



Your Gateway To The World

WEEKLY MARKET SUMMARY



Equity Markets



Bond Markets



Currencies



Commodities

24 May 2020



US

S&P500 +3.20% (2,955.45); NASDAQ +3.44% (9,324.59); DJIA +3.29% (24,465.16)

This week's reports:

- **May's Markit Manufacturing PMI** (prelim.) rose to 39.8 from April's 36.1. **Services PMI** (prelim.) rose to 36.9 from April's 26.7. **Composite PMI** (prelim.) rose to 36.4 from April's 27.0.
 - **May's Philadelphia Fed Manufacturing Index** rose to -43.1 from April's -56.6.
 - **May's NAHB Housing Market Index** rose to 37 from April's reading of 30.
 - **April's Building Permits** fell 20.8% from March's -5.7%. **Housing Starts** fell 30.2% from March's -18.6%.
 - **April's Existing Home Sales** fell 17.8%, their largest month-over-month drop since July 2010, from March's -8.5%.
 - **Initial Jobless Claims** for the week ending May 16th fell by 249K to 2.438M. **Continuing Jobless Claims** for the week ending May 9th rose by 2.525M to 25.073M.
- US stocks notched weekly gains as states around the country eased coronavirus restrictions, boosting hopes about an economic recovery. Stocks were also lifted by optimism that coronavirus vaccines will be available later this year.

Canada

S&P/TSX Composite +1.88% (14,913.64)

- Canada's main stock index climbed along with Wall-Street's rally, amid an increase in oil prices.
- **April's CPI** fell 0.2% y/y versus March's +0.9% y/y. **Core CPI** rose 1.2% y/y versus March's 1.6% y/y.
- **March's Retail Sales** fell 10%, their largest monthly drop on record, from February's +0.4%. **Retail Sales ex Autos** fell 0.4% from February's +0.1%.



Eurozone

EUROSTOXX50	+4.86%	(2,905.47)
DJSTOXX600	+3.63%	(340.17)
DAX30	+5.82%	(11,073.87)
CAC40	+3.90%	(4,444.56)
FTSE100	+3.34%	(5,993.28)

- European equities ended the week higher on hopes of an economic recovery as countries began to emerge from lockdowns. Shares closed unchanged on Friday although rising US-China tensions hit Asia-exposed banks and luxury stocks, while better risk sentiment kept strong weekly gains intact for the main indexes.
 - Bans on short-selling in a host of major European countries were lifted Monday, with regulators citing less turbulent market conditions. Austrian, Belgian, Greek, French, Italian and Spanish securities regulators took a joint decision to lift the restrictions. Immediately after the short-selling bans were lifted, US and UK hedge funds have unleashed a fresh wave of bets against continental European companies, with short-selling positions rising by 75% overnight.
 - European Central Bank officials are ready to step up bond purchases next month if they consider such a move necessary to combat the economic fallout from the coronavirus pandemic, according to the minutes of their April policy meeting.
- **May's Economic Sentiment Index** rose to 46 from April's 25.2.
- **May's Consumer Confidence Index** (prelim.) rose to -18.8 from April's -22.
- **April's CPI** rose 0.3% y/y versus March's 0.4% y/y. **Core CPI** rose 0.9% y/y, the same increase as in March.
- **May's Markit Manufacturing PMI** (prelim.) rose to 39.5 from April's 33.4. **Services PMI** (prelim.) rose to 28.7 from April's 12. **Composite PMI** (prelim.) rose to 30.5 from April's 13.6.

UK

- **April's CPI** rose 0.8% y/y versus March's 1.5% y/y. **Core CPI** rose 1.4% y/y versus March's 1.6% y/y.
- **May's Markit Manufacturing PMI** (prelim.) rose to 40.6 from April's 32.6. **Services PMI** (prelim.) rose to 27.8 from April's 13.4.
- **April's Retail Sales** fell 18.1%, their largest monthly drop on record, from March's -5.2%.
- **May's GfK Consumer Confidence Index** fell to -34 from April's -33.
- **April's Claimant Count Rate** jumped to 5.8% from March's 3.5%. **ILO Unemployment Rate** fell to 3.9% in the three months trough March from 4% in the previous period.



Japan

NIKKEI +1.75% (20,388.16)

- Japan's shares fell on Friday, paring some of their previous gains, as risk sentiment was hit after China's plans to impose a new security legislation on Hong Kong fueled worries over Sino-US tensions.
 - The Bank of Japan bolstered its support for business financing to about \$700 billion, paralleling the Federal Reserve in expanding the central banking tool kit during the coronavirus pandemic. Under a government program approved in late April, commercial banks are set to receive a credit guarantee of up to 100% on no-interest, no-collateral loans to small and midsize businesses hit by the pandemic. On Friday, the Bank of Japan, the nation's central bank, said it would lend commercial banks the money needed to make such loans, also at zero interest.
- **Q1 2020 GDP** (prelim.) contracted by annualized 3.4% (-0.9% q/q) versus Q4 2019's -7.3% annualized (-1.9% q/q).
 - **April's National CPI ex Fresh Food** fell 0.2% y/y versus March's +0.4% y/y.
 - **May's Jibun Bank (Markit) Manufacturing PMI** (prelim.) fell to 31.7 from April's 34.7. **Services PMI** (prelim.) rose to 25.3 from April's 21.5. **Composite PMI** (prelim.) rose to 27.4 from April's 25.8.
 - **April's Exports** tumbled 21.9% y/y versus March's -11.7% y/y. **Imports** fell 7.2% y/y versus March's -5.0% y/y.
 - **March's Industrial Production** fell 5.2% y/y, the same drop as in February. **Capacity Utilization** fell 3.6% from February's -1.8%.
 - **March's Machinery New Orders** fell 0.4% from February's +2.3%.

Australia & New Zealand

S&P/ASX200 +1.71% (5,497.03)

NZX 50 -0.63% (10,662.63)

- **Australia's April Westpac Leading Index** fell 1.5% from March's -0.73%.
- **Australia's April Retail Sales** (prelim.) fell 17.9% from March's +8.5%.
- **Australia's May Commonwealth Bank (Markit) Manufacturing PMI** (prelim.) fell to 42.8 from April's 44.1. **Services PMI** (prelim.) rose to 25.5 from April's 19.5. **Composite PMI** (prelim.) rose to 26.4 from April's 21.7.
- **New Zealand's Q1 2020 Retail Sales** fell 0.7% from Q4 2019's zero change.
- **New Zealand's April Business NZ Performance of Services Index** fell to 25.9 from March's reading of 52.



Emerging Markets

MSCI EM	+0.45%	(905.25)
MSCI Asia Pacific	-0.38%	(134.97)
Shanghai Composite (China)	-1.91%	(2,813.77)
HANG SENG Index	-3.64%	(22,930.14)
India SENSEX Index	-1.37%	(30,672.59)
EM Eastern Europe	+7.37%	(140.51)
Russia's IMOEX	+4.45%	(2,709.38)
MSCI EM Latin America (USD)	+8.38%	(1,670.06)
Brazil BOVESPA Index	+5.95%	(82,173.20)

- Emerging market stocks dropped on Friday, erasing most of their previous gains, as China's move to impose a new security law on Hong Kong threatened to escalate US-China tensions.
- China broke with more than a quarter-century of tradition by not issuing an economic growth target for 2020, a stark acknowledgment of the challenges facing the world's second-largest economy as it grapples with uncertainties around the coronavirus pandemic. China's growth prospects this year are further aggravated by a rise in tensions with the US.
- The Hang Seng Index fell 5.6% on Friday, in its worst day since July 2015, after China moved to impose new national-security laws on the city. China's proposed national security law would challenge the financial hub's autonomy and threatens to further increase tensions with the US. The US Congress condemned the move, with senators promising an urgent push on legislation that would impose sanctions on Chinese officials and institutions involved in undermining Hong Kong's autonomy.
- Brazil has become one of the world's major coronavirus pandemic hot spots, with the health care system overwhelmed by the amount of cases. The renewed political instability is also pressing down on the currency and the financial markets. The Brazilian real remains down nearly 30% against the US dollar year to date, while the MSCI Brazil Index is down 49.7% year to date in USD terms, compared with a 16.4% drop for the MSCI Emerging Markets Index. Brazil's economy is expected to shrink by more than 5% this year.
- The Reserve Bank of India cut its main interest rate by 40bp to 4%, its lowest since 2000. The Bank kept the door open for further easing and said that domestic economic activity has been impacted severely amid the nationwide lockdown. The RBI expects the economy to contract 5% in the fiscal year through March 2021.
- Argentina defaulted on sovereign debt for the ninth time in its history, as Latin America's third-biggest economy grapples with a new cycle of economic contraction, runaway inflation and a hard-currency squeeze exacerbated by the coronavirus pandemic. The cash-strapped country officially entered into default on Friday after failing to make a \$500 million interest payment on foreign debt. Earlier in the week it was reported that Argentinian government failed to reach a deal with bondholders to restructure about \$65 billion in foreign debt. The debt includes bonds issued as part of previous restructurings after the country defaulted in 2001.



US

2-yr USTs closed up 2bps to 0.17%. 10-yr USTs closed up 2bps to 0.66%.

- US government bond yields fell on Friday, paring most of their earlier increases, on concerns over new instability in Hong Kong and increasing tensions between Washington and Beijing. Treasury yields increased sharply at the start of the week, as investors reacted to reports of encouraging vaccine trial results.

Canada

2-yr GCAD closed unch. at 0.29%. 10-yr GCAD closed down 4bps to 0.51%.

Europe

2-yr Bunds closed up 5bps to -0.68%. 10-yr Bunds closed up 4bps to -0.49%.

UK

2-yr Gilts closed down 5bps to -0.05%. 10-yr Gilts closed down 6bps to 0.17%.

Japan

2-yr bonds closed down 2bps to -0.17%. 5-yr bonds closed down 2bps to -0.14%. 10-yr bonds closed unch. at 0.00%.



CURRENCIES



Currencies	22/05/2020	Weekly %	MTD %	YTD %
USDILS	3.5309	-0.23%	1.27%	2.25%
EURILS	3.8489	0.38%	0.77%	-0.63%
GBPILS	4.2954	0.32%	-2.16%	-6.24%
CHFILS	3.6354	-0.09%	0.73%	1.84%
JPYILS	3.2804	-0.63%	0.90%	3.19%
AUDILS	2.3081	1.80%	1.70%	-4.79%
CADILS	2.5213	0.62%	0.89%	-5.18%
EURUSD	1.0901	0.75%	-0.49%	-2.78%
GBPUSD	1.2173	0.47%	-3.34%	-8.18%
USDJPY	107.6400	0.54%	0.43%	-0.89%
AUDUSD	0.6537	1.93%	0.38%	-6.89%
CHFUSD	1.0296	0.03%	-0.58%	-0.36%
CADUSD	0.7145	0.80%	-0.36%	-7.18%
NZDUSD	0.6094	2.68%	-0.54%	-9.58%

- The US dollar rose against a basket of currencies on Friday, paring some of its weekly loss. Earlier in the week, the greenback fell as global risk sentiment improved, sapping demand for the safest assets. On Friday, the USD was lifted by safe-haven demand as a move by Beijing to impose a new security law on Hong Kong further strained fast-deteriorating US-China ties.
- The euro rose against the dollar, touching a two-week high, as the common currency enjoyed a boost from the recently announced Germany and France's proposal for a common recovery aid fund that could move Europe closer to a fiscal union as it tries to counter the economic hit from the coronavirus pandemic.
- Emerging market currencies posted a weekly gain amid optimism progress is being made toward developing coronavirus vaccines, and as more nations roll back lockdowns. EM currencies fell at the end of the week, paring some of their gains, after the rally was tempered by an escalation in US-China tensions.



Energy & Metals

WTI Crude Oil for July closed +12.64% to US\$33.25

- Crude oil prices climbed as producers curtailed output in response to ultralow crude prices and the coronavirus crisis.
- Companies in the US are shutting in wells, while large producers such as Saudi Arabia and Russia are curbing supply as part of a global agreement reached last month. The number of active rigs drilling for oil in the United States declined by 21 in the week of May 22 to a record low of 318.
- Supply cuts and a nascent rebound in fuel demand are driving down stockpiles in the US and China, supporting the price increases.

Gold for June closed -1.18% to US\$1,735.50

- Gold prices fell as equities rallied on hopes for a vaccine and an economic recovery.

Copper for May closed +3.24% to US\$240.90

- Copper prices surged at the beginning of the week, driven by hopes for a global economic stabilization, but fell back on Friday on warnings about rising tensions between the world's two largest economies.
- Brazil's coronavirus outbreak has disrupted global supplies of iron ore just as demand from China is rising, pushing the price of the steel ingredient to a seven-month high. Prices have risen 20% since early April, driven by squeezed supplies from Brazil, which dominates the iron-ore mining industry, along with Australia.

ETF MONEY FLOWS (WTD)



HYG US Equity	ISHARES IBOXX HIGH YLD CORP	906,580,002	
SMH US Equity	VANECK SEMICONDUCTOR	583,652,531	
IEFA US Equity	ISHARES CORE MSCI EAFE ETF	535,280,029	
XLU US Equity	UTILITIES SELECT SECTOR SPDR	515,175,771	
LQD US Equity	ISHARES IBOXX INVESTMENT GRADE	482,292,006	
XLP US Equity	CONSUMER STAPLES SPDR	474,724,177	
VEA US Equity	VANGUARD FTSE DEVELOPED ETF	360,079,355	
IVE US Equity	ISHARES S&P 500 VALUE ETF	330,826,995	
TLT US Equity	ISHARES 20+ YEAR TREASURY BOND	292,994,994	
XLV US Equity	HEALTH CARE SELECT SECTOR	280,150,942	
SPY US Equity	SPDR S&P 500 ETF TRUST	(1,274,329,483)	
QQQ US Equity	INVESCO QQQ TRUST SERIES 1	(852,250,191)	
XLI US Equity	INDUSTRIAL SELECT SECT SPDR	(607,074,165)	
DIA US Equity	SPDR DJIA TRUST	(410,545,362)	
XOP US Equity	SPDR S&P OIL & GAS EXP & PR	(360,446,501)	
IWD US Equity	ISHARES RUSSELL 1000 VALUE ETF	(266,060,503)	
XLE US Equity	ENERGY SELECT SECTOR SPDR	(254,514,630)	
CIU US Equity	ISHARES INTERMEDIATE CREDIT	(191,400,506)	
IWO US Equity	ISHARES RUSSELL 2000 GROWTH	(190,887,997)	
XLB US Equity	MATERIALS SELECT SECTOR SPDR	(189,549,551)	

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