



Your Gateway To The World

WEEKLY MARKET SUMMARY



Equity Markets



Bond Markets



Currencies



Commodities

23 February 2020



US

S&P500 -1.25% (3,337.75); NASDAQ -1.59% (9,576.59); DJIA -1.38% (28,992.41)

This week's reports:

- **February's Markit Manufacturing PMI** (prelim.) fell to 50.8 from January's 51.9. **Services PMI** (prelim.) fell to 49.4 from January's 53.4. **Composite PMI** (prelim.) fell to 49.6, its lowest in more than six years, from January's 53.3.
 - **February's Philadelphia Fed Manufacturing Index** rose to 36.7 from January's 17.
 - **February's NY Empire State Manufacturing Index** rose to 12.9 from January's 4.8.
 - **February's NAHB Housing Market Index** fell to 74 from January's 75.
 - **January's Existing Home Sales** fell 1.3% from December's +3.9%.
 - **January's Housing Starts** fell 3.6% from December's +17.7%. **Building Permits** rose 9.2% from December's -3.7%.
 - **Initial Jobless Claims** for the week ending February 14th rose by 4K to 210K. **Continuing Jobless Claims** for the week ending February 7th rose by 25K to 1.726M.
- US stocks fell on escalating worries that the coronavirus epidemic would crimp global growth. Warnings from some of the major US companies about a forecasted fall in earnings due to the epidemic, coupled with lackluster domestic economic reports, further dented investors' confidence.

Canada

S&P/TSX Composite -0.03% (17,843.53)

- Canadian stocks slipped from record highs on Friday, dragged by energy stocks, as a rise in coronavirus cases globally brought crude prices under pressure.
- **December's Retail Sales** were unchanged from November's +1.1%.
- **January's CPI** rose 2.4% y/y versus December's 2.2% y/y. **Core CPI** rose 1.8% y/y versus December's 1.7% y/y.



Eurozone

| | | |
|-------------|--------|-------------|
| EUROSTOXX50 | -1.06% | (3,800.38) |
| DJSTOXX600 | -0.57% | (428.07) |
| DAX30 | -1.20% | (13,579.33) |
| CAC40 | -0.65% | (6,029.72) |
| FTSE100 | -0.07% | (7,403.92) |

- European stocks fell on Friday, reversing previous gains, as the fast-spreading coronavirus drove investors into safe havens.
- **February's Markit Manufacturing PMI** (prelim.) rose to 49.1 from January's 47.9. **Services PMI** (prelim.) rose to 52.8 from January's 52.5. **Composite PMI** (prelim.) rose to 51.6 from January's 51.3.
- **February's ZEW Economic Sentiment** dropped to 10.4 from January's 25.6.
- **February's Consumer Confidence** (prelim.) rose to -6.6 from January's -8.1.
- **January's CPI** rose 1.4% y/y, the same as in December. **Core CPI** rose 1.1% y/y, also unchanged from December.

UK

- **February's Markit Manufacturing PMI** (prelim.) rose to 51.9 from January's 50. **Services PMI** (prelim.) fell to 53.3 from January's 53.9.
- **January's Retail Sales** rose 0.9% from December's -0.5%.
- **January's CPI** rose 1.8% y/y versus December's 1.3% y/y. **Core CPI** rose 1.6% y/y versus December's 1.4% y/y.

Japan

NIKKEI -1.27% (23386.74)

- Japanese stocks fell on mounting coronavirus cases in China and other Asian countries and on stronger than expected contraction in Q4 2019 GDP.
- **Q4 2019 GDP Growth Annualized** (prelim.) was -6.3% versus Q3's +1.8%. Q/q, GDP contracted 1.6% from Q3's +0.4%.
- **December's Industrial Production** fell 3.1% y/y versus November's -3.0% y/y. **Capacity Utilization** fell 0.4% from November's -0.3%.
- **December's Machinery New Orders** fell 3.5% y/y vs November's +5.3% y/y.
- **January's CPI ex Fresh Food** rose 0.8% y/y vs December's +0.7% y/y.



Australia & New Zealand

| | | |
|------------|--------|-------------|
| S&P/ASX200 | +0.12% | (7,138.96) |
| NZX 50 | +2.02% | (12,073.34) |

- **Australia's February Markit Manufacturing PMI** (prelim.) rose to 49.8 from January's 49.6. **Services PMI** (prelim.) fell to 48.4 from January's 50.6.
- **Australia's January Westpac Leading Index** rose 0.05% from December's +0.01%.

Emerging Markets

| | | |
|-----------------------------|--------|--------------|
| MSCI EM | -2.00% | (1,084.22) |
| MSCI Asia Pacific | -2.52% | (152.48) |
| Shanghai Composite (China) | +4.21% | (3,039.67) |
| HANG SENG Index | -1.82% | (27,308.81) |
| India SENSEX Index | -0.21% | (41,170.12) |
| EM Eastern Europe | -0.50% | (185.32) |
| Russia's MICEX | +0.30% | (3,106.03) |
| MSCI EM Latin America (USD) | -2.77% | (2,706.93) |
| Brazil BOVESPA Index | -0.61% | (113,681.40) |

- Emerging market stocks fell as investors avoided riskier assets on fears about the global economic impact of the coronavirus outbreak after China reported a spike in new cases.
- According to Bank of America's report, investors pulled out \$2.7 billion out emerging-market stock funds last week, their biggest outflows since September.
- The People's Bank of China cut its main lending rate by 10 bp to 4.05% in a bid to support an economy jolted by a severe coronavirus outbreak.



US

2-yr USTs closed down 7bps to 1.35%. 10-yr USTs closed down 11bps to 1.47%.

- US government bond prices surged on worries that the coronavirus epidemic will harm global growth. Weaker than expected US economic reports added to pressures that drove investors to safe havens.
- US 30-year bond yields touched an all-time low during the week. Apart from the epidemic fears, US institutional investors are also purchasing long-term Treasury bonds as a hedge against the risk that rates will fall further.

Canada

2-yr GCAD closed down 7bps to 1.42%. 10-yr GCAD closed down 8bps to 1.28%.

Europe

2-yr Bunds closed up 2bps to -0.64%. 10-yr Bunds closed down 3bps to -0.43%.

UK

2-yr Gilts closed down 3bps to 0.52%. 10-yr Gilts closed down 6bps to 0.57%.

Japan

2-yr bonds closed down 3bs to -0.16%. 5-yr bonds closed down 4bps to -0.16%. 10-yr bonds closed down 3bps to -0.06%.



CURRENCIES



| Currencies | 21/02/2020 | Weekly % | MTD % | YTD % |
|------------|------------|----------|--------|--------|
| USDILS | 3.4176 | -0.36% | -0.98% | -1.03% |
| EURILS | 3.7078 | -0.25% | -3.10% | -4.28% |
| GBPILS | 4.4307 | -0.97% | -2.75% | -3.28% |
| CHFILS | 3.4932 | 0.03% | -2.45% | -2.14% |
| JPYILS | 3.0638 | -1.93% | -3.76% | -3.62% |
| AUDILS | 2.2646 | -1.65% | -1.83% | -6.58% |
| CADILS | 2.5840 | -0.16% | -0.85% | -2.82% |
| EURUSD | 1.0847 | 0.15% | -2.22% | -3.26% |
| GBPUSD | 1.2964 | -0.64% | -1.83% | -2.21% |
| USDJPY | 111.6100 | 1.67% | 3.01% | 2.76% |
| AUDUSD | 0.6627 | -1.30% | -0.97% | -5.61% |
| CHFUSD | 1.0223 | 0.41% | -1.51% | -1.06% |
| CADUSD | 0.7560 | 0.19% | 0.08% | -1.79% |
| NZDUSD | 0.6349 | -1.38% | -1.78% | -5.80% |

- The US dollar fell on Friday, paring its previous gains, after new data showed business activity in the United States stalled in February as companies have grown increasingly concerned about the coronavirus.
- The euro strengthened at the end of the week, reversing its previous losses, the Eurozone's flash PMI figures for February showed upticks in manufacturing and services.
- The British pound rose against the dollar on Friday, paring some of its weekly loss, after British factories reported the fastest rise in output for 10 months in February, assuaging some fears over the economy.
- The Japanese yen fell against the dollar after reports on drastic contraction in the country's GDP in the last quarter sent domestic investors such as pension funds into foreign (mainly US) assets.
- Emerging-market currencies fell on mounting evidence that the virus is taking a toll on corporate earnings and the global economy. MSCI's index for emerging market currencies marked its worst weekly performance since early August.



Energy & Metals

WTI Crude Oil for April closed +2.03% to US\$53.38

- Crude oil prices fell on Friday, paring some of their previous gains, as they are pressured by the possibility of a breakdown in the oil alliance between Saudi Arabia and Russia, as the market continues to worry that the spread of coronavirus will slow energy demand.
- Saudi Arabia is considering a break from its four-year oil-production alliance with Russia as it rejected a Saudi push to deepen the alliance's existing oil production curbs.
- Prices for the US and global crude benchmarks, however, posted weekly gains, supported by efforts by China to stimulate the economy and by a smaller-than-expected weekly rise in US crude inventories.

Gold for April closed +3.93% to US\$1,648.80

- Gold prices rallied as investors flocked to traditionally safer assets like government bonds and gold on escalating worries that the coronavirus epidemic would crimp global growth.

Copper for March closed +0.33% to US\$260.80

- Copper fell at the end of the week, paring most of its weekly gain, as more confirmed coronavirus cases in top consumer China rattled hopes for a quick rebound in economic activities and demand for the red metal.

ETF MONEY FLOWS (WTD)



| | | | |
|----------------|--------------------------------|-----------------|--|
| HYG US Equity | ISHARES IBOXX HIGH YLD CORP | 906,580,002 | |
| SMH US Equity | VANECK SEMICONDUCTOR | 583,652,531 | |
| IEFA US Equity | ISHARES CORE MSCI EAFE ETF | 535,280,029 | |
| XLU US Equity | UTILITIES SELECT SECTOR SPDR | 515,175,771 | |
| LQD US Equity | ISHARES IBOXX INVESTMENT GRADE | 482,292,006 | |
| XLP US Equity | CONSUMER STAPLES SPDR | 474,724,177 | |
| VEA US Equity | VANGUARD FTSE DEVELOPED ETF | 360,079,355 | |
| IVE US Equity | ISHARES S&P 500 VALUE ETF | 330,826,995 | |
| TLT US Equity | ISHARES 20+ YEAR TREASURY BOND | 292,994,994 | |
| XLV US Equity | HEALTH CARE SELECT SECTOR | 280,150,942 | |
| SPY US Equity | SPDR S&P 500 ETF TRUST | (1,274,329,483) | |
| QQQ US Equity | INVESCO QQQ TRUST SERIES 1 | (852,250,191) | |
| XLI US Equity | INDUSTRIAL SELECT SECT SPDR | (607,074,165) | |
| DIA US Equity | SPDR DJIA TRUST | (410,545,362) | |
| XOP US Equity | SPDR S&P OIL & GAS EXP & PR | (360,446,501) | |
| IWD US Equity | ISHARES RUSSELL 1000 VALUE ETF | (266,060,503) | |
| XLE US Equity | ENERGY SELECT SECTOR SPDR | (254,514,630) | |
| CIU US Equity | ISHARES INTERMEDIATE CREDIT | (191,400,506) | |
| IWO US Equity | ISHARES RUSSELL 2000 GROWTH | (190,887,997) | |
| XLB US Equity | MATERIALS SELECT SECTOR SPDR | (189,549,551) | |

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FOR ADDITIONAL INFORMATION PLEASE CONTACT US AT:
12 Abba Hillel Silver Ramat Gan 52506
Tel: +972 3 611 4626 | Fax: +972 3 611 4645
Email: info@tandem-capital.com
www.tandem-capital.com