



Your Gateway To The World

WEEKLY MARKET SUMMARY



Equity Markets



Bond Markets



Currencies



Commodities

10 May 2020



US

S&P500 +3.50% (2,929.80); NASDAQ +6.00% (9,121.32); DJIA +2.56% (24,331.32)

This week's reports:

- **April's Unemployment Rate** jumped to 14.7% from March's 4.4%, the highest rate and the largest over-the-month increase in the history of the series (since 1948). **Non-Farm Payrolls** fell by 20.5M from March's -870K. **Labor Force Participation** dropped to 60.2%, the lowest rate since January 1973, from March's 62.7%.
 - **April's Average Weekly Hours** rose to 34.2 from March's 34.1. **Average Hourly Earnings** surged 4.7% m/m (7.9% y/y) from March's 0.5% m/m (3.3% y/y), as most of the jobs lost were in the lower end of the pay scale.
 - **Q1 2020 Non-Farm Productivity** (prelim.) fell 2.5% from Q4's +1.2%. **Unit Labor Cost** (prelim.) rose 4.8% from Q4's +0.9%.
 - **March's Consumer Credit** tumbled by \$12.04B from February's +\$22.33B.
 - **April's Markit Services PMI** fell to 26.7 from March's 39.8. **Composite PMI** dropped to 27.0 from March's 40.9.
 - **April's ISM Non-Manufacturing PMI** fell to 41.8 from March's 52.5.
 - **March's Factory Orders** tumbled 10.3% from February's -0.1%.
 - **March's Wholesale Inventories** fell 0.8% from February's -1%.
 - **Initial Jobless Claims** for the week ending May 2nd fell by 677K to 3,169K. **Continuing Jobless Claims** for the week ending April 25th rose by 4.636M to 22.647M.
- US stocks rose Friday, strengthening the week's rally, as investors appeared to be looking beyond the grim jobs report, encouraged by signs of states' reopening. Risk-on mood was also supported by signs of an easing in trade tensions between Washington and Beijing.
 - According to a report from Chinese news agency, top trade negotiators for the US and China spoke on the telephone Friday, pledging to create favorable conditions for their phase-one trade deal. The call came after President Trump threatened to "terminate" the trade deal signed in January.
 - According to the US Bureau of Labor Statistics, the number of unemployed persons who reported being on temporary layoff was 18.1 million in April, while the number of permanent job losses was 2.0 million.
 - Earnings season is in its final stretch. With first-quarter results in from more than 85% of companies in the S&P 500, earnings are predicted to have fallen 14%, according to FactSet.
 - Investors have flocked to technology stocks on expectations that the pandemic will accelerate a trend toward e-commerce and home working. Whereas the S&P 500 remains 9.3% below where it started the year, the Nasdaq Composite wiped out this year's losses and closed in positive territory.



Canada

S&P/TSX Composite +2.37% (14,966.56)

- Canada's main stock index rose for the seventh week, its longest winning streak in 14 months, as it followed Wall-Street higher.
- **April's Unemployment Rate** jumped to 13% from March's 7.8% as **Net Payrolls** fell 1.994M from March's -1.01M.
- **April's Average Hourly Wages** jumped 10.5% y/y versus March's +6.12% y/y, as more low-income jobs were lost.
- **April's Ivey PMI** fell to 23.6 from March's 28.2.

Eurozone

EUROSTOXX50	-0.68%	(2,908.11)
DJSTOXX600	+1.08%	(341.05)
DAX30	+0.39%	(10,904.48)
CAC40	-0.49%	(4,549.64)
FTSE100	+3.00%	(5,935.98)

- European shares closed higher on Friday, clocking weekly gains as signs of improving US-China relations provided a fresh dose of optimism for investors counting on the easing of lockdowns to spark a recovery in global growth.
- Shares rose even as European Union officials warned of a recession of "historic proportions" for member countries this year, noting a likely uneven downturn and recovery across the world's biggest trading bloc. The European Commission projects that Europe's economy will shrink by 7.7% this year, much deeper contraction than 2009's -4.5%. Any recovery is expected to be slow, halting and uneven, and is likely to lag that of the US economy.
- **April's Markit Manufacturing PMI** fell to 33.4, the lowest ever recorded by the series (which began in June 1997), from March's 44.5. **Services PMI** tumbled to 12.0, an unprecedented contraction, from March's 26.4. **Composite PMI** dropped to 13.6 from March's 29.7.
- **March's Retail Sales** fell 11.2% from February's +0.6%.
- **May's Sentix Investor Confidence Index** improved slightly to -41.8 from April's -42.9.



UK

- The Bank of England held interest rates at 0.1% but said it stands ready to take further action should the economic crisis caused by the coronavirus pandemic continue to deteriorate. The bank said it expects UK GDP to fall by 14% over 2020 as a whole, the sharpest annual downturn since 1706.
- **April's GfK Consumer Confidence Index** (prelim.) fell to -33 from March's -9.
- **April's Markit Services PMI** fell to 13.4 from March's 34.5.

Japan

NIKKEI +2.85% (20,179.09)

- Japan's shares closed the holiday-shortened week with a gain, rising strongly on Friday as news of top trade representatives of China and the United States holding a phone talks calmed investors worried about simmering Sino-US tensions.
- **April's Jibun Bank (Markit) Services PMI** fell to 21.5 from March's 33.8.
- **March's Labor Cash Earnings** rose 0.1% y/y versus February's 0.7% y/y. **Overall Household Spending** fell 6.0% y/y versus February's -0.3% y/y.

Australia & New Zealand

S&P/ASX200 +2.77% (5,391.08)

NZX 50 +2.36% (10,695.59)

- **Australia's April's Markit Services PMI** fell to 19.5 from March's 38.5. **Composite PMI** dropped to 21.7 from March's 39.4.
- **Australia's March Retail Sales** jumped 8.5% from February's +0.6%, on unprecedented demand in food retailing and household goods.
- **New Zealand's Q1 2020 Unemployment Rate** rose to 4.2% from Q4's 4.0%.



Emerging Markets

MSCI EM	-0.56%	(911.65)
MSCI Asia Pacific	+0.58%	(136.95)
Shanghai Composite (China)	+1.23%	(2,895.34)
HANG SENG Index	-1.68%	(24,230.17)
India SENSEX Index	-6.15%	(31,642.70)
EM Eastern Europe	+1.27%	(134.70)
Russia's IMOEX	-0.34%	(2,641.55)
MSCI EM Latin America (USD)	-0.93%	(1,624.04)
Brazil BOVESPA Index	-0.30%	(80,263.40)

- Emerging market stocks rose on Friday after a report of a phone call between US and Chinese officials lifted sentiment across markets. However, the EM index still posted a loss for the week on dismal manufacturing numbers across the globe and worries that the easing of coronavirus lockdowns could lead to a second wave of the disease.
 - The MSCI Emerging Markets Index is down 18.2% for the year, versus -12.6% loss of the MSCI World Index.
- **China's April Caixin (Markit) Services PMI** rose to 44.4 from March's 43.0.
- **China's April Exports** rose 3.5% y/y versus March's -6.6% y/y. **Imports** tumbled 14.2% y/y versus March's -1% y/y.
- **Russia's April Markit Services PMI** fell to 12.2 from March's 37.1.



US

2-yr USTs closed down 3bps to 0.16%. 10-yr USTs closed up 7bps to 0.68%.

- US government bond prices fell on Friday after the jobs report was not as horrible as expected.
- Treasuries with maturities of 7 years and longer saw their yields rise over the week, while notes with shorter maturities had their yields fall. 2-year Treasury yields touched a record low on Thursday as some investors suggested that the Fed could cut rates below zero. The Federal Reserve officials have consistently said they don't foresee adopting such a policy.

Canada

2-yr GCAD closed down 3bps to 0.28%. 10-yr GCAD closed up 6bps to 0.58%.

Europe

2-yr Bunds closed down 2bps to -0.78%. 10-yr Bunds closed up 5bps to -0.54%.

UK

2-yr Gilts closed down 5bps to -0.01%. 10-yr Gilts closed down 1bps to 0.24%.

Japan

2-yr bonds closed down 1bps to -0.15%. 5-yr bonds closed up 2bps to -0.12%. 10-yr bonds closed up 2bps to 0.00%.



CURRENCIES



Currencies	08/05/2020	Weekly %	MTD %	YTD %
USDILS	3.5127	0.15%	0.75%	1.72%
EURILS	3.8131	-1.01%	-0.17%	-1.56%
GBPILS	4.3544	-0.68%	-0.82%	-4.95%
CHFILS	3.6146	-0.89%	0.16%	1.26%
JPYILS	3.2917	0.37%	1.25%	3.55%
AUDILS	2.2931	1.90%	1.04%	-5.40%
CADILS	2.5203	1.28%	0.85%	-5.21%
EURUSD	1.0839	-1.29%	-1.06%	-3.34%
GBPUSD	1.2410	-0.77%	-1.46%	-6.39%
USDJPY	106.6500	-0.24%	-0.49%	-1.80%
AUDUSD	0.6532	1.78%	0.31%	-6.96%
CHFUSD	1.0298	-1.00%	-0.56%	-0.34%
CADUSD	0.7180	1.16%	0.13%	-6.73%
NZDUSD	0.6136	1.20%	0.15%	-8.96%

- The US dollar rose on Friday after data showed the world's largest economy lost fewer jobs than expected last month on fallout from the coronavirus pandemic. US Dollar Index rose for the week.
- The USD posted its largest weekly gain versus the euro in more than a month, although that was more related to the European single currency's issues concerning the European Central Bank's asset purchases.
- The euro has dropped 3.5% this year to \$1.08, near its lowest level against the US dollar since May 2017. The currency could lose another 5% by year-end, according to forecasts from Bank of America. The common currency is suffering as tensions resurfaced between wealthier nations of the Eurozone and its weaker southern members. The discord is preventing the ECB from following the Fed in offering sweeping measures to bolster the Eurozone economy and backstop financial markets.
- The British pound rose against the euro and pared some of its weekly loss against the dollar thanks to a Bank of England decision to keep interest rates and quantitative easing levels unchanged.
- Emerging market currencies firmed on Friday, as signs of an improvement in frayed Sino-US relations and optimism over major economies re-emerging from coronavirus-related lockdowns lifted sentiment.



Energy & Metals

WTI Crude Oil for June closed +25.08% to US\$24.74

- Crude oil posted its first back-to-back weekly gain since February, bolstered by a potential pickup in demand as parts of the US and Europe roll back restrictions, as well as accelerating output cuts and Saudi Aramco's decision to raise its official export prices for June.
- WTI prices were also supported by producers' rapid shutting of production and by lower rate of increase in crude stocks.

Gold for June closed +0.76% to US\$1,713.90

- Gold prices rose for the week as Friday's decline couldn't reverse all of the previous week's gain. Gold fell on Friday as a rise in investor sentiment led to a rise in global stocks, lessening demand for haven assets.

Copper for May closed +3.88% to US\$240.85

- Copper prices rose on Friday as investors anticipated an uptick in demand after parts of the world roll back lockdown measures and trade tensions ease.

ETF MONEY FLOWS (WTD)



HYG US Equity	ISHARES IBOXX HIGH YLD CORP	1,572,480,007	
GLD US Equity	SPDR GOLD SHARES	1,371,697,028	
AGG US Equity	ISHARES CORE U.S. AGGREGATE	850,798,991	
SPY US Equity	SPDR S&P 500 ETF TRUST	736,015,823	
VXF US Equity	VANGUARD EXTENDED MARKET ETF	720,849,574	
XBI US Equity	SPDR S&P BIOTECH ETF	674,804,114	
BND US Equity	VANGUARD TOTAL BOND MARKET	583,480,008	
TIP US Equity	ISHARES TIPS BOND ETF	460,121,991	
XLP US Equity	CONSUMER STAPLES SPDR	423,045,661	
JPST US Equity	JPMORGAN ULTRA-SHORT INCOME	404,196,477	
EFA US Equity	ISHARES MSCI EAFE ETF	(1,205,508,002)	
IVV US Equity	ISHARES CORE S&P 500 ETF	(1,202,936,992)	
EEM US Equity	ISHARES MSCI EMERGING MARKET	(1,061,023,480)	
IWM US Equity	ISHARES RUSSELL 2000 ETF	(1,056,714,993)	
VWO US Equity	VANGUARD FTSE EMERGING MARKETS	(809,920,510)	
ACWI US Equity	ISHARES MSCI ACWI ETF	(770,163,998)	
IEMG US Equity	ISHARES CORE MSCI EMERGING	(724,890,001)	
IWD US Equity	ISHARES RUSSELL 1000 VALUE ETF	(424,895,503)	
IVE US Equity	ISHARES S&P 500 VALUE ETF	(377,644,496)	
VYM US Equity	VANGUARD HIGH DVD YIELD ETF	(374,288,050)	

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FOR ADDITIONAL INFORMATION PLEASE CONTACT US AT:

40 Tuval St., Ramat Gan 5252247

Tel: +972 3 611 4626 | Fax: +972 3 611 4645

Email: info@tandem-capital.com

www.tandem-capital.com