



Your Gateway To The World

WEEKLY MARKET SUMMARY



Equity Markets



Bond Markets



Currencies



Commodities

17 May 2020



US

S&P500 -2.26% (2,863.70); NASDAQ -1.17% (9,014.56); DJIA -2.65% (23,685.42)

This week's reports:

- **May's Michigan Consumer Sentiment Index** (prelim.) rose to 73.7 from April's 71.8. Confidence inched upward as the CARES relief checks improved consumers' finances and widespread price discounting boosted their buying attitudes.
 - **April's CPI** rose 0.3% y/y (fell 0.8% m/m) versus March's 1.5% y/y (-0.4% m/m). **CPI ex Food & Energy (Core)** rose 1.4% y/y (fell 0.4% m/m) versus March's 2.1% y/y (-0.1% m/m).
 - **April's Retail Sales** fell 16.4% from March's -8.3%. April's decline in sales was their steepest on record and bigger than the expected -12% m/m. **Retail Sales ex Autos** fell 17.2% from March's -4%.
 - **May's Empire State Manufacturing Index** rose to -48.5 from April's -78.2.
 - **April's Industrial Production** fell 11.2% from March's -4.5%. **Capacity Utilization** fell to 64.9% from March's 73.2%.
 - **April's NFIB Small Business Optimism Index** fell to 90.9 from March's 96.4.
 - **March's Business Inventories** fell 0.2% from February's -0.5%.
 - **Initial Jobless Claims** for the week ending May 9th fell by 195K to 2,981K. That brings the total number of first-time claimants to 36.5 million since mid-March. **Continuing Jobless Claims** for the week ending May 1st rose by 456K to 22.833M.
- US stocks edged higher Friday but notched weekly declines after a wide range of data this week revealed the sharp contraction in economic activity across the nation. Meanwhile, the possibility of renewed trade tensions between the US and China came to the forefront, igniting concerns about relations between two of the biggest world economies.
 - Major equity indexes dipped Wednesday after Federal Reserve Chairman Jerome Powell said that the US economic recovery from the fallout of the coronavirus would likely be slow and require more fiscal stimulus.
 - President Donald Trump said on Thursday that he could "cut off" the US trade relationship with China and that he did not want to talk to Chinese President Xi Jinping right now, signaling an escalation in tensions between the US and China.
 - Earlier in the week, the Thrift Savings Plan, which is a federal employee retirement fund, indefinitely delayed plans to invest in Chinese stocks, after growing criticism that the move would channel the savings of government workers to companies that are working against the national security goals of the United States.
 - The Trump administration also said on Friday that it aims to block semiconductor shipments to Huawei Technologies. China's state-run Global Times newspaper said that the country would "restrict or investigate US companies such as Qualcomm, Cisco and Apple" if the US blocked Huawei's supply chain. Semiconductor stocks including Qualcomm and AMD slid on the news.



Canada

S&P/TSX Composite -2.19% (14,638.90)

- Canada's main stock index climbed higher to end a volatile week that saw stocks fall on weak economic data and on concerns about a renewal of a trade war between the US and China. Friday's gains were led by a rally in oil prices.

→ **March's Manufacturing Sales** fell 9.2% from February's +0.5%.

Eurozone

EUROSTOXX50	-4.73%	(2,770.70)
DJSTOXX600	-3.76%	(328.24)
DAX30	-4.03%	(10,465.17)
CAC40	-5.98%	(4,277.63)
FTSE100	-2.29%	(5,799.77)

- European shares climbed, trimming their worst weekly drop in two months, as cyclicals such as miners and carmakers gained following improving Chinese industrial output data. Earlier in the week, stocks tumbled as US-China tensions and Powell's remarks added to concerns that a global economic downturn may be deeper and longer than feared.
- The European bank index was this week's biggest loser. The index is down nearly 50% this year as surging loan losses due to the pandemic and a dividend payment freeze hit stock prices.
- The German economy plunged into recession as the country's federal statistics authority released data showing a contraction of 2.2% in the first quarter, its biggest quarterly drop since the global financial crisis and its second largest fall since German unification.

→ **Q1 2020 GDP** (prelim.) contracted by a record 3.8% q/q from Q4 2019's +0.1% q/q.

→ **March's Industrial Production** fell 11.3% from February's -0.1%.

UK

→ **Q1 2020 GDP** (prelim.) contracted by a 2.0% q/q from Q4 2019's zero change q/q.

→ **March's Industrial Production** fell 4.2% from February's -0.1%. **Manufacturing Production** fell 4.6% from February's +0.3%.



Japan

NIKKEI -0.70% (20,037.47)

- Japan's shares rose on Friday but logged a weekly decline as investor sentiment took a hit following a deterioration in US-China relations.
- **March's Leading Economic Index** (prelim.) fell to 83.8 from February's 91.9.
- **April's Machine Tool Orders** (prelim.) fell 48.3% y/y versus March's -40.7% y/y.

Australia & New Zealand

S&P/ASX200 +0.25% (5,404.81)

NZX 50 +0.33% (10,730.68)

- **Australia's April NAB Business Confidence Index** rose to -46 from March's -65. **NAB Business Conditions Index** fell to -34 from March's -22.
- **Australia's May Westpac Consumer Confidence Index** jumped 16.4% from April's -17.7%.
- **Australia's April Unemployment Rate** rose to 6.2% from March's 5.2%.
- **New Zealand's May ANZ Business Confidence Index** (prelim.) rose to -45.6 from March's -66.6.
- **New Zealand's April Business NZ PMI** fell to 26.1 from March's 53.2.



Emerging Markets

MSCI EM	-1.15%	(901.16)
MSCI Asia Pacific	-1.07%	(135.48)
Shanghai Composite (China)	-0.93%	(2,868.46)
HANG SENG Index	-1.79%	(23,797.47)
India SENSEX Index	-1.72%	(31,097.73)
EM Eastern Europe	-2.84%	(130.87)
Russia's IMOEX	-1.80%	(2,593.91)
MSCI EM Latin America (USD)	-5.12%	(1,540.91)
Brazil BOVESPA Index	-3.37%	(77,556.60)

- Emerging market stocks rose on Friday as positive industrial output data from China lifted sentiment, but investors remained cautious amid US President Donald Trump's worsening trade rhetoric against Beijing, capping stock gains.
 - The MSCI EM stock index fell for a second straight week as fears of a second wave of the pandemic, rising US-China trade tensions and some somber headlines about a prolonged global recession pressured risk appetite.
- **China's April CPI** fell 0.9% from March's -1.2%. Year-on-year, prices rose 3.3% versus March's +4.3% y/y.
- **China's April Retail Sales** fell 7.5% y/y, more than the anticipated -7%, versus March's -15.8% y/y.
- **China's April Industrial Production** rose 3.9% y/y versus March's -1.1% y/y. April's rebound was stronger than the expected +1.5% y/y.
- **China's April Urban Unemployment Rate** (official) rose to 6%, near its historic high, from March's 5.9%. The pressure on employment is expected to continue as economic growth slows; higher unemployment is weighing heavily on consumer spending.



US

2-yr USTs closed down 1bps to 0.15%. 10-yr USTs closed down 4bps to 0.64%.

- US government bond yields rose at the end of the week, after the University of Michigan reported that its index of consumer sentiment rose in May, suggesting that consumers are feeling better about the economy than economists had expected.
- Still, yields fell on the week as stocks slipped and investors flocked to safety of government bonds.
- Corporate bond exchange-traded funds rose after the Federal Reserve disclosed late Thursday it had bought \$305 million in such ETFs in the week ended on Wednesday after starting the purchases on Tuesday.

Canada

2-yr GCAD closed up 1bps to 0.29%. 10-yr GCAD closed down 4bps to 0.54%.

Europe

2-yr Bunds closed up 5bps to -0.73%. 10-yr Bunds closed up 1bps to -0.53%.

UK

2-yr Gilts closed unch. at 0.00%. 10-yr Gilts closed unch. at 0.23%.

Japan

2-yr bonds closed up 1bps to -0.15%. 5-yr bonds closed up 1bps to -0.11%. 10-yr bonds closed unch. at 0.00%.



CURRENCIES



Currencies	15/05/2020	Weekly %	MTD %	YTD %
USDILS	3.5392	0.75%	1.51%	2.49%
EURILS	3.8345	0.56%	0.39%	-1.00%
GBPILS	4.2816	-1.67%	-2.47%	-6.54%
CHFILS	3.6388	0.67%	0.83%	1.94%
JPYILS	3.3013	0.29%	1.54%	3.85%
AUDILS	2.2673	-1.13%	-0.10%	-6.47%
CADILS	2.5057	-0.58%	0.26%	-5.76%
EURUSD	1.0820	-0.18%	-1.23%	-3.50%
GBPUSD	1.2116	-2.37%	-3.80%	-8.61%
USDJPY	107.0600	0.38%	-0.11%	-1.43%
AUDUSD	0.6413	-1.82%	-1.52%	-8.66%
CHFUSD	1.0293	-0.05%	-0.61%	-0.39%
CADUSD	0.7088	-1.28%	-1.16%	-7.92%
NZDUSD	0.5935	-3.28%	-3.13%	-11.94%

- The US dollar rose on Friday to notch a small weekly gain as the threat of a second wave of coronavirus infections rattled investors as did a slew of bleak US economic data. Rising US-China tensions added to investors' risk aversion, which helped the greenback. Earlier in the week, the USD jumped also as the Fed's Powell said the US won't have negative interest rates.
- The euro touched a five-year low against the Swiss franc, the traditional safe haven of the continent, as grim European economic data and renewed worries about global trade and economy weighed on the common currency.
- The British pound weakened on Friday, hitting its lowest for more than a month, after Britain and the European Union exchanged threats over a post-Brexit trade deal. The increased pricing in of a no-deal Brexit is adding downward pressure on the currency, weighed down by UK's Covid-19 death toll, the highest in Europe.
- Emerging market currencies fell for a second week amid an escalation in US-China tensions, a dire economic warning from Federal Reserve Chair Jerome Powell and deteriorating global growth data.



Energy & Metals

WTI Crude Oil for June closed +18.96% to US\$29.43

- Crude oil prices surged, driven by widespread production cuts and signs of demand creeping back into the struggling market.
- The International Energy Agency said in its monthly report expects global oil supply to see a 12 million barrel-per-day fall this month to a nine-year low of 88 million barrels per day. The drop comes as OPEC slashes its output and other countries also reduce production to shore up the beleaguered market. The IEA increased its forecast for global demand by 3.2 million barrels per day in the second quarter to 79.3 million. For the year, the group's demand forecast was increased by 700,000 barrels per day, but still is on track for an annual plunge of 8.6 million barrels per day.

Gold for June closed +2.47% to US\$1,756.30

- Gold prices rose as risks to the economic recovery and to global trade have enveloped the market narrative and helped return some of the precious metal's strength as a primary safe haven investment.

Copper for May closed -3.11% to US\$233.35

- Copper prices edged higher on Friday after data showed a rebound in Chinese factory activity, but were still headed for a weekly loss as growing stockpiles and dire economic indicators outside China suggest demand for metal will struggle to recover.

ETF MONEY FLOWS (WTD)



GLD US Equity	SPDR GOLD SHARES	1,799,764,067	
XLV US Equity	HEALTH CARE SELECT SECTOR	1,484,684,478	
AGG US Equity	ISHARES CORE U.S. AGGREGATE	862,089,990	
VGT US Equity	VANGUARD INFO TECH ETF	843,957,835	
BND US Equity	VANGUARD TOTAL BOND MARKET	686,879,006	
XLC US Equity	COMM SERV SELECT SECTOR SPDR	648,731,921	
SPY US Equity	SPDR S&P 500 ETF TRUST	562,104,419	
VCSH US Equity	VANGUARD S/T CORP BOND ETF	484,688,985	
SKYY US Equity	FIRST TRUST CLOUD COMPUTING	396,398,459	
JPST US Equity	JPMORGAN ULTRA-SHORT INCOME	394,684,766	
AMLP US Equity	ALERIAN MLP ETF	(3,135,005,799)	
VOO US Equity	VANGUARD S&P 500 ETF	(941,483,578)	
FDN US Equity	FIRST TRUST DJ INTERNET IND	(673,264,849)	
XLU US Equity	UTILITIES SELECT SECTOR SPDR	(527,881,761)	
IJH US Equity	ISHARES CORE S&P MIDCAP ETF	(520,530,994)	
XLI US Equity	INDUSTRIAL SELECT SECT SPDR	(470,173,385)	
LQD US Equity	ISHARES IBOXX INVESTMENT GRADE	(441,213,990)	
IWD US Equity	ISHARES RUSSELL 1000 VALUE ETF	(429,648,000)	
XLRE US Equity	REAL ESTATE SELECT SECT SPDR	(408,013,874)	
VNQ US Equity	VANGUARD REAL ESTATE ETF	(383,193,886)	

Disclaimer

Tandem Capital Asset Management and its subsidiaries (the "Tandem") are companies engaged in investment marketing and not investment advice as defined in the Investment Advice, Investment Marketing and Portfolio Management Law, 1995, and are linked to financial assets managed by the companies listed in the company's website and updated from time to time.

Tandem or its employees may have holdings in the securities or financial assets mentioned herein and may act with them. This document is for informational purposes only, it does not constitute any assurance of return or prevention of profit, and is not a substitute for advice that takes into consideration the special needs of each individual. Nor does the information constitute an offer to purchase securities as defined in the Securities Law, 1968 and such acquisition will be made solely on the basis of a valid prospectus.

Do not copy or use any part of this document in any form without prior written permission from Tandem.



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