



Your Gateway To The World

WEEKLY MARKET SUMMARY



Equity Markets



Bond Markets



Currencies



Commodities

22 March 2020



US

S&P500 -14.98% (2,304.92); NASDAQ -12.64% (6,879.52); DJIA -17.30% (19,173.98)

This week's reports:

- **March's NY Empire State Manufacturing Index** dropped to -21.5 from February's 12.9.
 - **March's Philadelphia Fed Manufacturing Index** fell to -12.7 from February's 36.7.
 - **February's Retail Sales** fell 0.5% from January's +0.6%. **Retail Sales ex Autos** fell 0.4% from January's +0.6%.
 - **February's Industrial Production** rose 0.6% from January's -0.5%. **Capacity Utilization** rose to 77% from January's 76.6%.
 - **March's NAHB Housing Market Index** fell to 72 from February's 74.
 - **February's Housing Starts** fell 1.5% from January's +1.4%. **Building Permits** fell 5.5% from January's +9.2%.
 - **February's Existing Home Sales** rose 6.5% from January's -1.3%.
 - **Initial Jobless Claims** for the week ending March 13th rose by 70K to 281K. **Continuing Jobless Claims** for the week ending March 6th rose by 2K to 1.701M.
- The Federal Reserve made another emergency cut to interest rates on March 15th, slashing the federal funds rate by 1% to a range of 0%-0.25%. The Fed is trying to stay ahead of disruptions and economic slowdown caused by the rapidly spreading coronavirus.
 - US stocks tumbled as fresh measures to contain the coronavirus pandemic, such as border closures, movement restrictions, etc., spooked investors. The Dow Jones Industrial Average and the S&P 500 capped their worst week since October 2008. All three main US indexes are down about 30% from their records made a month ago.
 - Analysts now project the US economy could shrink at rates far worse than the 2008 global recession, ending weeks of cautious optimism about its ability to withstand the fallout from the coronavirus. Analysts at Goldman Sachs said they expect the economy to contract 24% in the second quarter; JPMorgan's analysts forecast a fall of 14%. These forecasts far outpace the largest drop in gross domestic product on record in the first quarter of 1958 when the economy contracted 10%.

Canada

S&P/TSX Composite -13.59% (11,851.81)

- Canadian stocks had their worst week since 2008 as oil prices crashed and data showed that a dramatic slowdown in the Canadian economy is already underway.
- **February's CPI** rose 2.2% y/y versus January's 2.4% y/y. **Core CPI** rose 1.8% y/y, the same as in January.



Eurozone

EUROSTOXX50	-1.45%	(2,548.50)
DJSTOXX600	-2.05%	(293.04)
DAX30	-3.28%	(8,928.95)
CAC40	-1.69%	(4,048.80)
FTSE100	-3.27%	(5,190.78)

- European stocks closed higher Friday, following a volatile week as central banks and governments around the world adopted a “whatever it takes” approach to mitigating the economic hit from the coronavirus pandemic. Still, later in the day, shares pared most of the session’s gains as fears over the economic shock from the coronavirus quashed initial optimism.
 - The Bank of England became the latest central bank to launch a substantial bond-buying program and issue further emergency cuts to interest rates, following similar moves by the European Central Bank, the US Federal Reserve and the Bank of Japan, while governments across major economies have begun to open the fiscal taps.
- **March’s ZEW Economic Sentiment Index** tumbled to -49.5 from February’s +10.4.
- **February’s CPI** rose 1.2% y/y, the same as in January. **Core CPI** was also unchanged from January at 1.2% y/y.

UK

- The Bank of England cut its main interest rates for a second time in a week in an emergency move as it tries to support the UK economy in the face of the coronavirus pandemic. The bank lowered the rates from 0.25% to 0.1%, their lowest in the 325-year US rates history.
- The Bank said it would also increase its holdings of UK government and corporate bonds by £200bn with an effort to lower the cost of borrowing. However, the Bank said the measures it had taken so far were not going to be enough, and believed “a further package of measures was warranted”.

Japan

NIKKEI -5.04% (16,552.83)

- Japanese stocks finished down in a holiday-shortened volatile week of trading, following global peers.
- **February’s National CPI ex Fresh Food** rose 0.6% y/y versus January’s 0.8% y/y.



Australia & New Zealand

S&P/ASX200	-13.05%	(4,816.63)
NZX 50	-6.36%	(9,196.42)

- The Reserve Bank of New Zealand cut its main interest rate from 1% to 0.25%, saying that “the negative economic implications of the COVID-19 virus continue to rise warranting further monetary stimulus”.

MSCI EM	-9.87%	(803.23)
MSCI Asia Pacific	-6.81%	(118.34)
Shanghai Composite (China)	-4.91%	(2,745.62)
HANG SENG Index	-5.11%	(22,805.07)
India SENSEX Index	-12.28%	(29,915.96)
EM Eastern Europe	-6.53%	(113.14)
Russia’s IMOEX	+0.66%	(2,331.61)
MSCI EM Latin America (USD)	-20.76%	(1,495.02)
Brazil BOVESPA Index	-18.88%	(67,069.40)

Emerg- ing Mar- kets

- Emerging market stocks were on course for their biggest daily gain in a decade on Friday, lifted by a positive handover from Wall Street overnight after central banks and governments further ramped up efforts to support battered markets. The day's gains helped cut the index's weekly losses, which would have otherwise been its worst week since the 2008 global financial crisis.
 - The Brazilian Central Bank cut its main interest rate by 50bps to a new historical low of 3.75% in an attempt to shield the economy from a likely battering by the coronavirus pandemic.
- **China’s February Industrial Production** fell 13.5% y/y versus January’s +6.9% y/y.
- **China’s February Fixed Asset Investment** tumbled 24.5% y/y versus January’s +5.4% y/y.
- **China’s February Retail Sales** crashed 20.5% y/y versus January’s +8.0% y/y.



US

2-yr USTs closed down 18bps to 0.31%. 10-yr USTs closed down 11bps to 0.85%.

- US Treasury yields fell sharply as the Federal Reserve's asset purchases showed signs that it had begun to stabilize trading in the more than \$18 trillion US government bond market after huge volatility and problems with liquidity in the past week as financial markets coped with the economic impact of the coronavirus pandemic.
- The US central bank announced at least \$500 billion of asset purchases last week; on Friday the Fed's efforts may have started to reverse the sell-off in government bonds that was taking place simultaneously with the sell-off in stocks as money managers, companies and retail investors sold Treasuries to raise funds to cover their losses.

Canada

2-yr GCAD closed up 1bps to 0.55%. 10-yr GCAD closed up 2bps to 0.87%.

Europe

2-yr Bunds closed up 19bps to -0.68%. 10-yr Bunds closed up 22bps to -0.32%.

UK

2-yr Gilts closed down 16bps to 0.13%. 10-yr Gilts closed up 15bps to 0.56%.

Japan

2-yr bonds closed up 3bps to -0.16%. 5-yr bonds closed up 4bps to -0.05%. 10-yr bonds closed up 3bps to 0.08%.



CURRENCIES



Currencies	20/03/2020	Weekly %	MTD %	YTD %
USDILS	3.6184	-1.88%	4.26%	4.78%
EURILS	3.8691	-5.02%	0.97%	-0.11%
GBPILS	4.2107	-6.41%	-5.36%	-8.09%
CHFILS	3.6712	-4.58%	1.83%	2.85%
JPYILS	3.2703	-3.58%	1.58%	2.88%
AUDILS	2.0982	-7.39%	-7.37%	-13.44%
CADILS	2.5231	-4.89%	-2.90%	-5.11%
EURUSD	1.0688	-3.77%	-3.07%	-4.68%
GBPUSD	1.1629	-5.29%	-9.31%	-12.28%
USDJPY	110.9300	3.08%	2.82%	2.14%
AUDUSD	0.5785	-6.74%	-11.20%	-17.60%
CHFUSD	1.0137	-3.53%	-2.14%	-1.90%
CADUSD	0.6965	-3.84%	-6.72%	-9.52%
NZDUSD	0.5700	-5.85%	-8.74%	-15.43%

- The US dollar has staged a ferocious rally this week as investors scrambled to obtain the currency, registering its biggest weekly rise since the 2008 financial crisis.
- Currencies from the Australian dollar to the British pound tumbled to multi-year lows on Thursday, after coordinated rate cuts by central banks and billions of dollars of fund injections failed to calm panicky markets. The Aussie fell to its lowest since 1992, while the pound tumbled to its weakest in 35 years.
- The greenback eased on Friday, with other major currencies rising from their lows, as six major central banks announced a coordinated action to enhance liquidity in the currency. The Fed said it would lend billions of dollars at near-zero interest rates to central banks in Australia, South Korea and seven other countries, following an earlier round of “swap lines” announced Sunday for central banks in Europe and Japan.
- Emerging market currencies have registered large losses against the USD since the beginning of the coronavirus epidemic, with the currencies of energy and commodities exporters suffering the biggest losses. Russian ruble has lost 22% so far this year, Mexican peso and Brazilian real - 21%, South-African rand - 20%.



Energy & Metals

WTI Crude Oil for April closed -29.31% to US\$22.43

- Crude oil settled sharply lower on Friday, with US prices down 29% for the week, their largest weekly loss since 1991, as economic stimulus plans from government and central banks fail to offset expectations for steep fall in demand due to coronavirus pandemic, and as Saudi Arabia and Russia oversupply the market.
- US crude and Brent have both collapsed about 40% in the past two weeks since the breakdown of talks between the OPEC and Russia, leading Saudi Arabia to ramp up supply.

Gold for April closed -2.12% to US\$1,484.60

- Gold prices rose on Friday as safe-haven buying offset a rush for cash amid fears over the economic hit from the coronavirus. Still, bullion was headed for a second weekly drop as investors sold the metal to meet margin calls in other assets.

Copper for March closed -11.46% to US\$219.05

- Copper had its worst week in nine years on fears of the potential impact the coronavirus outbreak could have on demand for industrial metals.

ETF MONEY FLOWS (WTD)



SPY US Equity	SPDR S&P 500 ETF TRUST	7,946,150,941	
QQQ US Equity	INVESCO QQQ TRUST SERIES 1	6,368,184,605	
BIL US Equity	SPDR BBG BARC 1-3 MONTH TBIL	3,595,624,057	
LQD US Equity	ISHARES IBOXX INVESTMENT GRADE	2,606,590,980	
SHY US Equity	ISHARES 1-3 YEAR TREASURY BOND	2,036,418,025	
SHV US Equity	ISHARES SHORT TREASURY BOND	1,619,340,015	
HYG US Equity	ISHARES IBOXX HIGH YLD CORP	1,298,837,004	
VTI US Equity	VANGUARD TOTAL STOCK MKT ETF	1,190,263,379	
USO US Equity	UNITED STATES OIL FUND LP	851,521,541	
IWM US Equity	ISHARES RUSSELL 2000 ETF	836,088,506	
IVV US Equity	ISHARES CORE S&P 500 ETF	(7,362,351,591)	
AGG US Equity	ISHARES CORE U.S. AGGREGATE	(4,707,055,034)	
TLT US Equity	ISHARES 20+ YEAR TREASURY BOND	(4,226,012,946)	
BND US Equity	VANGUARD TOTAL BOND MARKET	(2,957,365,019)	
VCSH US Equity	VANGUARD S/T CORP BOND ETF	(1,819,457,372)	
GLD US Equity	SPDR GOLD SHARES	(1,741,689,783)	
MINT US Equity	PIMCO ENHANCED SHORT MATURITY	(1,700,493,078)	
JPST US Equity	JPMORGAN ULTRA-SHORT INCOME	(1,693,110,505)	
MBB US Equity	ISHARES MBS ETF	(1,117,874,001)	
TIP US Equity	ISHARES TIPS BOND ETF	(1,097,329,987)	

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