



Cytonn Q3'2020 Markets Review

Global Markets Review

Introduction

The Global Economy is expected to contract at a rate of between 4.9 and 5.2% in 2020 with countries worst hit by the pandemic leading the recession. The developed economies are projected to decline by between 7.0% and 8.0% while the less developed market are projected to decline by between 2.0% and 3.0%. The worst hit sector is the services sector with the global PMI index coming in at 51.9, a decline from the 52.2 reading recorded in 2019.

Some of the themes underpinning the outlook include:

- I. Continued worsening of the pandemic in some economies despite levelling in others, leading to even larger disruptions in business activity than expected,
- II. Decline in consumption and services as people have had to rely on their savings as they adhere to social distancing and movement restrictions set in place to reduce the Virus spread,
- III. Depressed mobility as travel is impacted,
- IV. A contraction in global trade, and
- V. Lower Inflation due to subdued demand in most economies coupled with the current low oil prices.

Commodity Prices:

Global commodity prices improved in Q3'2020 led by precious metals as investors sought them as the key store of value during this uncertain times. Below is a summary performance of various commodities:

