

MARKET UPDATE: STOCK MARKETS NOTCH UP STRONG SECOND QUARTER

6th July 2020

LAST WEEK – KEY TAKEAWAYS

Markets: Improving outlook boosts shares

- Global stock markets ended the week higher having chosen to focus on the economic recovery from the coronavirus crisis rather than lockdown restrictions returning in several countries;
- Although new cases emerged in the US, the UK and elsewhere, there were encouraging signs from the US and Chinese economies (see below), while reports of further progress towards developing a vaccine also improved the outlook.
- **Omnis view: In the second quarter, shares recorded the strongest period of growth in over 20 years, as the unprecedented measures introduced by governments and central banks helped them rebound from the correction in February and March. New infections could slow the recovery, but additional steps are expected to be announced shortly, which should continue to support the markets.**

US: Employment recovery continues

- [The US economy created 4.8 million jobs in June, including 2.1 million in the leisure and hospitality industries, and the unemployment rate fell to 11.1%.](#)
- **Omnis view: These figures suggest that the US economy may rebound quickly (frequently referred to as a V-shaped recovery), but the potential slowdown in activity due to the wave of new infections in several states could reverse some of the progress.**

Asia: Business activity climbs in June

- Activity in China's services sector, which includes some of the companies hit hardest by social distancing rules such as restaurants and hotels, rose sharply in June.
- **Omnis view: China was among the first countries to lockdown its economy to contain the spread of the coronavirus, and the markets have been closely monitoring its easing of restrictions. While new cases have emerged, the increase in business activity is encouraging for the rest of the world.**

Europe: Job losses slow in May

- [There was good news for the European job market too as the unemployment rate came in lower than predicted in May at 6.7%.](#)
- **Omnis view: The slowdown in job losses is a positive sign for the EU's economy, although many countries still have workers on furlough schemes so the full extent of the pandemic's impact on employment will not be known until they go back to work.**

Brexit: Latest talks end in stalemate

- The latest round of Brexit negotiations concluded without any breakthroughs, although the EU hinted it was willing to make concessions about the contentious issue of the role of the European Court of Justice after the UK leaves the EU.
- **Omnis view: As things stand, Brexit uncertainty seems likely to linger for the foreseeable future. The Prime Minister has set an unofficial deadline of the end of this month for progress, while the EU claims the two sides need to finalise a deal by October to give member states enough time to approve it. Talks continue this week.**

The Omnis Managed Investments ICVC and the Omnis Portfolio Investments ICVC are authorised Investment Companies with Variable Capital. The authorised corporate director of the Omnis Managed Investments ICVC and the Omnis Portfolio Investments ICVC is Omnis Investments Limited (Registered Address: Washington House, Lydiard Fields, Swindon, SN5 8UB) which is authorised and regulated by the Financial Conduct Authority. Omnis Investments Limited does not offer investment advice nor make recommendations regarding investments. Potential investors are particularly advised to read the specific risks and charges applicable to the Funds which are contained in the Prospectus and Key Investor Information Documents (KIID).

LOOKING AHEAD - TALKING POINTS

Economic data

- Thursday- Chinese inflation (the rate at which prices rise) in June.

Summer statement

- Chancellor Rishi Sunak announces his latest plans to help the UK economy recover from the coronavirus crisis on Wednesday.

Omnis Investments is now tweeting updates. Follow us at: [@OmnisInvest](#)

Omnis Investment Issued by Omnis Investments Limited. This update reflects Omnis' view at the time of writing and is subject to change. The document is for informational purposes only and is not investment advice. We recommend you discuss any investment decisions with your Openwork financial adviser. Omnis is unable to provide investment advice. Every effort is made to ensure the accuracy of the information, but no assurance or warranties are given.

The value of an investment and any income derived from it can fall as well as rise and you may not get back the original amount invested. Past performance is not a guide to future performance. The Omnis Managed Investments ICVC and the Omnis Portfolio Investments ICVC are authorised Investment Companies with Variable Capital. The authorised corporate director of the Omnis Managed Investments ICVC and the Omnis Portfolio Investments ICVC is Omnis Investments Limited (Registered Address: Washington House, Lydiard Fields, Swindon, SN5 8UB) which is authorised and regulated by the Financial Conduct Authority.

The Omnis Managed Investments ICVC and the Omnis Portfolio Investments ICVC are authorised Investment Companies with Variable Capital. The authorised corporate director of the Omnis Managed Investments ICVC and the Omnis Portfolio Investments ICVC is Omnis Investments Limited (Registered Address: Washington House, Lydiard Fields, Swindon, SN5 8UB) which is authorised and regulated by the Financial Conduct Authority. Omnis Investments Limited does not offer investment advice nor make recommendations regarding investments. Potential investors are particularly advised to read the specific risks and charges applicable to the Funds which are contained in the Prospectus and Key Investor Information Documents (KIIDs).

Omnis Investments Limited is registered in England and Wales under registration number 06582314 (Registered Office: Washington House, Lydiard Fields, Swindon SN5 8UB).