



# Apple Reaches \$2 Trillion

This week, global equities were up roughly 0.5% and bond yields fell a little. However, the gentle rise in markets had very defensive characteristics – with Big Tech and Swiss stocks standing out as the clear outperformers.

*For example, Apple is now the largest company in the world by market capitalisation with a value of over two trillion dollars.* Markets may soon start to suffer unless investors get some good news on COVID-19 vaccines or therapeutics.

## Closing the gap

On the economic recovery, it appears the easy gains for most of the major economies have been made. In order to close the remaining gaps between the current level of economic activity and the path economies were on before the virus, consumers will need to be less fearful. Two U.S. data points stand out in this regard.

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Closing the gap

House prices soar





Firstly, weekly initial unemployment claims rose this week, breaking a trend of mostly falling weekly numbers since April. Secondly, a new survey jointly conducted by the Financial Times and The Peterson Institute found that nearly two-thirds of Americans fear it will be unsafe to send children back to school this year. The poll also showed that only 24% believe that the outbreak is improving in their community. Therefore, the fact remains that whatever attitude one may personally have towards the virus, the average person is scared.

### House prices soar

The potential good news however, and a paradox of this economic crisis according to Conor Sen's Bloomberg Op-Ed, is that while U.S. employment figures remain 13 million below their pre-pandemic peak, the net worth of American households may be at a record high given soaring equity and house prices. This may help expedite the economic expansion once the public-health crisis ends.

To this end, investors are focussing on COVID-19 vaccines and therapeutics. According to Bloomberg, the U.S. Food and Drug Administration is tentatively planning an advisory panel to convene on 22nd October. Although vaccines are expected to be discussed, it has not specified which vaccines, or how many, will be scrutinised. Markets will be looking for good news on this in the coming weeks.

**To summarise, while the conditions are in place for a strong economic recovery, the easy gains have been made, and COVID-19 vaccines and therapeutics are now needed to close the remaining economic gap to pre-pandemic levels.**



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