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WEEKLY MARKET SUMMARY



Equity Markets



Bond Markets



Currencies



Commodities

26 April 2020



US

S&P500 -1.32% (2,836.74); NASDAQ -0.18% (8,634.52); DJIA -1.93% (23,775.27)

This week's reports:

- **March's Chicago Fed National Activity Index (CFNAI)** fell to -4.19 from February's 0.06.
- **April's Markit Manufacturing PMI** (prelim.) fell to 36.9 from March's 48.5. **Services PMI** (prelim.) dropped to 27.0 from March's 39.8. **Composite PMI** (prelim.) tumbled to 27.4 from March's 40.9.
- **April's Kansas Fed Manufacturing Activity Index** tumbled to -62 from March's -18.
- **March's Durable Goods Orders** dropped 14.4% from February's +1.1%. **Durable Goods Orders ex. Transportation** declined 0.2% from February's -0.7%.
- **April's Michigan Consumer Sentiment Index** fell to 71.8 from March's 89.1.
- **March's Existing Home Sales** dropped 8.5% from February's +6.3%. **New Home Sales** tumbled 15.4% from February's -4.6%.
- **Initial Jobless Claims** for the week ending April 18th fell by 810K to 4,427K. **Continuing Jobless Claims** for the week ending April 11th rose by 4.064M to 15.976M.

- US indexes closed a volatile week of trading with modest losses, reversing course after two consecutive weeks of strong gains. Stocks were battered during the week, as a collapse in oil prices and fresh signs of a severe economic downturn suppressed sentiment.
- Stocks rose on Friday, paring most of their weekly declines, as President Trump signed a new \$484 billion aid package, aimed at helping small businesses and hospitals. Shares were also lifted on Friday as oil prices rebounded at the end of a tumultuous week in energy markets.
- With results in from about a quarter of the companies in the S&P 500, first-quarter earnings are projected to drop 16% from a year earlier, according to FactSet. Projections have continued to fall in recent weeks as more companies have reported.
- New US jobless claims declined for a third week in a row, even though they stayed at a historically high levels. Five week total of new claims reached more than 26 million, 15.9% of the labor force.

Canada

S&P/TSX Composite +0.42% (14,420.36)

- Canada's main stock index capped a wild week of trading by closing higher for a fifth consecutive week. A strong rebound in oil prices in the end of the week provided support to market sentiment.
- **March's CPI** rose 0.9% y/y (fell 0.6% m/m) versus February's 2.2% y/y (+0.4% m/m). **Core CPI** rose 1.6% y/y versus February's 1.8% y/y.



Eurozone

EUROSTOXX50	-2.74%	(2,809.07)
DJSTOXX600	-1.16%	(329.59)
DAX30	-2.73%	(10,336.09)
CAC40	-2.35%	(4,393.32)
FTSE100	-0.60%	(5,752.23)

- European shares fell for the week after two straight weeks of gains, after the region's leaders failed to agree on a long-term stimulus package and reports of a failed Covid-19 drug trial weighed on sentiment.
 - German Chancellor Angela Merkel's pledge to back a huge long-term stimulus package for the European Union wasn't enough to force through a deal, even after ECB President Christine Lagarde told heads of governments that the Eurozone economy could shrink by 15% this year as a result of the pandemic and they risk doing too little, too late.
- **April's Consumer Confidence** (prelim.) fell to -22.7 from March's -11.6.
- **April's ZEW Economic Sentiment** rose to 25.2 from March's -49.5, as covid-19 concerns eased, lifting the six-month economic outlook.
- **April's Markit Manufacturing PMI** (prelim.) fell to 33.6 from March's 44.5. **Services PMI** (prelim.) dropped to 11.7, a record low, from March's 26.4. **Composite PMI** (prelim.) tumbled to 13.5, also a record low, from March's 29.7.

UK

- **April's GfK Consumer Confidence Index** dropped to -34 from March's -9.
- **March's Retail Sales** fell 5.1%, their largest drop ever, from February's +0.3%.
- **March's CPI** rose 1.5% y/y (0% m/m) versus February's 1.7% y/y (0.4% m/m). **Core CPI** rose 1.6% y/y versus February's 1.7% y/y.
- **April's Markit Manufacturing PMI** (prelim.) fell to 32.9, a record low, from March's 47.8. **Services PMI** (prelim.) dropped to 12.3, also a record low, from March's 34.5.



Japan

NIKKEI -3.19% (19,262.00)

- Japan's shares fell Friday on deepening concerns over earnings as businesses have suffered disruption caused by the globally spreading coronavirus. Investor sentiment deteriorated after some major Japanese electronics firms downgraded their earnings estimates for fiscal 2019, which ended on March 31, while others even postponed releasing their results amid the pandemic.
- **March's National CPI ex Fresh Food** rose 0.4% y/y versus February's 0.6% y/y.
- **March's Exports** fell 11.7% y/y versus February's -1% y/y. **Imports** fell 5.0% y/y versus February's -13.9% y/y.
- **April's Jibun Bank Manufacturing PMI** (prelim.) fell to 43.7 from March's 44.8.

Australia & New Zealand

S&P/ASX200 -4.46% (5,242.62)

NZX 50 -3.33% (10,419.48)

- **Australia's March Westpac Leading Index** fell 0.84% from February's -0.42%.
- **April's Markit Manufacturing PMI** (prelim.) fell to 45.6 from March's 49.7. **Services PMI** (prelim.) dropped to 19.6 from March's 38.5. **Composite PMI** (prelim.) tumbled to 22.4 from March's 39.4.
- **New Zealand's Q1 2020 CPI** rose 2.5% y/y versus Q4 2-19's increase of 1.9% y/y.



Emerging Markets

MSCI EM	-2.43%	(879.41)
MSCI Asia Pacific	-2.15%	(132.49)
Shanghai Composite (China)	-1.06%	(2,808.53)
HANG SENG Index	-2.25%	(23,831.33)
India SENSEX Index	-0.83%	(31,327.22)
EM Eastern Europe	-0.17%	(129.72)
Russia's IMOEX	+1.07%	(2,562.03)
MSCI EM Latin America (USD)	-8.85%	(1,502.07)
Brazil BOVESPA Index	-4.63%	(75,330.60)

- Emerging market stocks fell as sentiment was dampened by doubts over the effectiveness of a potential coronavirus drug, with continued signs of economic damage from the outbreak pushing markets towards weekly losses. The crash in oil prices during the week added pressure on markets.
- Investors pulled \$7.4 billion out of emerging market equity funds in the past week, the most for any week since 2015, according to data from EPFR. The outflows in EM bond funds reached \$721.6 million, marking a total of over \$54 billion in net outflows over the past eight weeks. For EM equity funds it was the 10th consecutive week of outflows, for a total of \$25.5 billion in that period.
- China's central bank cut its key interest rate by 0.2% to 3.85% to reduce borrowing costs for companies and prop up the coronavirus-hit economy, after it contracted for the first time in three decades. The move was the second cut to the lending benchmark rate this year.
- Russia's central bank cut its key interest rate by 0.5% to 5.5%, its lowest level since 2012, and warned the Russian economy could shrink by 6% this year. A fall of that size would effectively wipe out all Russia's economic growth since the 2015 crisis. The prediction is in line with the IMF's forecast, although some economists warn the picture is deteriorating rapidly and that Russia could be in for a crash of at least 10%.



US

2-yr USTs closed up 2bps to 0.22%. 10-yr USTs closed down 4bps to 0.60%.

- US Treasury prices rose, reflecting continued demand for safer assets among investors concerned about the possibility of a slow recovery from a deep economic contraction.
- 10-year yields logged their eighth decline out of the past 10 weeks, even as investors have begun to warm to riskier assets and the Federal Reserve has started to slow down the pace of its bond purchases, a sign of strong investor demand for safe haven assets.

Canada

2-yr GCAD closed down 2bps to 0.35%. 10-yr GCAD closed down 7bps to 0.58%.

Europe

2-yr Bunds closed down 3bps to -0.71%. 10-yr Bunds closed unch. at -0.47%.

UK

2-yr Gilts closed down 2bps to 0.07%. 10-yr Gilts closed down 1bps to 0.29%.

Japan

2-yr bonds closed down 3bps to -0.15%. 5-yr bonds closed down 6bps to -0.15%. 10-yr bonds closed down 4bps to -0.02%.



CURRENCIES



Currencies	24/04/2020	Weekly %	MTD %	YTD %
USDILS	3.5231	-1.83%	-0.72%	2.02%
EURILS	3.8071	-2.34%	-2.70%	-1.71%
GBPILS	4.3596	-2.84%	-0.97%	-4.84%
CHFILS	3.6234	-2.37%	-1.78%	1.51%
JPYILS	3.2794	-1.57%	-0.53%	3.16%
AUDILS	2.2539	-1.32%	3.68%	-7.02%
CADILS	2.5006	-2.44%	-0.79%	-5.95%
EURUSD	1.0823	-0.48%	-1.89%	-3.48%
GBPUSD	1.2367	-1.06%	-0.43%	-6.71%
USDJPY	107.5100	-0.03%	-0.03%	-1.01%
AUDUSD	0.6371	0.08%	3.91%	-9.26%
CHFUSD	1.0279	-0.61%	-1.20%	-0.52%
CADUSD	0.7094	-0.69%	-0.21%	-7.85%
NZDUSD	0.6017	-0.30%	1.02%	-10.73%

- The US dollar weakened during Friday's trading against a basket of major currencies. The USD felt some pressure at the end of the week from grim economic reports, while gains in stock markets on Friday lessened its haven appeal. However, the US dollar achieved its best weekly gain this month, as investors resorted to it as one of the safe havens with the oil price turmoil this week.
- The euro was under pressure after a video conference of European Union leaders looking to set up a joint fund to avert an economic collapse in parts of the 27-member bloc ended without any agreement.
- The UK pound closed lower against the dollar as sentiment soured on poor economic data and no substantive progress made in EU/UK trade talks.
- Emerging market currencies fell for the week as sentiment was dampened by a historical slump in oil prices and doubts over the effectiveness of a potential coronavirus drug. The news exacerbated concerns over the virus, adding to dismal business activity readings from the developed world which dealt a further blow to risk appetite.



Energy & Metals

WTI Crude Oil for May closed -32.32% to US\$16.94

- WTI crude oil prices staged a huge rally at the end of a tumultuous week in energy markets. However, US crude futures still posted a record weekly loss of more than 32%, their worst weekly loss ever, as commodity investors attempted to take stock of a historic collapse in prices that cast a spotlight on problems of oversupply and dwindling storage in the energy complex.
- WTI May contracts closed at negative \$37.63 on Monday before expiring the following day, meaning that traders were forced to pay others to take contracts off their hands as storage options dried up and delivery deadlines loomed. This was the first time in history of the commodity that the price was in negative territory. Wall Street analysts warn that US oil prices will remain exceptionally volatile for some time as storage facilities in the US are filling up fast due to the vast oversupply of crude.
- Brent crude, the international oil benchmark, sank below \$16 a barrel this week, dropping to its lowest level since mid-1999. Brent is transported by sea and traders can easily put it on ships to move it to areas of higher demand, so it is less immediately affected by the storage constraints which have weighed on WTI. However, dwindling global demand means that storage is running out across the globe. Analysts say that while Brent is unlikely to trade at negative prices, it may go down to zero if storage concerns persisted.
- Brent recovered later in the week, rebounding above \$20 a barrel after Donald Trump, the US president, stoked Middle East tensions, saying that he had ordered the US navy to “shoot down and destroy” any Iranian vessels if they posed a threat to American ships. The WTI crude prices also rebounded strongly on hints of the potential supply disruptions.
- WTI prices remain down about 72% since the beginning of the year. Brent crude has lost 69% so far in 2020.

Gold for April closed +2.03% to US\$1,723.50

- Gold prices gave up earlier gains to finish lower on Friday, but posted their fourth weekly gain in five weeks as investors took flight from extreme markets’ volatility into haven assets.

Copper for May closed -0.32% to US\$233.70

- Copper prices registered a small weekly loss as investors weighed negative signals from forward-looking economic indicators versus supply constraints amid Covid-19 lockdowns.

ETF MONEY FLOWS (WTD)



USO US Equity	UNITED STATES OIL FUND LP	1,733,418,464	
GLD US Equity	SPDR GOLD SHARES	1,455,258,723	
XLV US Equity	HEALTH CARE SELECT SECTOR	1,191,108,948	
TLT US Equity	ISHARES 20+ YEAR TREASURY BO	1,171,700,984	
HYG US Equity	ISHARES IBOX HIGH YLD CORP	854,296,001	
XLP US Equity	CONSUMER STAPLES SPDR	768,241,355	
QQQ US Equity	INVESCO QQQ TRUST SERIES 1	700,198,737	
RSP US Equity	INVESCO S&P 500 EQUAL WEIGHT	631,324,506	
VCSH US Equity	VANGUARD S/T CORP BOND ETF	603,048,962	
SHV US Equity	ISHARES SHORT TREASURY BOND	598,820,000	
SPY US Equity	SPDR S&P 500 ETF TRUST	(2,625,291,284)	
IVV US Equity	ISHARES CORE S&P 500 ETF	(1,480,369,040)	
IEMG US Equity	ISHARES CORE MSCI EMERGING	(1,267,140,017)	
EFA US Equity	ISHARES MSCI EAFE ETF	(1,159,656,015)	
DIA US Equity	SPDR DJIA TRUST	(942,485,197)	
FLOT US Equity	ISHARES FLOATING RATE BOND E	(902,745,993)	
VWO US Equity	VANGUARD FTSE EMERGING MARKE	(751,355,014)	
VOO US Equity	VANGUARD S&P 500 ETF	(660,808,977)	
IWM US Equity	ISHARES RUSSELL 2000 ETF	(647,227,001)	
EZU US Equity	ISHARES MSCI EUROZONE ETF	(473,394,993)	

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