



Your Gateway To The World

WEEKLY MARKET SUMMARY



Equity Markets



Bond Markets



Currencies



Commodities

31 May 2020



US

S&P500 +3.01% (3,044.31); NASDAQ +1.77% (9,489.87); DJIA +3.75% (25,383.11)

This week's reports:

- **Q1 2020 GDP Annualized** (second est.) contracted 5% versus the advance estimate of -4.8% and Q4 2019's growth of +2.1%.
- **May's CB Consumer Confidence Index** rose to 86.6 from 85.7 in April, following gradual re-opening of the economy.
- **May's Michigan Consumer Sentiment Index** fell to 72.3 from April's 73.7.
- **April's Personal Income** surged 10.5% from March's -2.2%, as federal economic recovery payments were distributed. **Personal Spending** fell 13.6% from March's -6.9%.
- **March's FHFA Housing Price Index** rose 0.1% from February's +0.8%.
- **March's S&P/Case-Shiller Home Price Indices** rose 3.9% y/y versus February's +3.5% y/y.
- **April's New Home Sales** rose 0.6% from March's -13.7%.
- **April's Pending Home Sales** tumbled 21.8% from March's -20.8%.
- **May's Chicago PMI** fell to 32.3 from April's 35.4.
- **April's Chicago Fed National Activity Index (CFNAI)** fell to -16.74 from March's -4.97.
- **May's Dallas Fed Manufacturing Index** rose to -49.2 from April's -74.
- **May's Richmond Fed Manufacturing Index** rose to -27 from April's -53.
- **May's Kansas Fed Manufacturing Activity Index** rose to -25 from April's -62.
- **April's Durable Goods Orders** fell 17.2% from March's -16.6%. **Durable Goods Orders ex Transportation** fell 7.4% from March's -1.7%.
- **April's Wholesale Inventories** rose 0.4% from March's -1.0%.
- **Initial Jobless Claims** for the week ending May 23rd fell by 323K to 2.123M, their eighth straight weekly decline. Total initial claims reached above 40 million since mid-March. **Continuing Jobless Claims** for the week ending May 16th fell by 3.86M to 21.052M, their first decline since the beginning of the pandemic in the US.

- US stocks edged up Friday, notching a second consecutive week of strong gains and their best two-month performance since 2009. Investors have been encouraged in recent weeks by signs of states and businesses around the country reopening, helping stocks rebound from their March lows.
- The S&P 500 and DJIA both climbed more than 4% in May, extending their April's rally when the indexes posted their best monthly percentage gains since 1987. The two-month rally has cut the indexes' losses for the year to 5.8% and 11%, respectively. Nasdaq Composite index rose 6.8% in May and is up 5.8% for 2020.
- The sharp rally in stocks this week paused Thursday after President Trump said the US would suspend entry for Chinese foreign nationals whom the US views as a security risk and roll back some of the special preferences granted to Hong Kong after China moved to impose national-security laws on the city. Stocks quickly bounced back as many investors expected harsher US actions against China.



Canada

S&P/TSX Composite +1.87% (15,192.83)

- Canada's stocks climbed for a second week. Financials led the gains after Canadian banks reported quarterly results that showed they're well-prepared for the recession. The TSX index rose for a second month, as oil prices strongly rebounded from their April lows.
- **Q1 2020 GDP Annualized** fell 8.2% from Q4 2019's +0.6%. Most of the contraction happened in March, as **March's GDP** fell 7.2% m/m from February's +0.1% m/m.

Eurozone

EUROSTOXX50	+4.98%	(3,050.20)
DJSTOXX600	+3.00%	(350.36)
DAX30	+4.63%	(11,586.85)
CAC40	+5.64%	(4,695.44)
FTSE100	+1.39%	(6,076.60)

- European shares fell on Friday, paring some of their weekly gains, with investors nervous ahead of a press conference by US President Donald Trump over China and as tensions rise between the countries, first over the coronavirus and now over Beijing's fresh crackdown on Hong Kong.
 - The Stoxx Europe 600 Index still closed 3% higher for the month, its best May performance since 2009, as equities were supported by optimism over unprecedented stimulus measures.
- **May's CPI** (prelim.) rose 0.1% y/y, the lowest level in four years, versus April's +0.3% y/y. **Core CPI** (prelim.) rose 0.9% y/y, the same as in April.
- **May's Consumer Confidence Index** rose to -18.8 from April's -22. **Economic Confidence Index** rose to 67.5 from April's 64.9.

UK

- UK shares closed firmly in the red on Friday, paring most of their weekly gains, amid growing tensions between the US and China.



Japan

NIKKEI +7.31% (21,877.89)

- Japan's shares fell on Friday, paring some of their large weekly gain, succumbing to selling pressure built up amid heightened US-China tensions. Earlier in the week, Tokyo stocks rallied following Wall Street's path, on hopes for an economic recovery.
- **March's Leading Economic Index** rose to 84.7 from February's 83.8.
- **March's All Industry Activity Index** fell 3.8% from February's -0.7%.
- **April's Retail Sales** fell 9.6% from March's -4.5%.
- **April's Industrial Production** (prelim.) fell 9.1% from March's -3.7%.
- **May's Consumer Confidence Index** rose to 24.0 from April's reading of 21.6.

Australia & New Zealand

S&P/ASX200 +4.71% (5,755.69)

NZX 50 +2.06% (10,882.41)

- **New Zealand's May ANZ Consumer Confidence Index** rose to 97.3 from April's 84.8.

Emerging Markets

MSCI EM	+2.77%	(930.35)
MSCI Asia Pacific	+3.77%	(140.06)
Shanghai Composite (China)	-1.91%	(2,813.77)
HANG SENG Index	+0.14%	(22,961.47)
India SENSEX Index	+5.71%	(32,424.10)
EM Eastern Europe	+3.97%	(146.09)
Russia's IMOEX	+0.94%	(2,734.83)
MSCI EM Latin America (USD)	+6.26%	(1,774.53)
Brazil BOVESPA Index	+6.36%	(87,402.60)



Emerging Markets

- Emerging market stocks rose for the week, following global rally. Still, the benchmark MSCI EM index is on track to end the month little changed as gains made on optimism from bumper global stimulus and an early pickup in business activity were countered by fears of a second wave of coronavirus infections and the escalation in US-China tensions.
 - Emerging market shares of Latin American countries were the winners in May, rallying on better prospects for oil and other commodities. However, as economies in Europe, Asia and the US gradually reopen, Latin America has become the epicenter of the crisis, accounting for roughly a third of new cases globally and more than 40% of daily fatalities.
 - Economists have calculated, based on official statistics, that Russia's GDP has contracted by 28% y/y in April, as the coronavirus containment measures cut economic activity by 33% and Urals oil price dropped to \$18 a barrel. Russia's unemployment rate rose from 4.7% to 5.8% in April, while retail trade tumbled 23.4% y/y.
- **India's Q1 2020 GDP Growth** was 3.1% y/y, its slowest pace in 40 quarters, versus Q4 2019's 4.1% y/y. Growth was dragged down by the manufacturing and construction sectors and some impact of the national lockdown in late March. Growth in FY 2019/20 (which ended on March 31), was 4.2%, an 11-year low.
- **Brazil's Q1 2020 GDP** contracted 1.5% q/q (-0.3% y/y) from Q4 2019's +0.5% q/q (+1.7% y/y). Brazilian Economy Ministry said it expects much deeper contraction in the second quarter, while the central bank said it forecasts 2020 contraction of 5% or more.



US

2-yr USTs closed down 1bps to 0.16%. 10-yr USTs closed down 1bps to 0.65%.

- US government bond yields registered a small weekly decline after falling on Friday by the most in three weeks. Friday's fall in yields was brought on by President Trump's news conference, where he put pressure on China over the imposition of security laws that would erode Hong Kong's autonomy from Beijing.

Canada

2-yr GCAD closed unch. at 0.29%. 10-yr GCAD closed up 3bps to 0.53%.

Europe

2-yr Bunds closed up 2bps to -0.66%. 10-yr Bunds closed up 4bps to -0.45%.

UK

2-yr Gilts closed up 1bps to -0.04%. 10-yr Gilts closed up 1bps to 0.18%.

Japan

2-yr bonds closed up 2bps to -0.15%. 5-yr bonds closed up 1bps to -0.13%. 10-yr bonds closed up 1bps to 0.01%.



CURRENCIES



Currencies	29/05/2020	Weekly %	MTD %	YTD %
USDILS	3.5113	-0.56%	0.71%	1.68%
EURILS	3.8982	1.28%	2.06%	0.64%
GBPILS	4.3350	0.92%	-1.26%	-5.37%
CHFILS	3.6504	0.41%	1.15%	2.26%
JPYILS	3.2550	-0.77%	0.12%	2.39%
AUDILS	2.3397	1.37%	3.09%	-3.48%
CADILS	2.5484	1.07%	1.97%	-4.16%
EURUSD	1.1101	1.83%	1.33%	-1.00%
GBPUSD	1.2343	1.40%	-1.99%	-6.89%
USDJPY	107.8300	0.18%	0.61%	-0.72%
AUDUSD	0.6667	1.99%	2.38%	-5.04%
CHFUSD	1.0402	1.03%	0.44%	0.67%
CADUSD	0.7259	1.60%	1.23%	-5.70%
NZDUSD	0.6205	1.82%	1.27%	-7.94%

- The US dollar fell against a basket of major currencies as global optimism regarding the reopening of economies spurred investors' risk appetite and weakened demand for the safest assets.
- The euro had its best weekly gain against the USD in nine weeks, helped by month-end adjustments to portfolio hedges and by the European Union's recently announced plan to prop up the bloc's economies with a 750 billion-euro recovery fund.
- The British pound fell to a two-month low against a broadly strong euro ahead of a new round of Brexit talks next week. Brexit talks about a trade deal with the European Union have not gone well, with the clock ticking on a transition period that runs out at the end of the year.
- Emerging market currencies finished the week almost flat despite the surge in global risk appetite, as the escalation in US-China tensions held investors back from the riskiest assets.



Energy & Metals

WTI Crude Oil for July closed +6.74% to US\$35.49

- WTI crude oil spiked 88% in May, notching its best monthly performance gain on record. The surge in oil prices comes just one month after oil prices went negative for a brief period of time, as demand for oil plummeted amid the economic shutdown caused by the COVID-19 pandemic.
- Crude surged in May on signs of bottoming economic data and gradual reopening of economies around the world, which allowed investors hope that demand for oil will bounce back as well.

Gold for June closed +0.08% to US\$1,736.90

- Gold prices finished the volatile week unchanged. The yellow metal fell at the beginning of the week with a worldwide surge in risk appetite that pressed gold prices lower as equities rallied. Later in the week, gold prices rose, wiping out previous losses, on support from deepening US-China tensions.

Copper for July closed +1.63% to US\$242.55

- Copper prices rose on hopes that reopening of economies around the world would help increase demand for the industrial metal. Copper rally was limited by investors' nervousness about US response to China over Hong Kong.

ETF MONEY FLOWS (WTD)



VOO US Equity	VANGUARD S&P 500 ETF	21,632,873,350	
VTI US Equity	VANGUARD TOTAL STOCK MKT ETF	21,019,180,506	
GLD US Equity	SPDR GOLD SHARES	19,736,205,761	
QQQ US Equity	INVESCO QQQ TRUST SERIES 1	14,854,399,559	
LQD US Equity	ISHARES IBOXX INVESTMENT GRADE	13,895,828,005	
BND US Equity	VANGUARD TOTAL BOND MARKET	11,065,738,039	
BIL US Equity	SPDR BBG BARC 1-3 MONTH TBIL	10,296,764,145	
BNDX US Equity	VANGUARD TOTAL INTL BOND ETF	9,646,306,830	
HYG US Equity	ISHARES IBOXX HIGH YLD CORP	9,110,841,288	
VXUS US Equity	VANGUARD TOTAL INTL STOCK	8,474,997,997	
EFA US Equity	ISHARES MSCI EAFE ETF	(10,886,262,012)	
SPY US Equity	SPDR S&P 500 ETF TRUST	(10,217,505,353)	
EEM US Equity	ISHARES MSCI EMERGING MARKET	(8,300,038,450)	
IEMG US Equity	ISHARES CORE MSCI EMERGING	(4,707,353,986)	
FLOT US Equity	ISHARES FLOATING RATE BOND ETF	(4,156,722,966)	
XLF US Equity	FINANCIAL SELECT SECTOR SPDR	(4,113,244,460)	
VWO US Equity	VANGUARD FTSE EMERGING MARKETS	(3,870,196,903)	
MDY US Equity	SPDR S&P MIDCAP 400 ETF TRST	(3,777,414,773)	
EWJ US Equity	ISHARES MSCI JAPAN ETF	(3,738,970,470)	
RSP US Equity	INVESCO S&P 500 EQUAL WEIGHT	(3,536,284,391)	

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