



Your Gateway To The World

WEEKLY MARKET SUMMARY



Equity Markets



Bond Markets



Currencies



Commodities

3 May 2020



US

S&P500 -0.21% (2,830.71); NASDAQ -0.34% (8,604.95); DJIA -0.22% (23,723.69)

This week's reports:

- **Q1 2020 GDP Growth Annualized** (prelim.) was -4.8%, it's worst contraction since 2008, versus Q4's growth of +2.1% and weaker than the expected -4%. The contraction in GDP was led by consumer spending, which dropped by annualized 7.6%, the steepest fall since 1959. Business investment fell by 5.9% and exports dropped by 8.7%. Measured from Q1 2019, US GDP rose 0.3% y/y versus Q4 2019's +2.3% y/y. Quarter-on-quarter, Q1 GDP fell 1.2%.
 - **March's Personal Income** fell 2% from February's +0.6%. **Personal Spending** dropped 7.5% from February's +0.2%.
 - **April's Conference Board Consumer Confidence Index** dropped to 86.9, its lowest level since June 2014, down from 118.8 in March.
 - **March's Pending Home Sales** tumbled 20.8% from February's +2.3%.
 - **April's Markit Manufacturing PMI** dropped to 36.1 from March's 48.5.
 - **April's ISM Manufacturing PMI** fell to 41.5 from March's 49.1.
 - **March's Construction Spending** rose 0.9% from February's -2.5%.
 - **April's Dallas Fed Manufacturing Index** fell to -73.7 from March's -70.
 - **April's Richmond Fed Manufacturing Index** plummeted to -53 from March's reading of 2.
 - **April's Chicago PMI** fell to 35.4, its lowest level since March 2009, from March's 47.8.
 - **Initial Jobless Claims** for the week ending April 25th fell by 603K to 3,839K. The latest increase in claims brings the total over six weeks to 30.3 millions of new claims. **Continuing Jobless Claims** for the week ending April 18th rose by 2.174M to 17.992M.
- US indexes had another wildly volatile week as corporate earnings and economic data drove big stock swings. Shares fell on Friday, reversing their weekly gain, as investors reacted to dismal economic data, signs of growing tensions between China and the United States and earnings reports by Apple and Amazon that showed the depth of the coronavirus impact on big business.
 - Trump said on Thursday his trade deal with China was now of secondary importance to the coronavirus pandemic and he threatened new tariffs on Beijing, as his administration crafted retaliatory measures over the outbreak.
 - The Federal Reserve kept rates unchanged and signaled they will keep them there until they are confident the economy has bounced back. The Fed will also rely on health experts in determining the outlook and that prevented them from giving any additional guidance last week. The markets deciphered the Fed's messages as a pledge that if further support is required, the Fed will expand their stimulus measures.
 - April was the best month for S&P500 and DJIA since 1987, as the indexes gained 13% and 11%, respectively. Nasdaq Composite index ended April up 15.5%, its biggest monthly gain since June 2000, almost wiping out its loss since the beginning of the year.



Canada

S&P/TSX Composite +1.39% (14,620.34)

- Canada's main stock index rose for the sixth week, led up by energy sector, as crude prices stabilized.
- **February's GDP Growth** was flat from January's +0.2% m/m.
- **April's Markit Manufacturing PMI** dropped to 33, its lowest since the survey began in October 2010, from March's 46.1.

Eurozone

EUROSTOXX50	+4.23%	(2,927.93)
DJSTOXX600	+2.37%	(337.39)
DAX30	+5.08%	(10,861.64)
CAC40	+4.07%	(4,572.18)
FTSE100	+0.19%	(5,763.06)

- European shares fell on Thursday, closing the holiday-shortened week on a downbeat note, as Eurozone GDP tumbled and a number of countries entered a recession. US President Trump's threat to impose new tariffs on China over the coronavirus crisis also weighed on stocks. Still, the STOXX 600 index experienced its biggest increase in the month of April since October 2015.
- The European Central Bank unveiled new measures aimed at helping the Eurozone economy. The ECB lowered the interest rate on an existing program of cheap loans it offers banks, TLTROs. Eligible banks will now be able to borrow from the ECB at a rate of minus 1%, starting in June. The ECB also unveiled a new lending program, called the pandemic emergency longer-term refinancing operations, or PELTROs, to ease strains in short-term funding markets in the Eurozone. The lending will take place through seven auctions, starting in May.
- **Q1 2020 GDP Growth** (prelim.) was -3.8% q/q from Q4 2019's increase of 0.1% q/q. This is the largest drop since the series began in 1995, and a deeper drop than the worst of the financial crisis. France, Spain and Italy experienced record quarterly contractions in GDP, and two France and Italy entered recession. Year-on-year, Eurozone GDP fell 3.3% versus Q4 2019's +1% y/y.
- **March's Unemployment Rate** rose to 7.4% from February's 7.3%.
- **April's CPI** (prelim.) rose 0.4% y/y, its weakest in four years, from March's 0.7% y/y. **Core CPI** rose 0.9% y/y versus March's 1% y/y.
- **April's Consumer Confidence Index** dropped to -22.7, its lowest since October 2012, from March's -11.6. **Economic Sentiment Index** fell to 67, the lowest level since March 2009, from March's 94.2.



UK

- UK's stocks fell on Friday on grim economic data, mixed company results and a threat of new trade war between the US and China.
- **April's Markit Manufacturing PMI** dropped to 32.6 from March's 47.8.

Japan

NIKKEI +1.86% (19,619.35)

- Japan's shares tumbled on Friday at the end of a good week on markets, with traders tracking a sell-off on Wall Street as another huge jump in jobless claims underlined the impact of coronavirus on the global economy. Investors were also spooked by comments from Donald Trump indicating he could hit China with further tariffs over its handling of the virus crisis.
- **April's Consumer Confidence Index** dropped to 21.6, its lowest on record, from March's 30.9.
- **March's Retail Trade** fell 4.6% y/y versus February's +1.6% y/y.
- **April's Jibun Bank Manufacturing PMI** fell to 41.9 from March's 44.8.
- **March's Industrial Production** fell 3.7% y/y versus February's -0.3% y/y.

Australia & New Zealand

S&P/ASX200 +0.06% (5,245.89)

NZX 50 +0.28% (10,449.01)

- **Australia's April Markit Manufacturing PMI** dropped to 44.1 from March's 49.7.
- **Australia's April AiG Manufacturing Index** tumbled to 35.8 from March's 53.7.
- **New Zealand's April Consumer Confidence** fell to 84.8 from March's 106.



Emerging Markets

MSCI EM	+4.25%	(916.77)
MSCI Asia Pacific	+2.27%	(136.16)
Shanghai Composite (China)	+1.84%	(2,860.08)
HANG SENG Index	+3.41%	(24,643.59)
India SENSEX Index	+7.63%	(33,717.62)
EM Eastern Europe	+2.54%	(133.01)
Russia's IMOEX	+3.46%	(2,650.56)
MSCI EM Latin America (USD)	+9.14%	(1,639.30)
Brazil BOVESPA Index	+6.87%	(80,505.90)

- Emerging market stocks fell at the end of the week, paring some of their weekly gains, as they are pressed down by declines in major markets on dire economic data and prospects of renewed trade tensions.
- President Donald Trump is said to try to block a government retirement fund from investing in Chinese equities considered a national security risk. The Thrift Savings Plan (TSP) – the federal government's retirement savings fund – is scheduled to transfer about US\$50 billion of its international fund to mirror an MSCI All Country World Index, which captures emerging markets, including China.
- **China's April NBS Manufacturing PMI** (official) fell to 50.8 from March's 52. **Non-Manufacturing PMI** (official) rose to 53.2 from March's 52.3.
- **China's April Caixin (Markit) Manufacturing PMI** fell to 49.4 from March's 50.1. Growth of manufacturing sector weakened due to plummeting export sales as they suffer from the global impact of the virus.
- **Russia's April HSBC (Markit) Manufacturing PMI** dropped to 31.3, its lowest since the start of the series in 2012, from March's 47.5.



US

2-yr USTs closed down 3bps to 0.19%. 10-yr USTs closed up 1bps to 0.61%.

- US government bond prices edged lower Friday even as stocks fell, a sign that some demand for Treasuries was being soaked up by a record-setting influx of new debt into the market.
- One factor that analysts say has kept yields from dropping lower this week has been the large number of new bonds that investors can buy. Companies last month sold more than \$227 billion of investment-grade corporate bonds in the US market, breaking the previous record of \$194 billion set a month earlier, according to Dealogic.
- The corporate bond sales, which have been fueled by businesses trying to raise cash so they can weather disruptions caused by the coronavirus pandemic, have come as the Treasury Department has also boosted debt auctions to fund a ballooning federal budget deficit.

Canada

2-yr GCAD closed down 4bps to 0.31%. 10-yr GCAD closed down 5bps to 0.53%.

Europe

2-yr Bunds closed down 6bps to -0.76%. 10-yr Bunds closed down 11bps to -0.59%.

UK

2-yr Gilts closed down 2bps to 0.04%. 10-yr Gilts closed down 4bps to 0.25%.

Japan

2-yr bonds closed up 1bps to -0.14%. 5-yr bonds closed up 1bps to -0.14%. 10-yr bonds closed unch. at -0.02%.



CURRENCIES



Currencies	01/05/2020	Weekly %	MTD %	YTD %
USDILS	3.5073	-0.45%	0.59%	1.57%
EURILS	3.8521	1.18%	0.85%	-0.55%
GBPILS	4.3844	0.57%	-0.13%	-4.29%
CHFILS	3.6470	0.65%	1.06%	2.17%
JPYILS	3.2796	0.01%	0.88%	3.17%
AUDILS	2.2503	-0.16%	-0.85%	-7.17%
CADILS	2.4885	-0.48%	-0.42%	-6.41%
EURUSD	1.0981	1.46%	0.24%	-2.07%
GBPUSD	1.2506	1.12%	-0.70%	-5.66%
USDJPY	106.9100	-0.56%	-0.25%	-1.57%
AUDUSD	0.6418	0.74%	-1.44%	-8.59%
CHFUSD	1.0402	1.20%	0.44%	0.67%
CADUSD	0.7098	0.06%	-1.02%	-7.79%
NZDUSD	0.6063	0.76%	-1.04%	-10.04%

- The US dollar fell against the euro and jumped against the Japanese yen on Thursday as investors focused on month-end rebalancing of their portfolios. The greenback weakened across the board earlier in the week as stocks rose and some economies announced partial reopening. The USD was also pushed down by the dovish tone at the latest Federal Reserve meeting.
- The euro surged on Thursday as traders rushed to buy euros in a bid to rebalance their portfolios on the last day of the month, prompting a sudden spike in the currency. The common currency had earlier weakened after the ECB left interest rates unchanged and said it was ready to do whatever was needed to support the region's economy.
- The UK pound slipped against the dollar on Friday, paring some of its previous gains, on stalled Brexit talks and further signs of damage to Britain's economy from the coronavirus pandemic. In April, sterling registered a 1.4% gain against the USD.
- Emerging market currencies fell on fears of a renewed Sino-US trade war on Friday, amid thin trading volumes as most financial markets in Europe, Africa and Asia were closed for Labor Day.



Energy & Metals

WTI Crude Oil for June closed +16.77% to US\$19.78

- WTI crude oil prices moved higher on Friday, posting their first weekly gain in four weeks, as OPEC and its allies embark on record output cuts to tackle a supply glut due to the coronavirus crisis. The OPEC+ countries have agreed to cut output by 9.7 million barrels per day from May 1. Brent crude prices also surged over the week, lifted by hopes that the demand for fuel will rise as lockdown rules are gradually lifted.
- WTI also found support after US energy firms cut oil rigs for a seventh week in a row, bringing the total count down to 325, the lowest since June 2016, energy services firm Baker Hughes said.
- Fuel demand worldwide slumped about 30% in April. Brent gained about 12% in April after falling more than 65% over the prior three months. WTI, meanwhile, closed its fourth month of declines, with a 12% loss in April and a 70% fall so far this year.

Gold for June closed -2.00% to US\$1,700.90

- Gold prices jumped on Friday, as risk sentiment soured on US President Trump's threat to impose new tariffs on China. Still, bullion was on track for its worst week since mid-March, as more economies eased restrictions and as investors covered losses in wider markets.

Copper for May closed -0.79% to US\$231.85

- Copper prices fell on downbeat economic reports from US and Europe, as well as on prospects of another series of trade tensions between the US and China.

ETF MONEY FLOWS (WTD)



HYG US Equity	ISHARES IBOXX HIGH YLD CORP	1,692,949,001	
TLT US Equity	ISHARES 20+ YEAR TREASURY BOND	1,518,788,980	
GLD US Equity	SPDR GOLD SHARES	1,386,558,322	
QQQ US Equity	INVESCO QQQ TRUST SERIES 1	1,263,127,924	
IWM US Equity	ISHARES RUSSELL 2000 ETF	1,031,660,474	
XLF US Equity	FINANCIAL SELECT SECTOR SPDR	589,478,996	
AGG US Equity	ISHARES CORE U.S. AGGREGATE	562,104,996	
VGSH US Equity	VANGUARD SHORT-TERM TREASURY	487,006,759	
VGIT US Equity	VANGUARD INTERMEDIATE-TERM T	424,585,981	
IEF US Equity	ISHARES 7-10 YEAR TREASURY BOND	402,249,995	
SPY US Equity	SPDR S&P 500 ETF TRUST	(4,702,975,273)	
VOO US Equity	VANGUARD S&P 500 ETF	(2,014,271,283)	
EFA US Equity	ISHARES MSCI EAFE ETF	(1,259,454,002)	
GOVT US Equity	ISHARES US TREASURY BOND ETF	(1,146,269,991)	
RSP US Equity	INVESCO S&P 500 EQUAL WEIGHT	(976,973,605)	
IVV US Equity	ISHARES CORE S&P 500 ETF	(955,295,985)	
VWO US Equity	VANGUARD FTSE EMERGING MARKE	(639,332,259)	
FLOT US Equity	ISHARES FLOATING RATE BOND ETF	(639,057,989)	
ACWI US Equity	ISHARES MSCI ACWI ETF	(574,451,990)	
IWF US Equity	ISHARES RUSSELL 1000 GROWTH	(520,172,523)	

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