

	Price	5 Day % Change	3 Month % Change	1yr % Change
S&P/ASX300	70,632	3.60%	5.95%	-2.67%
MSCI World Ex-Aus. (Unhedged)	11,726	2.76%	5.39%	6.15%
MSCI World Ex-Aus. (Hedged)	2,019	2.60%	5.77%	8.25%
Bloomberg AusBond 0+ Composite	10,736	-0.55%	1.09%	4.45%
Bloomberg Barclays Global Agg. (Hedged)	1,105	-0.16%	0.37%	4.46%
S&P/ASX300 Property	54,831	3.64%	14.24%	-8.54%
FTSE/Epra NAREIT (Hedged)	2,506	7.39%	6.29%	-14.96%
S&P Global Infrastructure (Hedged)	4,982	6.92%	5.45%	-10.70%
BarclayHedge Global Hedge Fund Index (USD)	6,074	N/A	4.43%	5.17%
VIX	23.1	-16.24%	4.76%	91.70%
Gold in AUD	2,599	-3.34%	-4.91%	21.41%
AUDUSD	0.7270	0.17%	1.69%	6.32%
AUDEUR	0.6143	0.47%	1.50%	-1.14%
AUDNZD	1.0619	-0.92%	-2.83%	-0.44%
AUDGBP	0.5510	-0.15%	0.71%	3.43%
AUDJPY	76.0710	1.38%	-0.48%	2.19%

Source: Bloomberg, S&P Dow Jones, MSCI, FTSE/EPRA, Barclays, 15<sup>th</sup> November 2020

**Despite a rapid rise in US coronavirus infections last week, investors were focussed on the fantastic news that an effective coronavirus vaccine may soon be available. The interim results from the Pfizer / BioNTech phase 3 trials showed over 90% efficacy, much better than health authorities had hoped for.**

**The news suggests that the economic recovery will happen much faster in 2021, but other successful vaccines and therapeutics may also soon follow, strengthening the recovery further. Markets were understandably “risk-on”, with substantial sector rotation also visible.**

Markets sprang to life last week as Pfizer BioNTech announced a significant success in phase 3 vaccine trials. According to the press statement, the interim results showed 90% effectiveness in preventing SARS-CoV-2 infections. 43,538 participants were enrolled in the trial, of which only 94 contracted the virus. The companies are expected to apply to the FDA for Emergency Use Authorisation (EUA) in the next few weeks, once the required safety milestone has been achieved. The results exceed even the most optimistic efficacy estimates and provide the first real evidence that vaccines could effectively combat the coronavirus on a large scale.

Joint leader of “Operation Warp Speed” task force, Dr Moncef Slaoui, stated over the weekend that EUA could result in 20 million doses being available before the end of the year, with roughly 25-30 million doses being made to Americans in each subsequent month. The task force was created in May by the Trump administration to accelerate the development of vaccines to fight coronavirus. The program has a portfolio of 6 vaccines that use three different strategies; mRNA, viral vector, and protein subunit. Following the early success of the Pfizer / BioNTech mRNA vaccine, Dr Slaoui suggested that other successful announcements may come in the next few weeks.

In addition to the vaccines, the task force is also promoting the development of therapeutics for patients that do contract the virus. Last week, Eli Lilly's antibody therapeutic was granted emergency use authorisation. Regeneron also filed an EUA application, and Astra Zeneca will also go ahead with two large phase 3 trials of their antibody treatment.

#### US "Operation Warp Speed" vaccine portfolio:

mRNA	Viral Vector	Protein Subunit
Pfizer / BioNTech	Johnson & Johnson	Novavax
Moderna	AstraZeneca / Oxford University	Sanofi / GlaxoSmithkline

If proved safe and effective, Australia has agreements in place to deliver the vaccines from Pfizer / BioNTech, AstraZeneca / Oxford University, Novavax, and a vaccine being developed by the University of Queensland / CSL. As a participant in the COVAX facility with other countries, Australia will also have access to a broader range of vaccines than will initially become available in the US. Last week, Health Minister Greg Hunt confirmed that cold-chain logistics would be in place to begin distribution of the Pfizer/ BioNTech overseas-manufactured vaccine in Australia from March next year.

## Potential COVAX Facility vaccines

The following ten vaccine candidates in various clinical trial stages and, if found successful, will be included in the COVAX Facility:

Developer	Type	Status
AstraZeneca / University of Oxford	Viral vector vaccine	Phase 3 clinical trials
Novavax	Protein subunit vaccine	Phase 3 clinical trials
Moderna	mRNA based vaccine	Phase 3 clinical trials
CureVac	mRNA based vaccine	Phase 2 clinical trials
Sanofi / GSK	Protein subunit vaccine	Phase 1/2 clinical trials
Inovio	DNA based vaccine	Phase 1/2 clinical trials
Clover Biopharmaceuticals / GSK / Dynavax	Protein subunit vaccine	Phase 1 clinical trials
University of Queensland / CSL	Protein subunit vaccine	Phase 1 clinical trials
Institut Pasteur / Merck / Themis	Viral vector vaccine	Phase 1 clinical trials
University of Hong Kong	Viral vector vaccine	Preclinical

Source: health.gov.au, 15<sup>th</sup> November 2020

The news comes as new virus cases skyrocket in the US, reaching a new daily record of over 177k on Friday. President Trump will no doubt lament the timing of the announcement, which may have helped his chances of re-election. The Democrat candidate, Joe Biden, has now won a clear majority in the electoral college and is all but certain to be sworn in as the 46<sup>th</sup> US President in January. Joe Biden has already stated that fighting the virus will be his number one priority when he takes office. The development of vaccines and therapeutics suggests that Victorian-style lockdowns are less likely than otherwise would be the case. So, although cases are rising sharply, the threat to earnings and share prices is less severe.

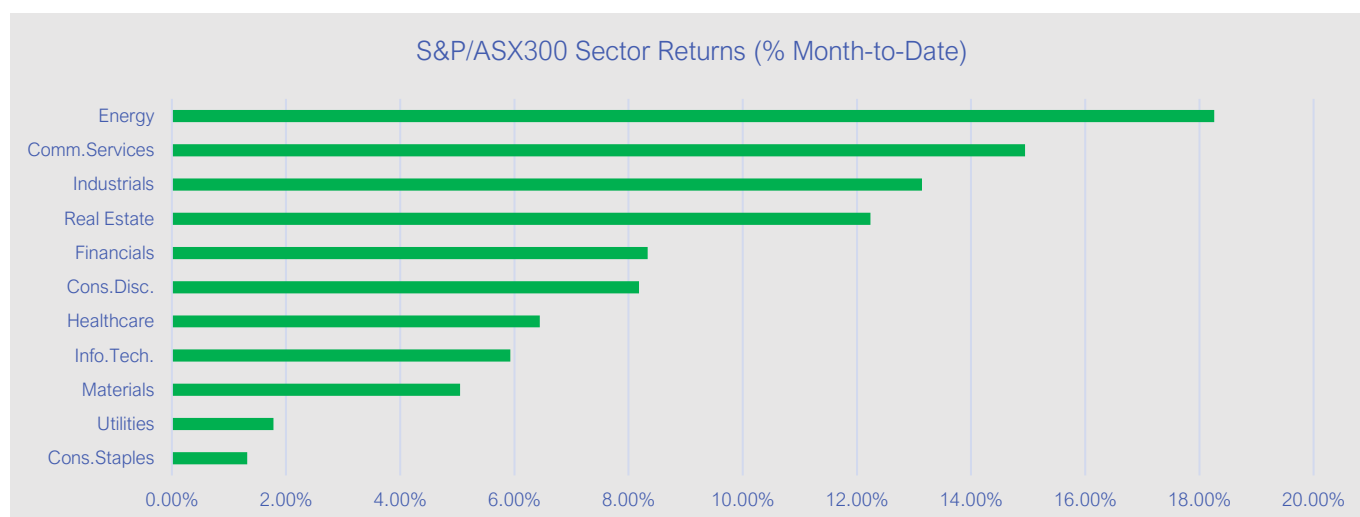
Last week, the Democrats also confirmed a majority in the House of representatives. The Republicans now hold 50 of 100 seats in the Senate and the Democrats 48 (including two Democrat-leaning independents). The President-Elect will continue to campaign for the remaining two seats in the run-off elections to be held in January, both in the state of Georgia. If the Democrats secure the remaining two, the governing mandate could be significantly strengthened since the incoming Vice-President will cast the deciding vote in the event of a tie. With healthcare a major issue in the election, conservative judges in the Supreme Court have already discussed leaving the majority of the Affordable Care Act ("Obamacare") in a move that may take some of the wind out of the Democrat campaign.

Victoria has now gone 16 days with no new coronavirus cases and, as state borders will shortly reopen, Australian consumer and business confidence surveys are on the rise. October's NAB business survey saw business confidence exceed current conditions for the first time since mid-2016. The news provides a much more positive outlook for the economy and for share market returns. But some scope for weakness still exists related to the withdrawal of fiscal stimulus early next year. Last week, the government announced that the coronavirus JobSeeker Supplement, originally \$550 per fortnight and reduced to \$250 per fortnight from September, will be extended through to the end of March 2021 but reduced to \$150 per fortnight.

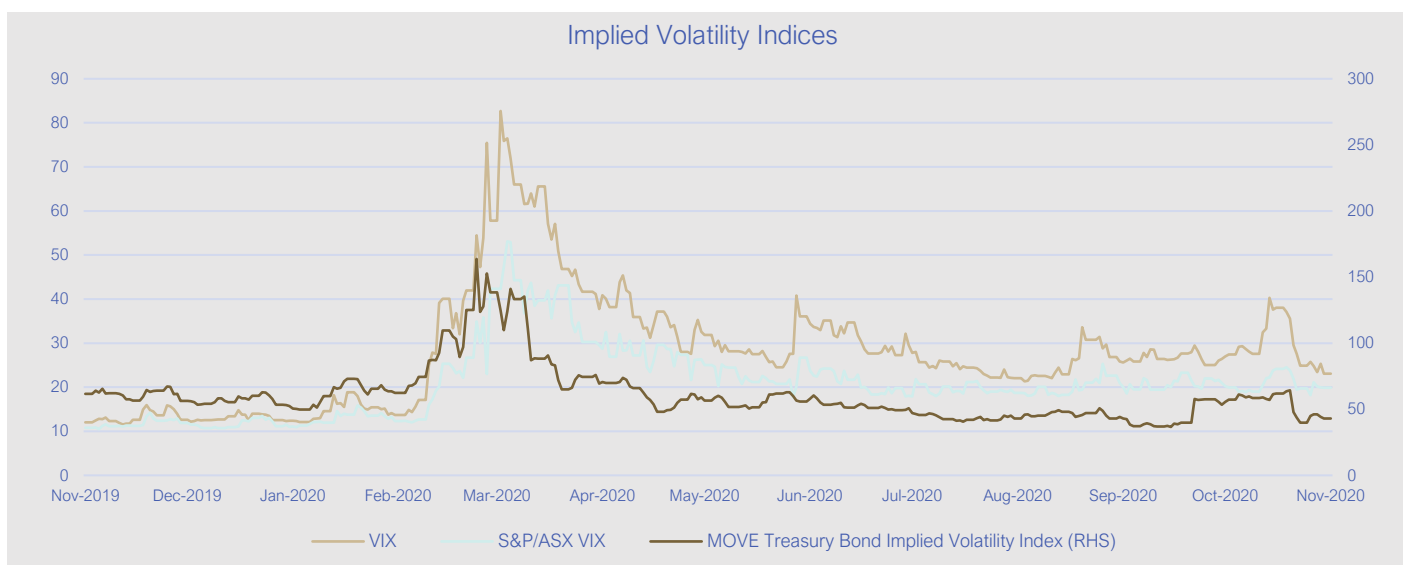
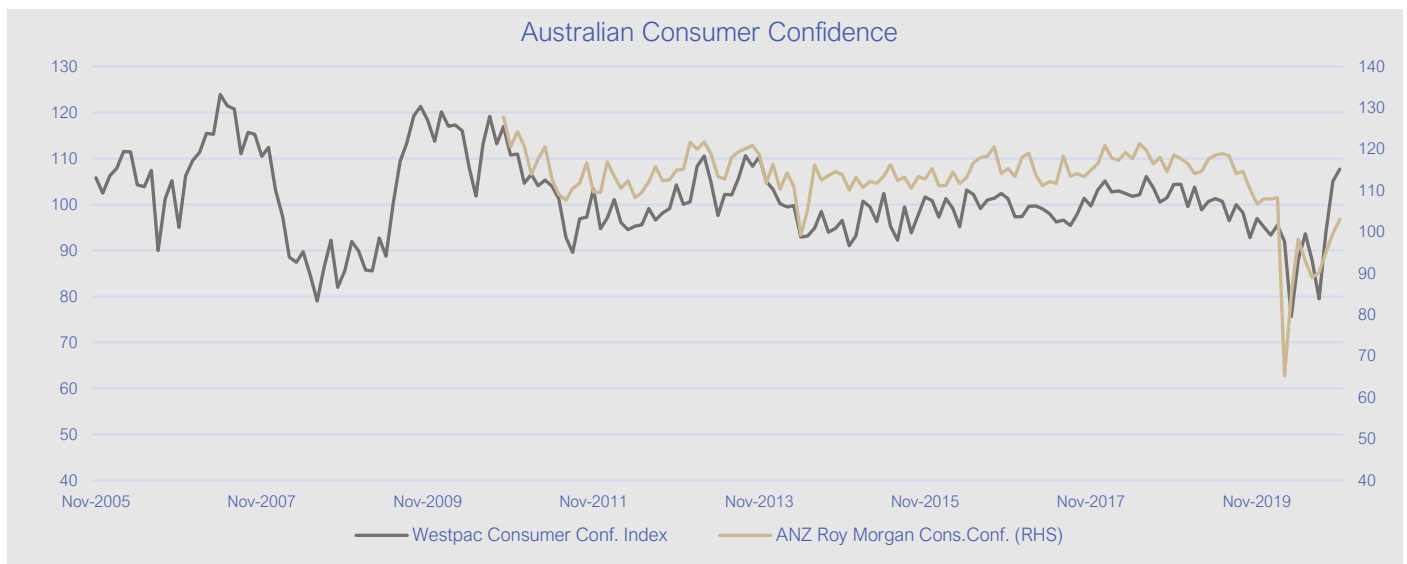
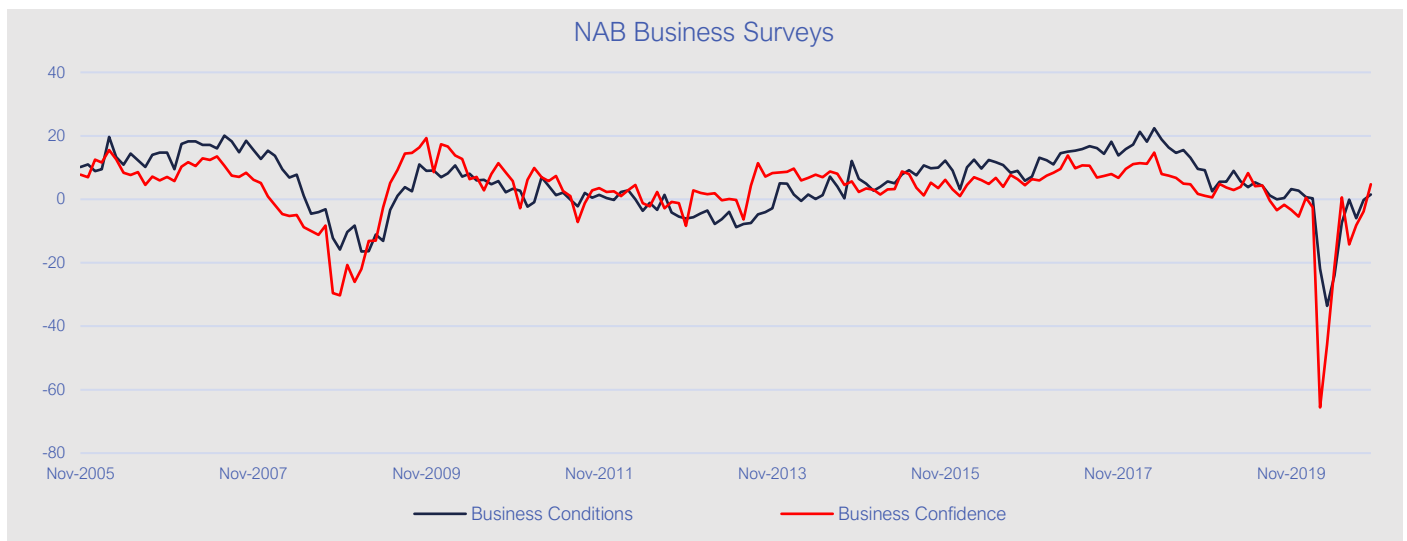
Markets were generally "risk-on" for the second week in a row, although equity gains were tempered by the meteoric rise in US new cases. Safe havens such as gold and the Japanese yen fell, while the Australian dollar, industrial commodities and equities all rose. Measures of implied volatility continued their recent decline.

The first signs of significant rotation away from technology and growth towards value were also visible. Property, infrastructure and energy shares all moved higher as investors anticipated earlier increases in traffic. Leisure and transport operators also rose but were constrained by the rising oil price and by expectations that business travel will take some time to recover as more businesses have adopted remote working solutions. In contrast, shares of Zoom Video Communications fell -19.3%.

This week, we expect markets to continue to move higher and more sector rotation to occur. The RBA will publish the minutes of the last meeting, which may be the subject of some curiosity after the recent changes to monetary policy. But overall, investors are increasingly focussed on 2021 and the potential for positive earnings revisions.



Source: Bloomberg, S&P DowJones, 15<sup>th</sup> November 2020

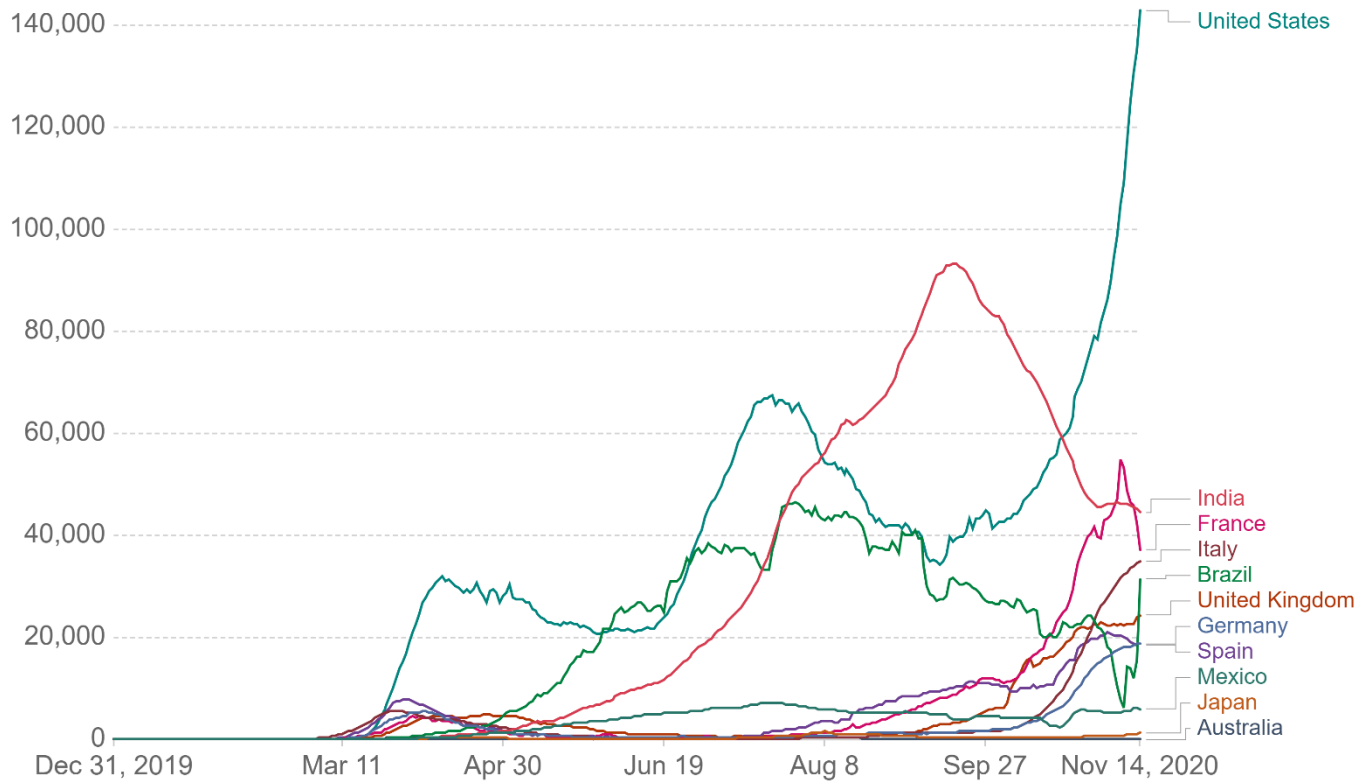


Source: Bloomberg, NAB, Westpac, ANZ Roy Morgan, 15<sup>th</sup> November 2020

## Daily new confirmed COVID-19 cases

Shown is the rolling 7-day average. The number of confirmed cases is lower than the number of actual cases; the main reason for that is limited testing.

Our World  
in Data



Source: European CDC – Situation Update Worldwide – Last updated 14 November, 10:06 (London time)

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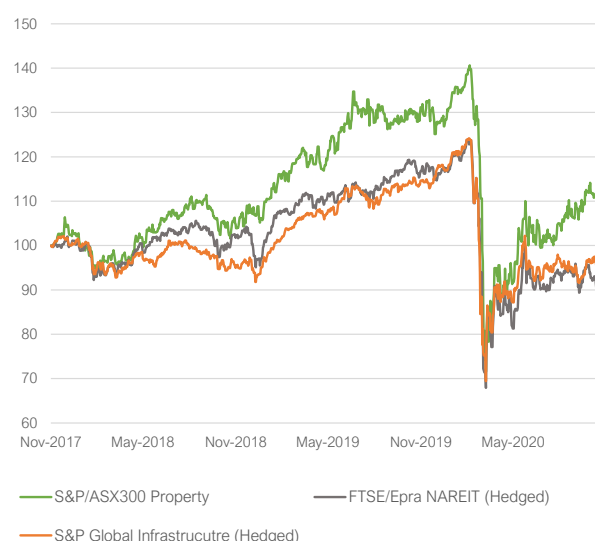
## Significant Upcoming Data:

	Monday	Tuesday	Wednesday	Thursday	Friday
<b>Australia</b>		RBA Nov. Minutes ABS Weekly Payrolls Data	Q3 Wage Price Index; Westpac Leading Index	Employment	ABS Prelim. Ret.Sales
<b>US</b>	Empire Manufacturing Survey	Industrial Production; Inventories; Retail Sales; NAHB Housing Index; Capacity Utilisation; Import/Export Prices	Housing Starts; Building Permits; MBA Weekly Mortgage Apps.;	Leading Index; Philly Fed; Kansas City Fed; Existing Home Sales; Weekly Jobless Claims;	
<b>Europe</b>	Italian CPI; UK Rightmove House Prices; Irish Trade; Danish PPI	Q3 Norwegian GDP; Italian Trade; EZ Constr.Output	EZ, UK & Austrian CPI; UK PPI; EU27 Car Reg.; Irish Prop.Prices;	EZ Italian & Greek Curr.Acc.; Swedish & Dutch Unemp.; Swiss Ind.Prod. & Real Imp./Exp.; Spanish Trade	UK PSNBR & Ret.Sales; German & Irish PPI; Italian Ind. Sales & Orders; Swedish Ind.Capacity Dutch House Prices
<b>Japan</b>	Q3 GDP; Ind.Prod; Capacity Utilisation	Housing Loans YoY	Trade Balance	Tokyo Condos. for Sale	Jibun PMI; Natl. CPI; Convenience Store Sales
<b>China</b>	Ind.Prod.; Retail Sales; Fixed Assets Inv.; Surveyed Jobless Rate; Property Inv.; New Home Prices; 1yr Med Term Lending Rate				1yr / 5yr Prime Lending Rates

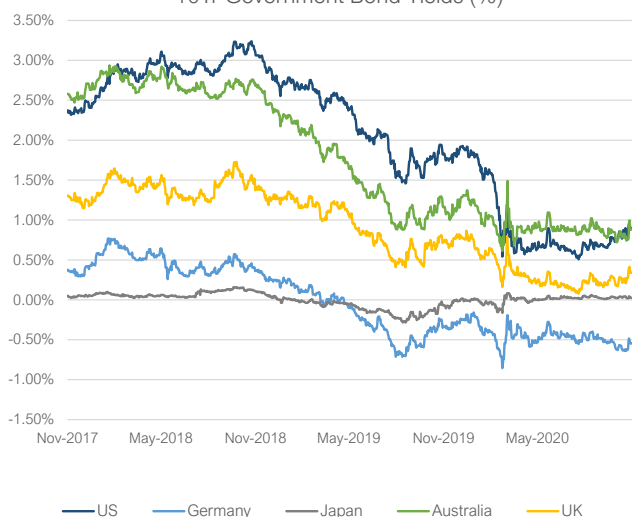
3Yr Equity Indices (Rebased to 100)



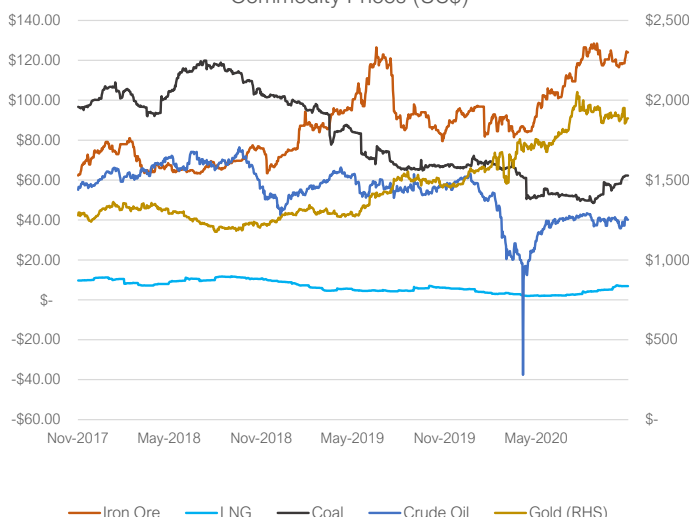
3Yr Property & Infrs. Indices (Rebased to 100)



10Yr Government Bond Yields (%)



Commodity Prices (US\$)



Source: Bloomberg, S&P Dow Jones, MSCI, FTSE/EPRA, 15<sup>th</sup> November 2020

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