



US TECH STOCK SELL OFF NEEDS TO BE KEPT IN PERSPECTIVE

This week there was more than a small amount of satisfaction in certain quarters that the big US tech stocks got taken down a peg or two. Headlines gleefully pointing out how many billions of dollars Apple's value fell by were flying thick and fast. The pullback has been significant, Tesla, for example, fell 20 per cent in a few days, taking it back to values last seen a week and a half ago. The stock remains up nearly 400 per cent since the start of the year. Whether a 20 per cent correction – a lot most of the time – is enough, or even temporary remains to be seen.

Elsewhere there has been good news on a possible coronavirus vaccine. There are currently 15 vaccines at the human trials stage and positive results have been hinted at from many. Pfizer said it expects to conclude trials in October, while Anthony Fauci, the top Coronavirus adviser in the US government, has told states to prepare to distribute a vaccine as soon as November. While this should be good news for markets, as well as humans, it's hard to predict how they'll react. The end of central bank support is likely to matter more than the end of the pandemic.

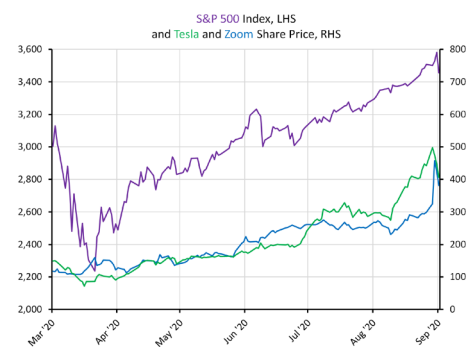
THE MARKETS THIS WEEK

FTSE 100	S&P 500	Nikkei 225	Euro Stoxx 50	Hang Seng	US 10 Yr	UK 10 Yr	Brent Crude	Gold	Wheat	GBP USD
-1.87%	-0.85%	+1.41%	+0.03%	-2.86%	-0.07%	-0.06%	-3.02%	-1.47%	+0.51%	-0.54%

US: TECH STOCKS LEAD WIDER RETREAT OF US EQUITIES

A sell-off in technology stocks on Thursday reversed some recent gains and led US equities towards their first weekly loss since mid-June. Only a day after posting new record highs both the S&P 500 and the more tech-focussed Nasdaq saw falls of 5 per cent and 3.5 per cent, respectively, with US tech giants Apple, Microsoft and Google owner Alphabet all falling by 5 per cent or more. Tesla, Zoom and Nvidia, three of the best performing stocks of 2020, saw shares drop by 9 per cent or more. The sell-off extended to other markets with Chinese tech giants Alibaba and Tencent also seeing sharp declines in Friday trading.

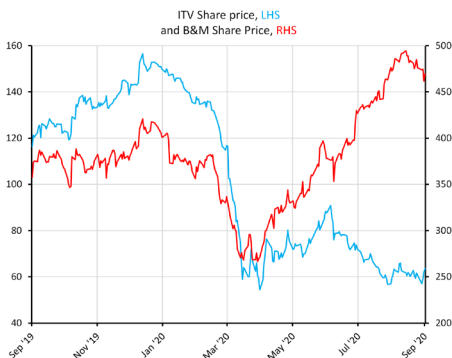
The selling of tech stocks, and equities more generally, has been put down to weaker than expected economic data triggering some profit taking after stellar returns from technology stocks this year. The S&P 500 still remains around 7 per cent up in 2020. For many of the tech stocks, the sell-off has erased just a week or two's gains.



UK: ITV DROPS OUT OF FTSE 100

ITV will drop out of the FTSE 100 for the first time since 2011 to be replaced by discount retailer B&M. This year has seen ITV's decline accelerate. Advertising revenue has been falling in recent years and the outbreak of Covid-19 saw advertising revenues fall 43 per cent. Despite the launch of its new Britbox streaming service, ITV has continued to lose viewers to streaming services. The coronavirus has also disrupted its programme making, a key source of revenue.

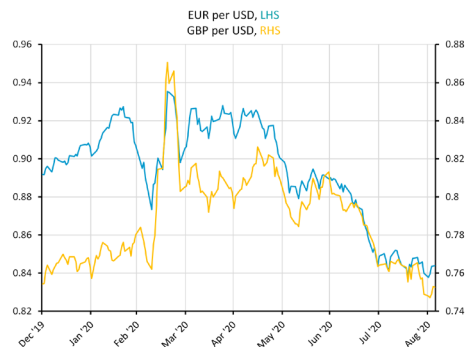
If ITV is a TV company struggling for viewers when people have been trapped at home, B&M is a retailer which has prospered when the high street was closed. B&M was classified as an essential retailer so remained open during lockdown, benefitting from increased sales of DIY and gardening products amid a general increase in sales. But the company's success is not just down to the last 6 months. It has been building market share steadily since its flotation in 2014 and plans to increase its store numbers by at least a third from the current total of 656.



£ \$ CURRENCY: DOLLAR HALTS SLIDE AGAINST STERLING

£ \$ Sterling is set for its biggest weekly loss against the dollar since mid-June. Sterling is down around 0.5 per cent against the dollar this week, but despite the dollar's rally in recent days it remains close to its lowest value against the pound this year. The fall in sterling is a reversal of the recent trend as the dollar has been dropping in value against most developed currencies since the highs of March and April during the coronavirus sell-off. In contrast, the value of sterling against the euro and yen has remained little changed during this time.

€ ¥ The firmer dollar has been caused in part by a return of some caution amongst investors due to the sell-off in US technology stocks. The return of nervousness about the progress of the UK's Brexit negotiations has also contributed to the decline in sterling this week after the latest round of negotiations ended without any signs of progress.



This document has been prepared for general information only. It does not contain all of the information which an investor may require in order to make an investment decision. If you are unsure whether this is a suitable investment you should speak to your financial adviser. This information is not guaranteed to be correct, complete, or accurate. Financial Express Investments Ltd, registration number 03110696, is authorised and regulated by the Financial Conduct Authority (FRN 209967). For our full disclaimer please visit <https://www.fefundinfo.com/en-gb/about/legal-and-policies/>.