



Your Gateway To The World

WEEKLY MARKET SUMMARY



Equity Markets



Bond Markets



Currencies



Commodities

15 March 2020



US

S&P500 -8.79% (2,711.02); NASDAQ -8.17% (7,874.88); DJIA -10.36% (23,185.62)

This week's reports:

- **February's CPI** rose 2.3% y/y versus January's 2.5% y/y. **CPI ex Food & Energy (Core CPI)** rose 2.4% y/y versus January's 2.3% y/y.
 - **March's Michigan Consumer Sentiment Index** (prelim.) fell to 95.9 from February's 101.
 - **Initial Jobless Claims** for the week ending March 6th fell by 4K to 211K. **Continuing Jobless Claims** for the week ending February 28th fell by 11K to 1.722M.
- US stocks suffered one of the most volatile weeks on record, which landed major indexes in a bear market for the first time in 11 years, as fears about the coronavirus's effect on people and business swelled.
 - The week begun with a plunge and then saw large swings up and down, which were followed by a "black Thursday" when US indexes registered their worst crash since 1987.
 - The chaotic period on Wall Street continued Friday, with the major indexes staging their biggest surge in more than a decade, which pushed them to their best single-day gains since 2008. Friday's rally was a result of President Trump's declaration of a national emergency over the pandemic, which opened access to \$50 billion in financial assistance for states, localities and territories.
 - Despite Friday's surge, all three major indexes finished the week with losses of at least 8%. The S&P and Nasdaq remain 20% below their record highs set last month; the Dow is down 22% from its peak.
 - The US Federal Reserve said Friday it would accelerate planned purchases of Treasury securities, buying more than \$30 billion in bonds to address poorly functioning markets. The move is the central bank's third notable step since volatility gripped the markets. Earlier this week, it said it would inject more than \$1.5 trillion into short-term funding markets to prevent ominous trading conditions from creating a sharper economic slowdown. Last week, it enacted its first emergency interest-rate cut since the financial crisis.
 - The measures are being put into place as the US and world economies look increasingly likely to slip into recession with expanding swaths of commerce being shut down amid the pandemic.

Canada

S&P/TSX Composite -15.20% (13,716.33)

- Canadian stocks tumbled on the week on fears that coronavirus pandemic will lead to global recession. Shares were also pushed down by a continued slide in oil prices.
- The Bank of Canada delivered an emergency rate cut, slashing its main rate by 0.5% to 0.75%. "It is clear that the spread of the coronavirus is having serious consequences for Canadian families, and for Canada's economy. In addition, lower prices for oil will weigh heavily on the economy, particularly in energy intensive regions," the central bank said, in a statement.



Eurozone

| | | |
|-------------|---------|------------|
| EUROSTOXX50 | -19.99% | (2,586.02) |
| DJSTOXX600 | -18.44% | (299.16) |
| DAX30 | -20.01% | (9,232.08) |
| CAC40 | -19.86% | (4,118.36) |
| FTSE100 | -16.97% | (5,366.11) |

- European stocks snapped a six-day losing streak on Friday, but made only a small gain over the course of the day as an initial rebound ran out of steam as the coronavirus sowed further economic turmoil. The region's stocks, which were earlier set for their best day since late-2008, swiftly pared gains after Spain declared a state of emergency over the outbreak, while reports that the United States would follow suit added to the pain.
 - The STOXX 600 Index, which sank into bear territory this past week, has lost nearly a third of its value from a peak hit in mid-February. The pan-European benchmark plunged 11% on Thursday to record its biggest one-day loss ever, and registered its worst week since 2008.
 - The European Central Bank joined other central banks in taking action to prevent the spread of the coronavirus from undermining the global economy. The ECB said it will offer cheap loans to commercial banks to encourage them to lend to small businesses, and also expand its quantitative easing program, buying financial assets with newly created money. But the bank disappointed expectations it would cut interest rates as the Eurozone hurtles toward recession.
- **March's Sentix Investor Confidence Index** fell to -17.1 from February's +5.2.
- **Q4 2019 GDP Growth** was 0.1% q/q, the same as in Q3. Growth was 1% y/y versus Q3's +0.9% y/y.

UK

- The Bank of England has cut the base rate from 0.75% to 0.25% in an emergency response to the economic shock of the coronavirus outbreak.

Japan

NIKKEI -15.99% (17,431.05)

- Japanese benchmark Nikkei stock average hit its lowest closing level in over three years in Tokyo trading Friday, joining a global rout amid mounting fears of the economic impact of the coronavirus.
- **Q4 2019 GDP Growth Annualized** was -7.1% versus Q3's 1.8%.
- **February's Machine Tool Orders** (prelim.) fell 30.1% y/y versus January's -35.6% y/y.



Australia & New Zealand

S&P/ASX200 -10.89% (5,539.30)

NZX 50 -13.99% (9,826.86)

- Australia's March Consumer Confidence Index fell 3.8% from February's +2.3%.
- New Zealand's February Business NZ PMI rose to 53.2 from January's 49.8.

| | | |
|-----------------------------|---------|-------------|
| MSCI EM | -11.94% | (891.19) |
| MSCI Asia Pacific | -12.23% | (126.99) |
| Shanghai Composite (China) | -4.85% | (2,887.43) |
| HANG SENG Index | -8.08% | (24,032.91) |
| India SENSEX Index | -9.24% | (34,103.48) |
| EM Eastern Europe | -22.39% | (121.05) |
| Russia's MICEX | -14.82% | (2,316.38) |
| MSCI EM Latin America (USD) | -17.54% | (1,886.70) |
| Brazil BOVESPA Index | -15.63% | (82,677.90) |

Emerg- ing Mar- kets

- Emerging market stocks suffered sell-offs during the week, as investors continued to cull their exposure to risk assets. EM equities posted their worst daily decline since November 2008 on Thursday, as traders shunned all but the safest securities. Developing-nation stocks had already lost \$1 trillion in value this week before Thursday's sell-off.
 - The MSCI EM index stabilized on Friday as investors took comfort from central banks' liquidity injections and governments explored measures to calm markets. The EM index so far outperformed developed markets during this markets crash, mostly thanks to Chinese indexes.
- China's February CPI rose 5.2% y/y versus January's 5.4% y/y.



US

2-yr USTs closed down 2bps to 0.49%. 10-yr USTs closed up 20bps to 0.96%.

- Treasury prices were pressured during the week as investors were forced to unwind several leveraged trading strategies and sold bonds for liquidity.
- The sell-off in Treasuries along with the stock markets' plunge forced the Federal Reserve into action, with the central bank announcing Thursday that it would start purchasing government securities of all maturities, rather than only short-term bills.
- However, an initial rally in Treasury prices on the announcement faded as traders realized the Fed was not rolling out new bond purchases but pulling forward half of the amount of its planned monthly purchase.

Canada

2-yr GCAD closed down 17bps to 0.54%. 10-yr GCAD closed up 12bps to 0.85%.

Europe

2-yr Bunds closed down 1bps to -0.87%. 10-yr Bunds closed up 17bps to -0.54%.

UK

2-yr Gilts closed up 19bps to 0.29%. 10-yr Gilts closed up 18bps to 0.41%.

Japan

2-yr bonds closed up 9bps to -0.19%. 5-yr bonds closed up 17bps to -0.09%. 10-yr bonds closed up 18bps to 0.05%.



CURRENCIES



| Currencies | 13/03/2020 | Weekly % | MTD % | YTD % |
|------------|------------|----------|--------|---------|
| USDILS | 3.6877 | 5.81% | 6.26% | 6.79% |
| EURILS | 4.0737 | 3.36% | 6.31% | 5.17% |
| GBPILS | 4.4989 | -1.06% | 1.11% | -1.79% |
| CHFILS | 3.8475 | 3.50% | 6.72% | 7.79% |
| JPYILS | 3.3917 | 2.43% | 5.36% | 6.69% |
| AUDILS | 2.2657 | -2.14% | 0.02% | -6.53% |
| CADILS | 2.6528 | 2.18% | 2.09% | -0.23% |
| EURUSD | 1.1107 | -1.57% | 0.73% | -0.95% |
| GBPUSD | 1.2278 | -5.90% | -4.25% | -7.38% |
| USDJPY | 107.6200 | 2.12% | -0.25% | -0.91% |
| AUDUSD | 0.6203 | -6.53% | -4.79% | -11.65% |
| CHFUSD | 1.0508 | -1.46% | 1.44% | 1.69% |
| CADUSD | 0.7243 | -2.82% | -3.00% | -5.91% |
| NZDUSD | 0.6134 | -3.40% | -1.79% | -8.99% |

- The US dollar surged on Friday, posting sharp gains against the safe-haven Japanese yen as stock markets recovered globally and investors cheered efforts by governments and policymakers to address the economic fallout from the coronavirus outbreak.
- The US currency also benefited after President Donald Trump declared a US national emergency over the quickly spreading coronavirus on Friday, opening the door to more federal aid to combat the disease.
- The greenback extended gains against several currencies as wider spreads in the cross currency basis swap market suggested increased signs of US dollar shortage for corporates seeking funding.
- The greenback's rebound this week reflects its role as the world's most liquid currency, which investors seek in times of stress.



Energy & Metals

WTI Crude Oil for April closed -23.13% to US\$31.73

- Crude oil logged its biggest weekly decline since December 2008 as investors feared global oil glut at a time of falling demand. Brent price is down 49% from where it started the year; WTI has erased 48% ytd.

Gold for April closed -9.31% to US\$1,516.70

- Gold prices tumbled along with equity markets as investors faced with margin-calls were forced to sell their gold positions to cover for losses elsewhere.

Copper for March closed -3.85% to US\$247.40

- Copper prices fell on prospects of a global recession.

ETF MONEY FLOWS (WTD)



| | | | |
|----------------|--------------------------------|-----------------|--|
| SPY US Equity | SPDR S&P 500 ETF TRUST | 6,368,680,612 | |
| BIL US Equity | SPDR BBG BARC 1-3 MONTH TBIL | 4,501,064,448 | |
| VOO US Equity | VANGUARD S&P 500 ETF | 3,978,681,168 | |
| SHY US Equity | ISHARES 1-3 YEAR TREASURY BOND | 3,158,221,992 | |
| SHV US Equity | ISHARES SHORT TREASURY BOND | 3,060,663,073 | |
| VTI US Equity | VANGUARD TOTAL STOCK MKT ETF | 1,420,483,341 | |
| SPTS US Equity | SPDR PORT SHRT TRM TRSRY | 1,336,375,571 | |
| XLE US Equity | ENERGY SELECT SECTOR SPDR | 937,348,269 | |
| ITOT US Equity | ISHARES CORE S&P TOTAL U.S. | 927,909,485 | |
| IEI US Equity | ISHARES 3-7 YEAR TREASURY BOND | 819,388,997 | |
| AGG US Equity | ISHARES CORE U.S. AGGREGATE | (3,288,023,032) | |
| XLF US Equity | FINANCIAL SELECT SECTOR SPDR | (2,180,006,232) | |
| EEM US Equity | ISHARES MSCI EMERGING MARKET | (1,743,452,986) | |
| LQD US Equity | ISHARES IBOXX INVESTMENT GRADE | (1,704,845,018) | |
| TIP US Equity | ISHARES TIPS BOND ETF | (1,633,244,996) | |
| MBB US Equity | ISHARES MBS ETF | (1,507,110,001) | |
| GOVT US Equity | ISHARES US TREASURY BOND ETF | (1,476,859,993) | |
| EMB US Equity | ISHARES JP MORGAN USD EMERGING | (1,341,679,018) | |
| BND US Equity | VANGUARD TOTAL BOND MARKET | (1,055,159,988) | |
| TLT US Equity | ISHARES 20+ YEAR TREASURY BOND | (1,005,675,970) | |

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