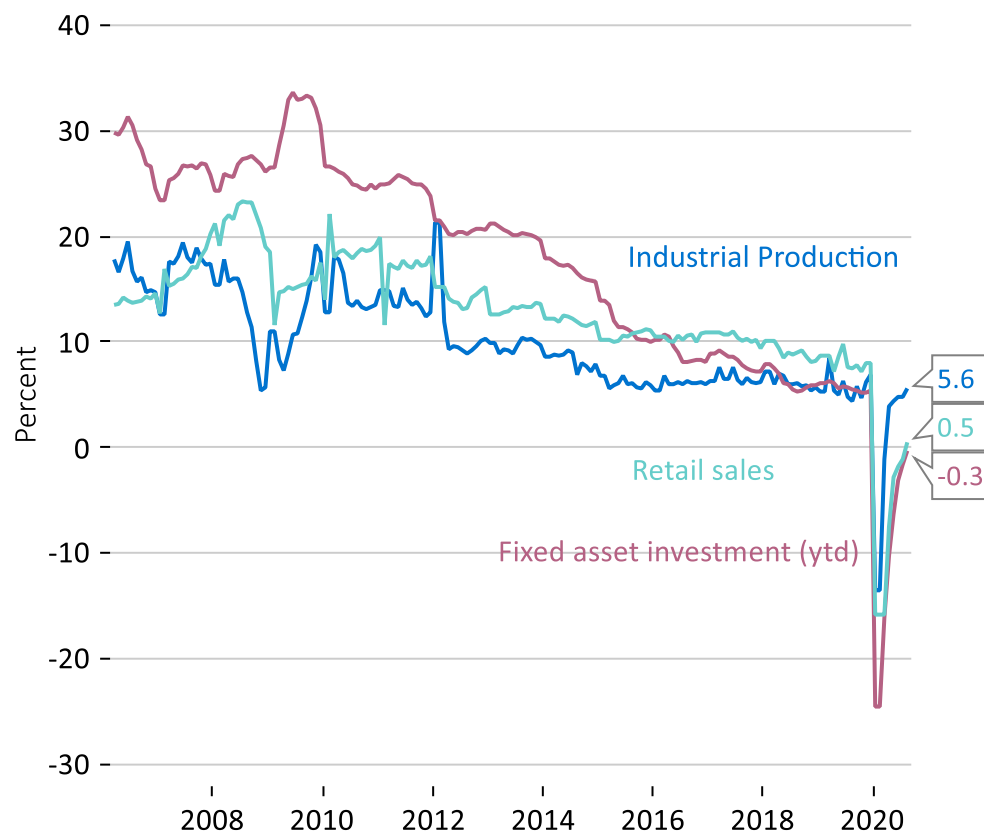
Note the 2000 market sell off and extended volatility after the contested election result in Florida (settled after 1m by US Supreme Court)

China:

Activity is normalising, led by infrastructure & exports - consumption still lagging



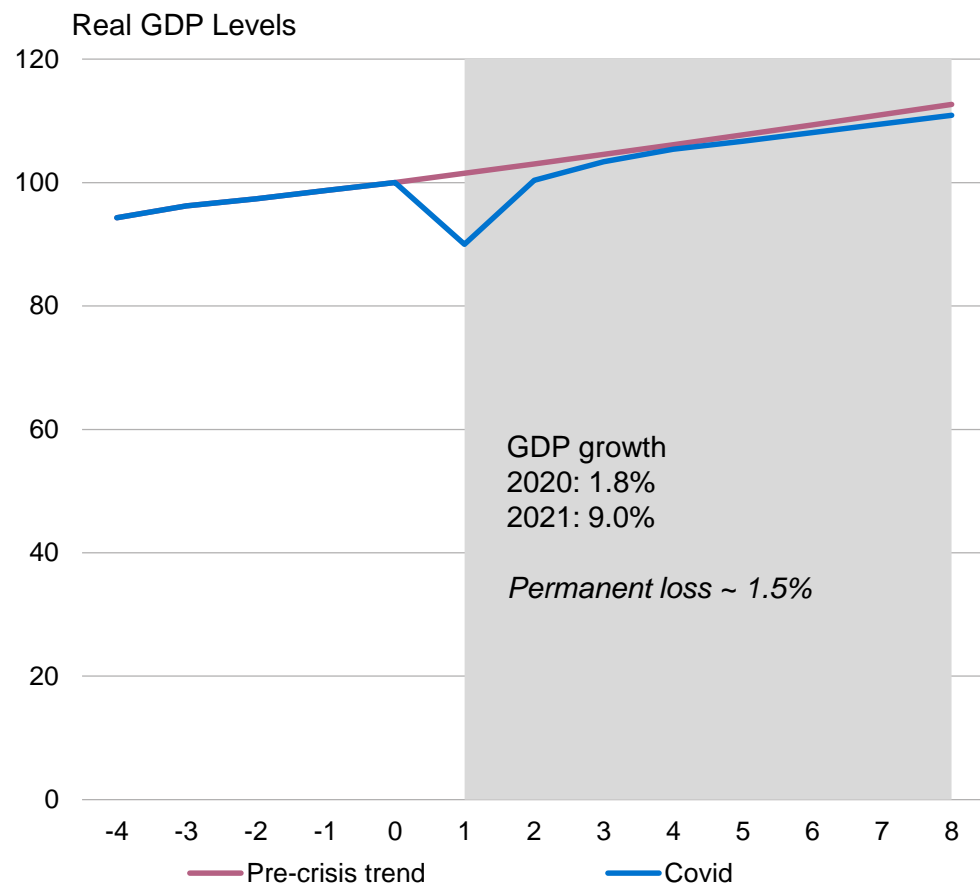
Economy rebounding – consumption still slow



Source: Macrobond, 25.09.20



Economy returning to pre-covid levels faster than expected



Source: S&P Analysis, Sept 2020

Euro area:

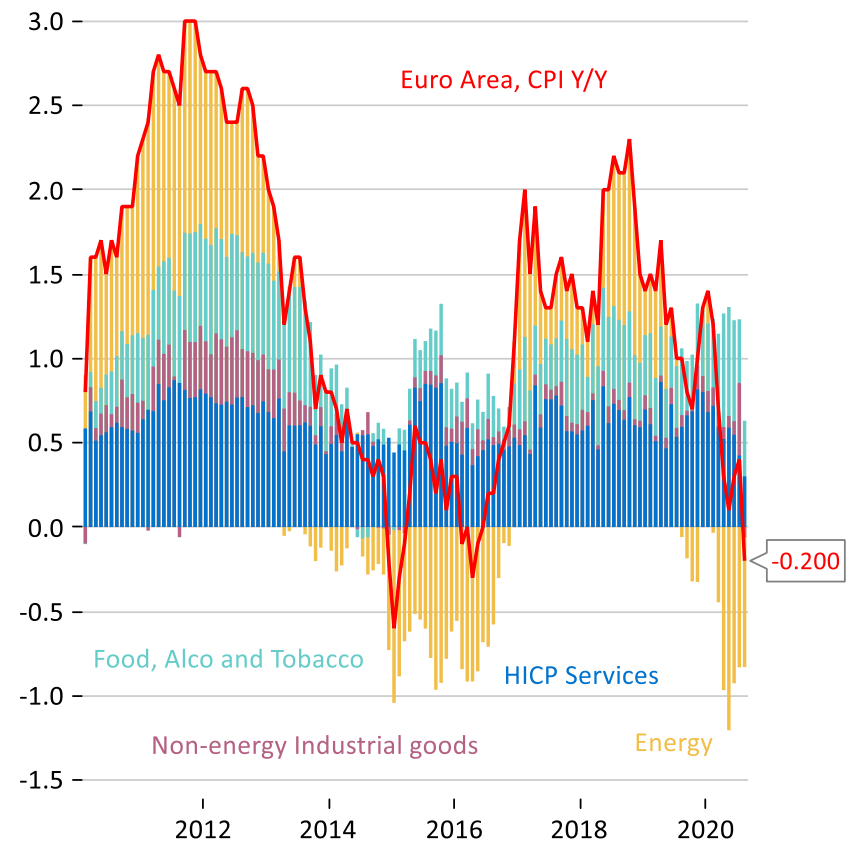
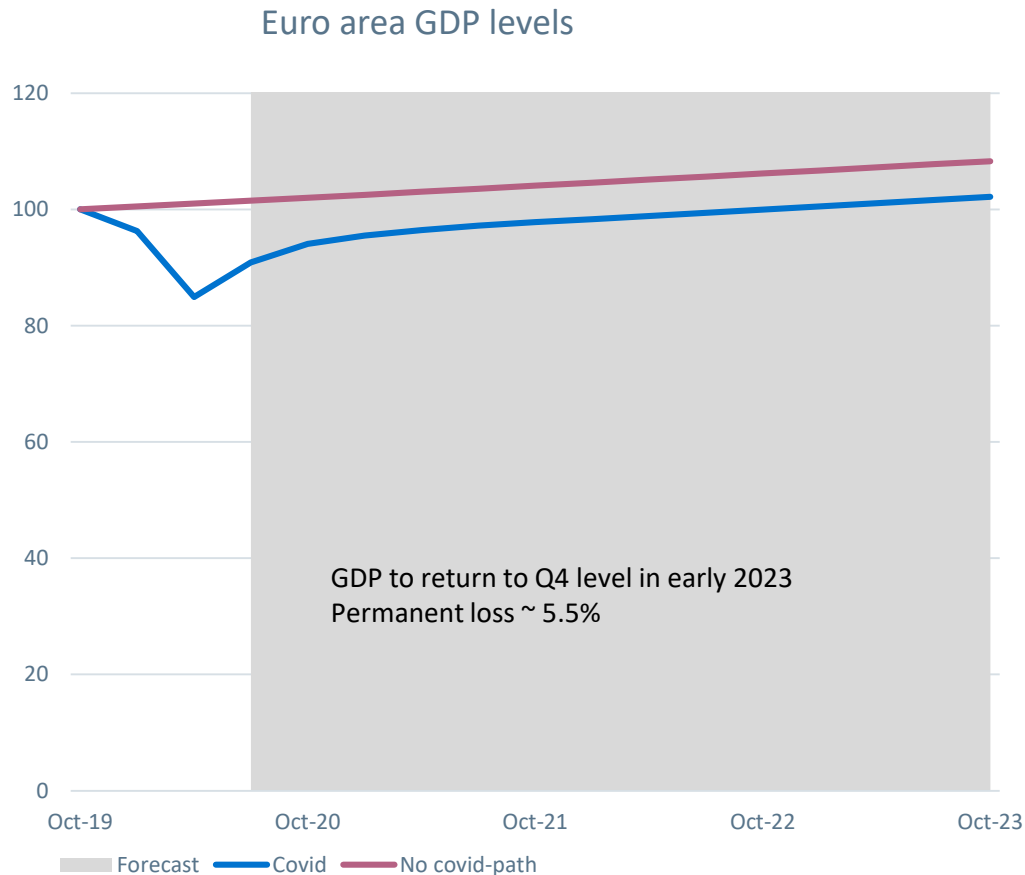
Moderating GDP shock to -8.2% 2020 growth but deflationary trends still worrying



GDP Growth: -8.2% in 2020, and 5.7% in 2021



Eurozone CPI



Source: Macrobond, 25.09.20

Source: S&P Analysis, Sept 2020

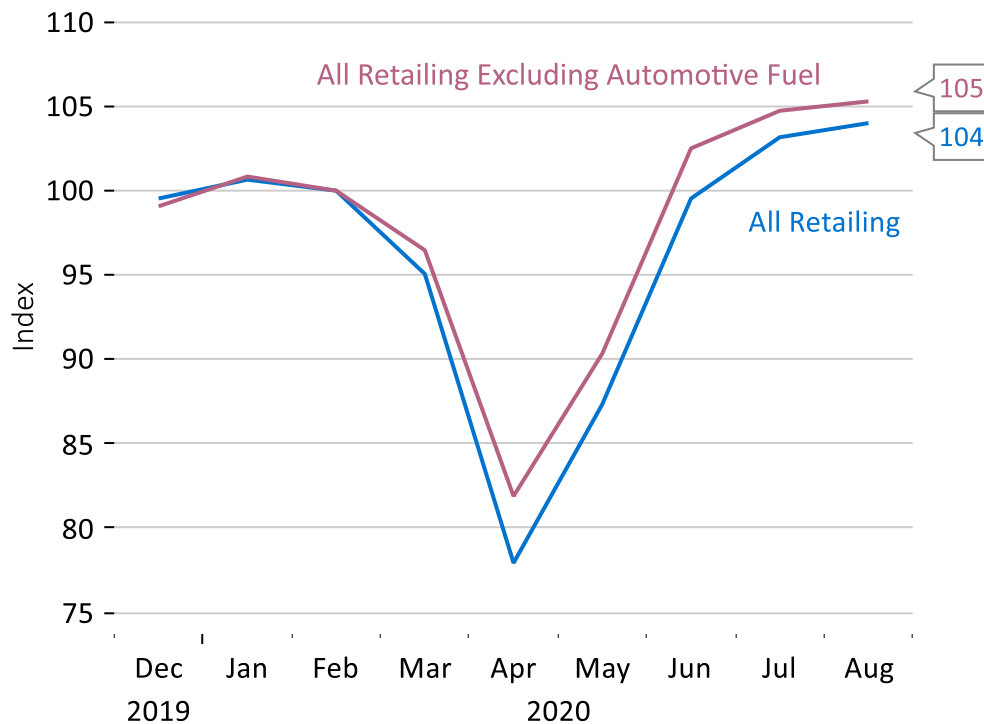
UK:

Consumers have led the recovery, but labour market lags suggest it may not be sustainable



Retail sales has recovered

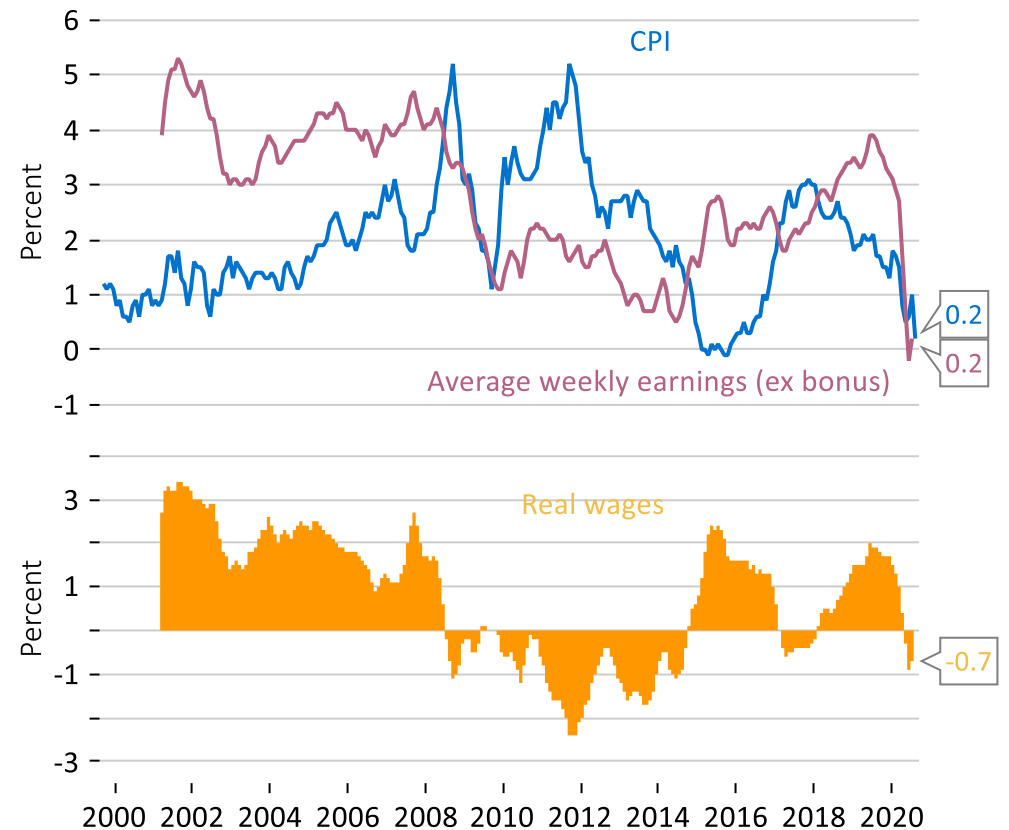
United Kingdom, Domestic Trade, Retail Trade, Constant Prices, SA, Index



Source: Macrobond, 25.09.20



Real wages negative



Source: Macrobond, 25.09.20

UK:

Outlook clouded by investment uncertainties, and political risk related to Brexit



Brexit uncertainties

Chart A Investment plans have been revised in response to the pandemic.

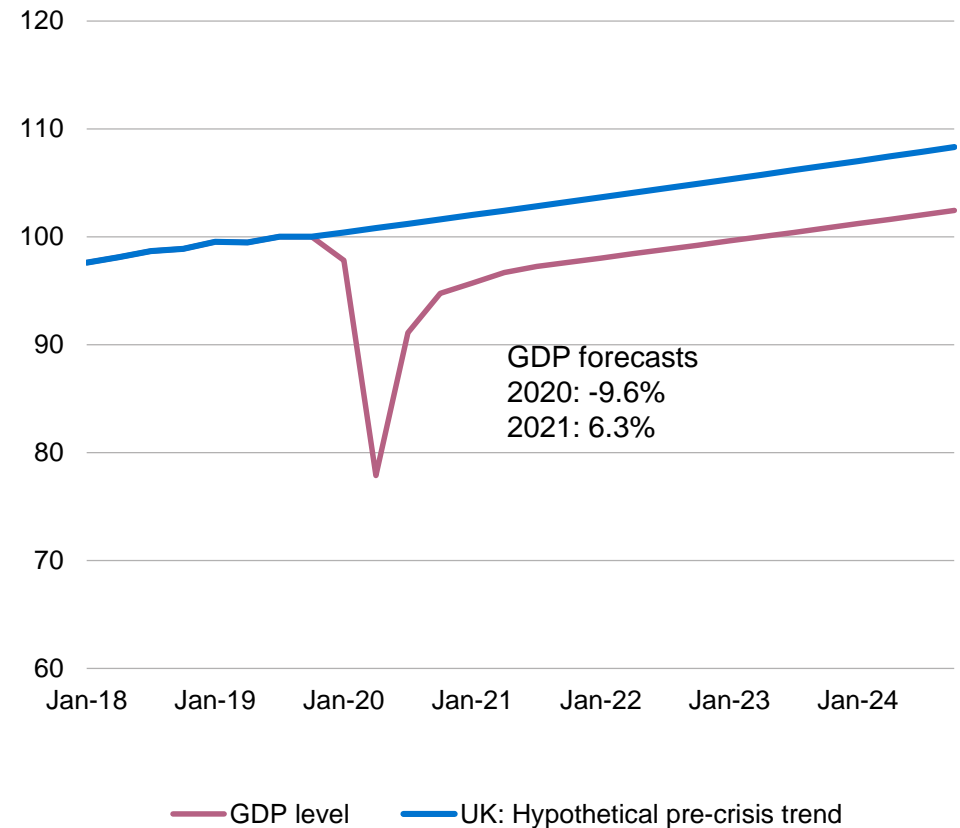
Investment intentions over the next 12 months



Source: BOE Monetary Policy Report 2020



GDP Growth



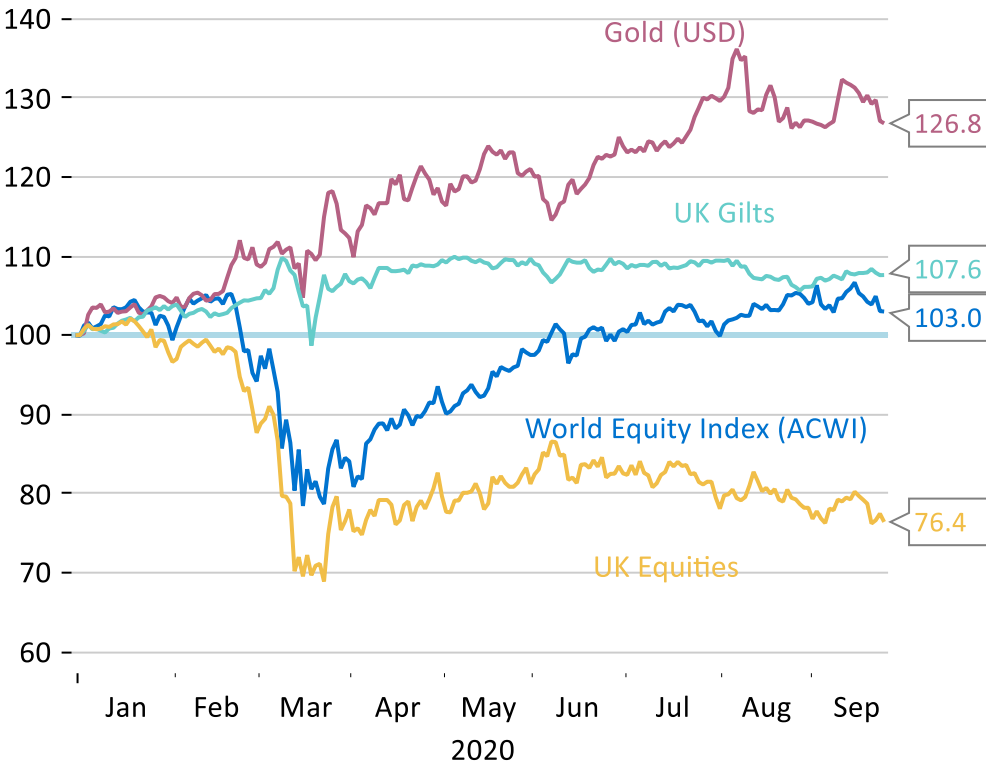
Source: S&P Analysis, Sept 2020

Markets 2020

Volatility trends higher as economic rebound fades

 Equities reverses COVID losses for a Sterling Investor

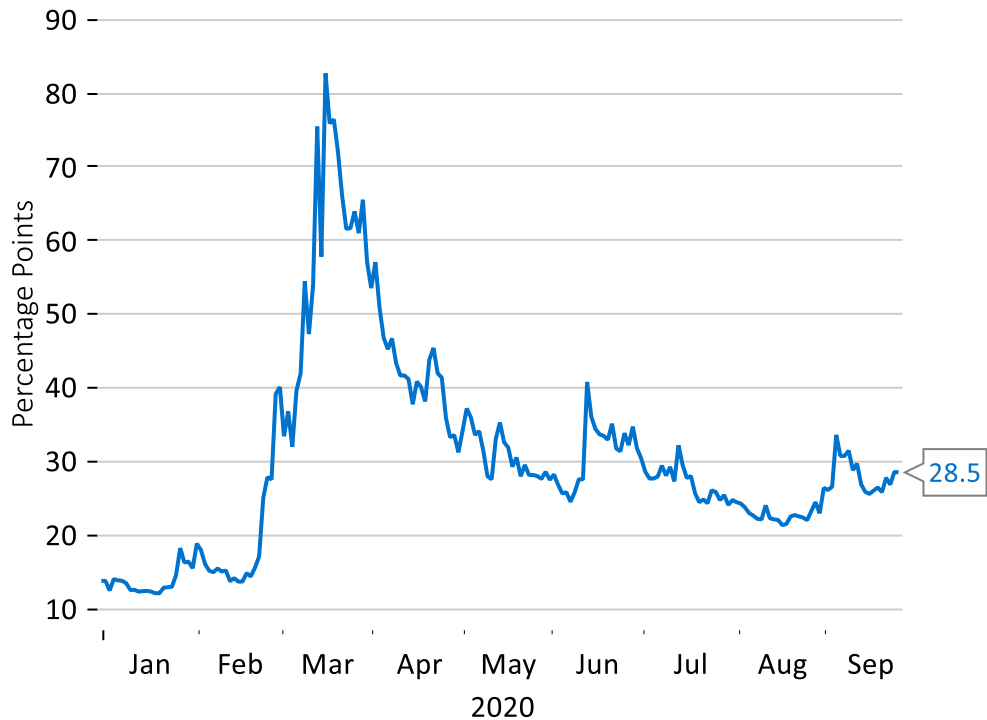
Global Asset Class Returns 2020 (GBP)



Source: Macrobond, 25.09.20

 Volatility continues to decline

US Equity Volatility Index (VIX)
2020 to date



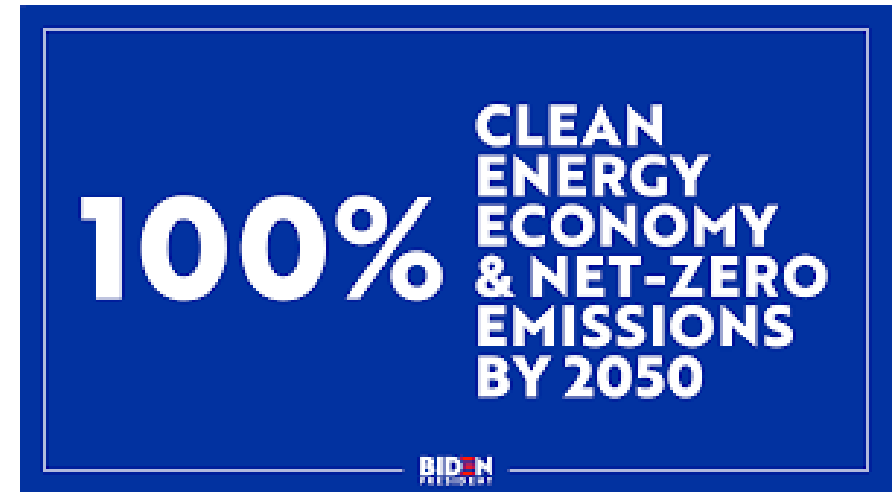
Source: Macrobond, 25.09.20

Are the stars aligning...?

55% of global emissions potentially captured



US...if Biden wins



China



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