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# WEEKLY MARKET SUMMARY



Equity Markets



Bond Markets



Currencies



Commodities

29 March 2020



## US

S&P500 +10.26% (2,541.47); NASDAQ +9.05% (7,502.38); DJIA +12.84% (21,636.78)

### This week's reports:

- **February's Chicago Fed National Activity Index (CFNAI)** rose to 0.16 from January's -0.33.
  - **March's Richmond Fed Manufacturing Index** rose to 2 from February's reading of -2.
  - **March's Markit Manufacturing PMI** (prelim.) fell to 49.2 from February's 50.7. **Services PMI** (prelim.) fell to 39.1 from February's 49.4. **Composite PMI** (prelim.) fell to 40.5 from February's 49.6.
  - **February's Durable Goods Orders** rose 1.2% from January's +0.1%. **Durable Goods Orders ex. Transportation** fell 0.6% from January's -0.6%.
  - **March's Kansas Fed Manufacturing Activity Index** fell to -18 from February's +8.
  - **February's Wholesale Inventories** (prelim.) fell 0.5%, the same decrease as in January.
  - **March's Michigan Consumer Sentiment Index** fell to 89.1, its weakest since October 2016, from February's 101.
  - **February's Personal Income** rose 0.6%, the same increase as in January. **Personal Spending** also rose by the same rate as in January, 0.2%.
  - **February's New Home Sales** fell 4.4% from January's +10.5%.
  - **Initial Jobless Claims** for the week ending March 20<sup>th</sup> rose by 3,001K, their biggest weekly increase ever, to 3,283K. **Continuing Jobless Claims** for the week ending March 13<sup>th</sup> rose by 101K to 1.803M.
- US stocks fell on Friday, but still posted their best week in at least 10 years, as lawmakers agreed to the largest economic-relief package in US history in response to the coronavirus pandemic.
  - President Trump on Friday signed a \$2 trillion stimulus package, which was earlier passed by legislators. The package would extend aid to many Americans through direct payments and expanded unemployment insurance.
  - Earlier in the week, the Federal Reserve signaled a wide-ranging effort to help the US economy by extending loans and purchasing hundreds of billions of dollars in government debt.

## Canada

S&P/TSX Composite +7.05% (12,687.74)

- Canada's main stock index capped its first winning week since mid-February, as Toronto shares followed their Wall-Street counterparts. But it still remained more than 29% off the peak set Feb. 20.
- The Bank of Canada cut its key interest rates by 0.5% to 0.25%, its second emergency rate cut in two weeks. The central bank said its decision to lower rates is aimed at cushioning the economic shocks from COVID-19 and a sharp drop in oil prices by easing the cost of borrowing.



## Eurozone

EUROSTOXX50	+7.07%	(2,728.65)
DJSTOXX600	+6.09%	(310.90)
DAX30	+7.88%	(9,632.52)
CAC40	+7.48%	(4,351.49)
FTSE100	+6.16%	(5,510.33)

- European stocks tumbled on Friday, paring earlier gains, as US coronavirus cases surpassed China's and the global spread intensified. Europe's shares were also under pressure as EU lawmakers failed to agree on a coronavirus rescue package and British Prime Minister Boris Johnson announced he had been infected.
  - The benchmark STOXX 600 index has recovered almost 17% since hitting a low on March 16, but remains more than 26% below its all-time high last month in a rout that has erased more than \$3 trillion from the value of European firms.
- **March's Markit Manufacturing PMI** (prelim.) fell to 44.8 from February's 49.2. **Services PMI** (prelim.) fell to 28.4 from February's 52.6. **Composite PMI** (prelim.) fell to 31.4 from February's 51.6.
- **March's Consumer Confidence** (prelim.) fell to -11.6 from February's -6.6.

## UK

- The UK's credit rating was downgraded by Fitch Ratings on concern about its deteriorating public finances after the British government said it would boost spending to shield the economy from the coronavirus pandemic. Lingering uncertainty about the country's relationship with the European Union following Brexit is also damaging the economy, Fitch said. The ratings firm cut the UK to AA- from AA, and changed the outlook to negative. It forecast that the economy could shrink by close to 4% in 2020 amid the lockdown to contain the contagion.
- **March's Markit Manufacturing PMI** (prelim.) fell to 48 from February's 51.7. **Services PMI** (prelim.) fell to 35.7 from February's 53.2.

## Japan

**NIKKEI +17.14% (19,389.43)**

- Japan's Nikkei 225 was the best performer in Asia markets this past week, which was the gauge's best week in its 70-year history.
- **March's Jibun Bank Manufacturing PMI** (prelim.) fell to 44.8 from February's 47.8.



## Australia & New Zealand

S&P/ASX200	+0.54%	(4,842.43)
NZX 50	+3.92%	(9,556.73)

- **Australia's March Markit Manufacturing** PMI (prelim.) fell to 50.1 from February's 50.2. **Services PMI** (prelim.) fell to 39.8 from February's 49. **Composite PMI** (prelim.) fell to 40.7 from February's 49.

MSCI EM	+4.89%	(842.54)
MSCI Asia Pacific	+9.78%	(129.91)
Shanghai Composite (China)	+0.97%	(2,772.20)
HANG SENG Index	+2.98%	(23,484.28)
India SENSEX Index	-0.34%	(29,815.59)
EM Eastern Europe	+3.48%	(117.08)
Russia's IMOEX	+2.98%	(2,401.11)
MSCI EM Latin America (USD)	+5.44%	(1,576.28)
Brazil BOVESPA Index	+9.48%	(73,428.80)

## Emerg- ing Mar- kets

- Emerging market stocks had their best week since late 2018 as stimulus measures from central banks and governments gave risk assets a reprieve following their battering from the coronavirus outbreak. The MSCI EM index is still down over 24% from the beginning of the year.
- Reserve Bank of India cut its main interest rates by 0.75% to 4.40% and announced steps to boost liquidity in an unscheduled move, joining central banks around the world in scaling up stimulus.
- S&P Global Ratings cut Mexico's sovereign credit score one notch to BBB, saying shocks from the coronavirus and an oil price rout will harm the country's economic outlook.
- China's industrial profits dropped by 38.3% in the first two months of this year compared to the same period in 2019. Profits at state-owned firms, private companies and foreign-invested businesses in all market segments dropped more than 30%.



## US

**2-yr USTs closed down 7bps to 0.24%. 10-yr USTs closed down 17bps to 0.67%.**

- US Treasury prices rallied Friday, reflecting investors' caution following a three-day rally in stocks and other riskier assets.
- Treasury yields rose with the stock markets earlier in the week on optimism among investors that the Federal Reserve and Congress might limit the economic wreckage from the coronavirus pandemic through a series of extraordinary monetary and fiscal interventions. Friday's declines in stocks and yields came as investors realized that even a \$2 trillion fiscal stimulus may not be sufficient in order to avert a painful recession.

## Canada

**2-yr GCAD closed down 9bps to 0.46%. 10-yr GCAD closed down 13bps to 0.74%.**

## Europe

**2-yr Bunds closed down 1bps to -0.68%. 10-yr Bunds closed down 15bps to -0.47%.**

## UK

**2-yr Gilts closed up 1bps to 0.15%. 10-yr Gilts closed down 20bps to 0.37%.**

## Japan

**2-yr bonds closed up 4bps to -0.12%. 5-yr bonds closed down 4bps to -0.09%. 10-yr bonds closed down 7bps to 0.02%.**



# CURRENCIES



Currencies	27/03/2020	Weekly %	MTD %	YTD %
USDILS	3.5656	-1.46%	2.74%	3.25%
EURILS	3.9661	2.51%	3.50%	2.39%
GBPILS	4.4411	5.47%	-0.18%	-3.06%
CHFILS	3.7458	2.03%	3.90%	4.94%
JPYILS	3.3025	0.98%	2.58%	3.89%
AUDILS	2.1977	4.74%	-2.98%	-9.34%
CADILS	2.5496	1.05%	-1.88%	-4.11%
EURUSD	1.1141	4.24%	1.04%	-0.64%
GBPUSD	1.2460	7.15%	-2.83%	-6.01%
USDJPY	107.9400	-2.70%	0.05%	-0.62%
AUDUSD	0.6168	6.62%	-5.33%	-12.15%
CHFUSD	1.0505	3.63%	1.41%	1.66%
CADUSD	0.7152	2.68%	-4.22%	-7.09%
NZDUSD	0.6035	5.88%	-3.38%	-10.46%

- The US dollar had its biggest weekly fall since May 2009 against a basket of six major currencies. The declines in USD followed the liquidity measures announced by the Federal Reserve, such as expanding currency swap lines with central banks, ramping up cash offered to the repurchase-agreement markets and introducing a series of tools to unfreeze credit markets.
- The Fed has rekindled 14 swap lines with other central banks since the coronavirus crisis struck, aiming to ease a global shortage of dollars that had threatened to push the US currency much higher high at a difficult time for the global economy. Five central banks borrowed more than \$200bn under the facility in the week ending March 25, compared with \$45m in the previous week, helping them alleviate funding strains in their local markets. The European Central Bank and the Bank of Japan both drew the most dollars since 2009.
- Most emerging market currencies in the developing world ended the week higher as aggressive liquidity measures by the US Federal Reserve eased demand for the dollar.



## Energy & Metals

### **WTI Crude Oil for May closed -4.95% to US\$21.51**

- Crude oil had its fifth straight weekly loss as demand destruction caused by the coronavirus outweighed stimulus efforts by policymakers around the world. The IEA said that global oil requirements could drop by 20% this year as more than 3 billion people are in lockdown.
- The meeting of G-20 leaders also disappointed traders after it failed to produce any statement that related to oil or the price war raging between Saudi Arabia and Russia. Both Brent and WTI contracts are down nearly two thirds this year amid the coronavirus-related slump in economic activity and fuel demand.
- WTI crude was also under pressure this week after the US Department of Energy suspended the purchase of 30 million barrels of crude oil it was going to add to its Strategic Petroleum Reserve.

### **Gold for April closed +9.46% to US\$1,625.00**

- Gold prices dipped with stock markets on Friday, paring some of their weekly gains, as investors preferred to sit on cash as coronavirus cases continued to rise worldwide. Still, gold had its biggest weekly gain since 2008 as governments are putting in measures to stem the economic damage caused by the epidemic.
- Part of gold's weekly advance is explained by the thinning physical supply as refineries slowed or ceased activity due to the coronavirus shutdowns. A retreat by the US dollar after previous week's surge was also positive for gold.

### **Copper for March closed +0.30% to US\$219.70**

- Copper prices stabilized close to 4-year lows on Friday as disruption to supply caused by shutdowns of mines and shipping routes began to offset the huge hit to demand from the coronavirus outbreak. Prices have fallen more than 20% so far in 2020.



# ETF MONEY FLOWS (WTD)



VOO US Equity	VANGUARD S&P 500 ETF	23,848,306,053	
VTI US Equity	VANGUARD TOTAL STOCK MKT ETF	21,876,470,104	
IEFA US Equity	ISHARES CORE MSCI EAFE ETF	13,584,229,984	
IVV US Equity	ISHARES CORE S&P 500 ETF	12,628,437,672	
BIL US Equity	SPDR BBG BARC 1-3 MONTH TBIL	10,255,007,297	
USMV US Equity	ISHARES EDGE MSCI MIN VOL US	9,964,586,124	
BNDX US Equity	VANGUARD TOTAL INTL BOND ETF	9,758,922,602	
GLD US Equity	SPDR GOLD SHARES	9,506,799,860	
BND US Equity	VANGUARD TOTAL BOND MARKET	9,189,540,027	
QQQ US Equity	INVESCO QQQ TRUST SERIES 1	8,029,413,757	
EEM US Equity	ISHARES MSCI EMERGING MARKET	(9,435,181,508)	
SPY US Equity	SPDR S&P 500 ETF TRUST	(8,138,501,704)	
XLF US Equity	FINANCIAL SELECT SECTOR SPDR	(6,001,820,877)	
EFA US Equity	ISHARES MSCI EAFE ETF	(5,211,480,036)	
EWJ US Equity	ISHARES MSCI JAPAN ETF	(4,441,321,442)	
EMB US Equity	ISHARES JP MORGAN USD EMERGI	(3,649,575,996)	
MDY US Equity	SPDR S&P MIDCAP 400 ETF TRST	(3,236,332,264)	
TIP US Equity	ISHARES TIPS BOND ETF	(2,916,192,974)	
FLOT US Equity	ISHARES FLOATING RATE BOND E	(2,117,485,971)	
RSP US Equity	INVESCO S&P 500 EQUAL WEIGHT	(2,082,610,738)	



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