

Stocks Gain as Volatility Eases Ahead of Election: Markets Wrap
2020-11-02 17:21:07.758 GMT

By Kamaron Leach and Vildana Hajric

(Bloomberg) -- U.S. stocks rebounded from the worst week since March as investors prepared for the presidential election and a Federal Reserve meeting. Treasury yields dropped and the dollar touched a one-month high.

The S&P 500 climbed as much as 1.8% following last week's sharp selloff. All 11 sector groups in the benchmark index were positive. Equity benchmarks across Europe and Asia rose,, and investors took comfort in data that showed strength in China's economic expansion.

"We're seeing the pendulum of sentiment swing back toward optimism," said Craig Fehr, investment strategist at Edward D Jones. "Today's reaction is perhaps a bit of a function of a deep breath after last week's selloff."

The VIX Index, a measure of implied volatility in U.S. stocks, slid to 37 after reaching the highest level since June last week.

Dunkin' Brands Group Inc. rallied as much as 6.2% after agreeing to be acquired by private equity-backed Inspire Brands Inc. in a \$11.3 billion deal, one of the largest transactions ever in the restaurant industry. Online grocery retailer Ocado Group Plc jumped 7.7% to lead gains in the Europe Stoxx 600 Index.

Oil clawed back earlier losses amid signals that Russia, a key OPEC ally, is in talks to possibly postpone the group's planned output hike in January. Russia, which depends on crude as a key export, saw the ruble weaken to the lowest level since March against the dollar.

The main event this week will be Tuesday's U.S. election, with Democratic nominee Joe Biden leading President Donald Trump in polls. Virus developments are also front and center, with daily cases continuing to surge in many parts of the world.

"Going into an election, there's always, always jitters, there's volatility," said Quincy Krosby, chief market strategist at Prudential Financial. "But we have the question mark regarding the surge of the coronavirus. And the question is, how

much does it jeopardize the recovery?”

China continues to be a bright spot in the global economy.

The Caixin China October manufacturing purchasing managers' index rose to 53.6, the sixth month of expansion and the highest since 2011, according to data Monday.

In other markets, gold advanced while the yield on 10-year Treasuries declined. The Bloomberg Dollar Spot index gained for a fourth day.

Earlier on Monday, the calculation of equity benchmarks including the Stoxx Europe 600 Index was delayed by a technical glitch that lasted about an hour. Neither the cash market nor equity derivative trading were affected by the glitch.

These are some key events coming up:

- * Earnings are due from companies including Nintendo Co., Macquarie Group Ltd., Toyota Motor Corp., Alibaba Group Holding Ltd. and AstraZeneca Plc.
- * U.S. Presidential election on Tuesday.
- * EIA crude oil inventory report on Wednesday.
- * Fed policy decision on Thursday.
- * The U.S. labor market report is due Friday.

These are some of the main moves in global financial markets:

*T

Stocks

The S&P 500 Index jumped 1.3% to 3,311.11 as of 12:15 p.m. New York time, the largest surge in three weeks.

The Dow Jones Industrial Average surged 1.6% to 26,925.22, the biggest jump in almost four weeks.

The Nasdaq Composite Index rose 0.4% to 10,954.25.

The Stoxx Europe 600 Index surged 1.6% to 347.86, the biggest jump in five weeks.

The MSCI All-Country World Index jumped 1.2% to 557.82, the largest surge in three weeks.

Currencies

The Bloomberg Dollar Spot Index increased 0.2% to 1,174.63, the highest in more than a month.

The euro fell 0.1% to \$1.1631, hitting the weakest in more than 14 weeks with its sixth consecutive decline.

The British pound declined 0.4% to \$1.2901, the weakest in almost four weeks.

The Japanese yen depreciated 0.2% to 104.84 per dollar, the weakest in more than a week.

Bonds

The yield on 10-year Treasuries fell four basis points to 0.84%, the biggest fall in a week.

The yield on 30-year Treasuries fell four basis points to 1.62%, the largest fall in a week.

Germany's 10-year yield fell one basis point to -0.64%, the lowest in almost eight months.

Germany's 10-year yield fell one basis point to -0.64%, the lowest in almost eight months.

Commodities

West Texas Intermediate crude increased 1.3% to \$36.26 a barrel.

Copper increased 0.8% to \$3.07 a pound, the largest climb in more than a week.

Gold strengthened 0.8% to \$1,892.93 an ounce, the biggest climb in more than a week.

*T

--With assistance from Claire Ballentine.

To contact the reporters on this story:

Kameron Leach in New York at kleach6@bloomberg.net;

Vildana Hajric in New York at vhajric1@bloomberg.net

To contact the editors responsible for this story:

Jeremy Herron at jherron8@bloomberg.net

Dave Liedtka

To view this story in Bloomberg click here:

<https://blinks.bloomberg.com/news/stories/QJ6FEDDWLU6J>