



GWM USA

The week in review



Joe Biden is not 77 in the way that Mick Jagger is 77

Markets were pretty strong this week, with global equities up roughly 1%.

The big political news this week was the choosing by Joe Biden of his running mate Kamala Harris, the junior senator from California. As Janan Ganesh of the Financial Times notes, Joe Biden is not 77 in the way Mick Jagger is 77. This means she will be more closely scrutinised than most vice-presidential picks as there is a genuine chance she could end up running the most powerful country in the world.

Ms. Harris is difficult to pigeonhole. Before she arrived in the Senate, she was seen as on right-wing of the Democratic Party. However, progressives will take comfort from the fact that she votes well to the left in the Senate. Over the coming weeks, and borrowing from Eminem, the real Kamala Harris will have to stand up - before her political position is defined by Trump.

LATEST



Joe Biden running mate
Kamala Harris

Biden Leads The Polls

A Vaccine
That We All Trust?

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Biden Leads The Polls

As things stand, Biden is ahead in the polls with a lead of 7-8 percentage points over Trump. However, Hillary Clinton had a similar lead at the same stage in 2016 and investors know what happened.

Although a Biden presidency would most likely increase the chances of rising corporation tax rates, which would be negative for markets, analysts note that his administration might rely less on trade tariffs as the weapon of choice against China. This might be positive for the economy and risk assets.

A Vaccine That We All Trust?

Regarding COVID-19 vaccine and therapeutics, Russia announced that it had developed a vaccine. While the actual trial was limited in scope, it has managed to focus attention back to the question: "What if we do get a real vaccine that we all trust?"

There are now six vaccine candidates in Phase III trials. One of them is Moderna's vaccine. According to Goldman Sachs, the first interim analysis could occur between September and October, which may provide the opportunity for early approval. As of last Sunday, Goldman Sachs upgraded its growth forecast for the US economy for 2021 to 6.2% versus 5.6% previously – citing a better vaccine outlook. Furthermore, prediction market odds of FDA approval of a COVID-19 vaccine before the second quarter of 2021 now stand at 70% compared to 20% in May of this year.

Finally, prophylactic therapeutics are being worked on, and investors can expect further news on this topic to be released at some point next week.



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