

# Global Stock Markets' Round-up– November 2020

December 1, 2020 | Economics

The report covers market movements in select major stock exchanges across the US, Europe and Asia (including India) to give a bird's eye view on various factors that drove the markets during the month.

Table 1: Stock market movements in November 2020

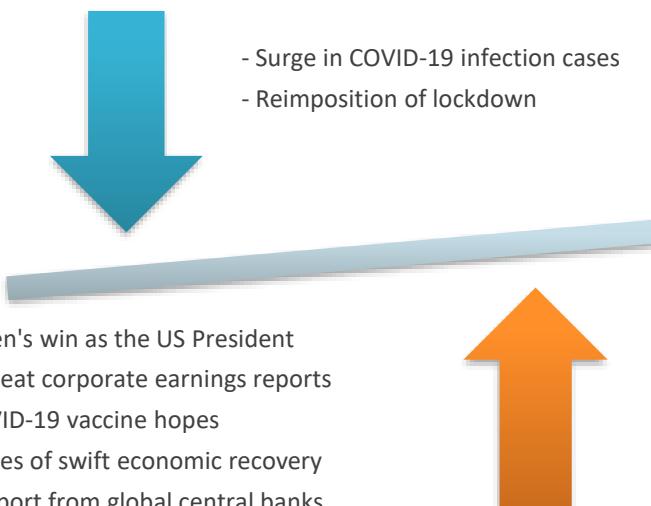
Country	Stock Exchange	Closing	Closing	%
		on 30-Oct-20	on 30-Nov-20	
US	Dow	26,502	29,639	11.8
US	NASDAQ	10,912	12,199	11.8
US	S & P 500	3,270	3,622	10.8
UK	FTSE 100	5,577	6,266	12.4
Germany	DAX	11,556	13,291	15.0
France	CAC 40	4,594	5,519	20.1
Japan	Nikkei 225	22,977	26,434	15.0
South Korea	Kospi	2,267	2,591	14.3
China	Shanghai Composite	3,225	3,392	5.2
India	Sensex	39,614	44,150	11.4
India	NIFTY 50	11,642	12,969	11.4

Source: WSJ, CNN, BSE, NSE

## Drivers and draggers of markets

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Source: CARE Ratings



## US stocks

- **US markets** began the month on a very choppy note amidst uncertainty surrounding the US Presidential election. However, by the end of the month, all three major US stocks rallied and closed around 10-11% higher than a month ago levels.
  - Sentiments were driven by victory of democratic candidate Joe Biden as the US President, vaccine hopes with high efficacy claims by leading vaccine makers and status quo maintained by the Federal Reserve in its monetary policy. On the macro front, upbeat US consumer sentiments, encouraging corporate earnings reports, increase in PMI manufacturing and services, rise in construction spending, strong jobs reports underpinned hopes of quick economic recovery.
  - The gains were also supported by better than expected China's factory output data, surge in retail sales in October and announcement of signing of the 15-member Regional Comprehensive Economic Partnership (RCEP) deal.
  - Nonetheless, surge in the coronavirus waves in several parts of the world including the US, stricter measures for containment of spread of the disease, fading expectations of US stimulus, weak US retail sales, rise in weekly jobless claims amid surge in COVID-19 infections curtailed further gains in the markets.

## European stocks

- **European stocks** closed the month of November 2020 registering double digit gains. Germany's DAX closed 15% higher while France's CAC 40 gained 20% by the month end.
  - Investors tracked strong cues from the US markets. Sentiments were buoyed over Biden's victory, vaccine hopes, data reflecting quick economic recovery of China, RCEP deal and upbeat corporate earnings reports. Encouraging comments from the European Central Bank President about focus on more emergency bond purchases and cheap loans for banks in its forthcoming stimulus package supported gains in European markets.
  - The upside however was capped on account of second wave of pandemic in the Europe and subsequent new restrictions imposed by several European countries, mixed economic data across the region, doubts about the effectiveness of AstraZeneca's COVID-19 vaccine towards the month end continued to weigh on markets.
- **UK stock market** followed the trend of the other major stock markets and closed the month with 12.4% higher. Apart from the other common drivers, the FTSE was further supported by fiscal and monetary stimulus announced by the UK administrations. The largest borrowing level announced by the UK government (19% of GDP) and Bank of England's likely expansion of bond buying program worth £100 billion further supported FTSE. The additional liquidity easing announced by the Bank of England drove the FTSE index higher. However, uncertainty over post Brexit deal with the European Union continued to linger on investor's minds.

## Asian stocks

- **Japan stock market** surged by 15% by end-November 2020 compared with October-end. Buoyant corporate earnings, Joe Biden's clear win as the US President, promising results from vaccine trials by various players, improvement in the PMI data across Asian regions, signs of economic recovery, indications of a pick-up in China's economy and gains in tech shares tracking other global markets drove the index higher. However, soaring COVID-19 cases in Tokyo led to the

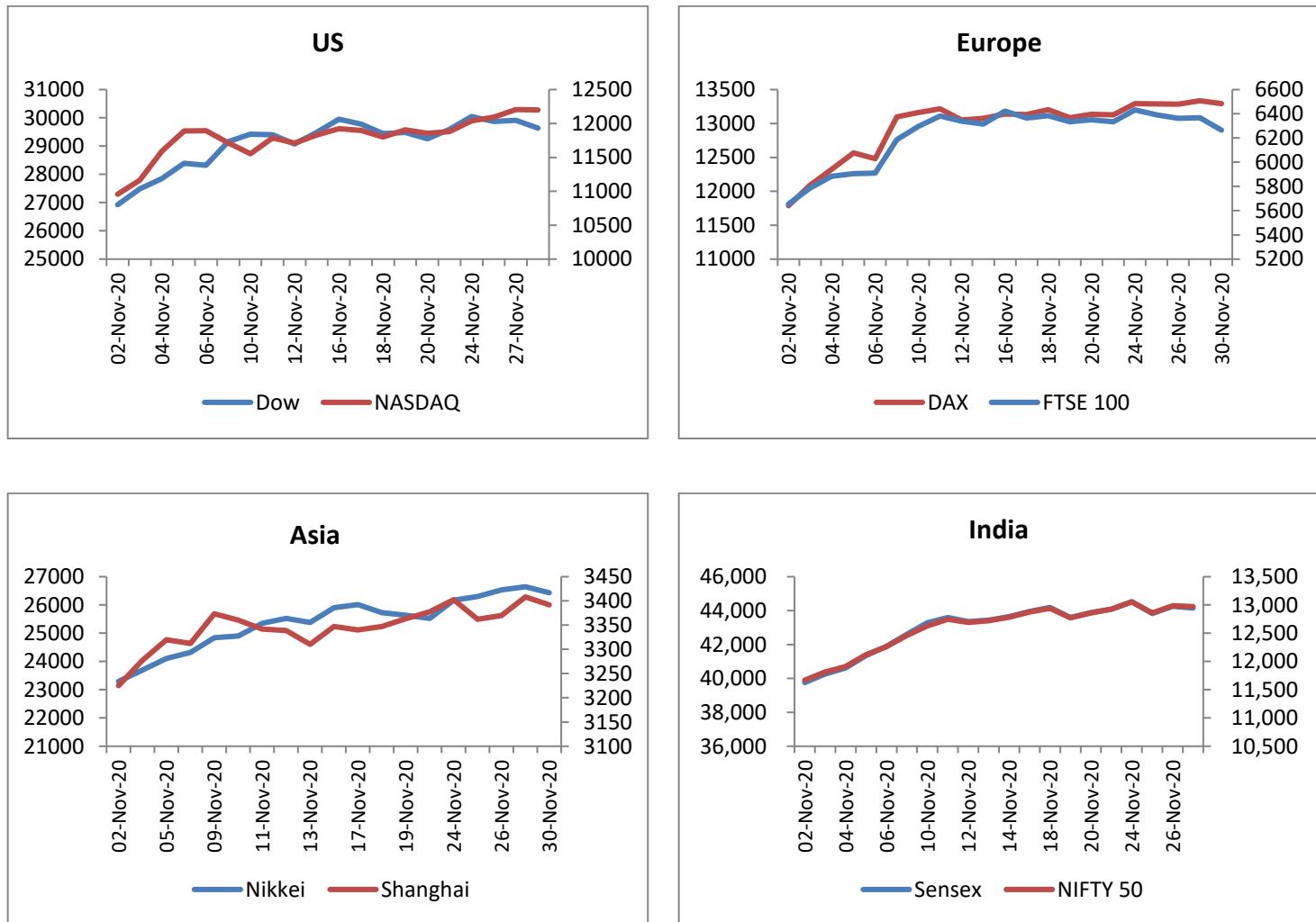
government issuing its most severe warning signal and raised concerns about further restrictions on the country's economic activity, which limited the upside.

- **Shanghai composite** closed the month on a higher note (5.2% higher month on month). Investor sentiments were lifted by strong macroeconomic data on China – increase in PMI manufacturing, PMI services, upbeat sales outlook for new energy cars that led to expectations of swift economic recovery from the pandemic. Investors also cheered the governments' pledge to boost domestic consumption and promote an innovation driven growth model to support the economy. However, surge in infection cases in the US and Europe with countries adopting fresh lockdown measures at the global level and tepid demand domestically kept the investors wary.
- **South Korea's** Kospi index rose by 14.3% at end-November 2020 compared with the previous month led by gains in the Asian and advance economies stock markets. Sentiments were bolstered amidst vaccine hopes, Democratic Party's Biden emerging as a clear winner in the US Presidential elections, positive macroeconomic data on PMI manufacturing, increase in exports and status quo maintained by the Bank of Korea along with accommodative stance with assurance to undertake measures for financial market stabilization in a timely manner. In addition, foreign investors flooded into the market on the formation of the RCEP further supported the gains. Despite, re-imposition of stricter restrictions to contain the pandemic following surge in infection cases and decline in retail sales, industrial output, and construction output weighed on investors sentiments.

### Indian markets

- The **Indian equity markets** closed higher registering double digit growth at the month-end. Sensex and Nifty 50 closed November 2020 by 11.4% higher than the closing on end-October 2020. Gains during the month were primarily led by positive global cues with clear win for democratic candidate Joe Biden, developments over coronavirus vaccine with greater efficacy, upbeat corporate earnings reports, stimulus announcement by the central government under Atmanirbhar Bharat 3.0, sustained FPI inflows along with positive macroeconomic data (PMI data on manufacturing and services, industrial production, auto retail sales) prompting expectations of faster economic recovery. However, mounting infection cases in the Europe and the US leading to fresh curbs and surge in infection cases domestically post festive season leading to imposition of stricter restrictions in the parts of the country curtailed the upside to indices.

## Annexure: Monthly trends of select stock exchanges



Source: WSJ, CNN, BSE, NSE

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