



Your Gateway To The World

WEEKLY MARKET SUMMARY



Equity Markets



Bond Markets



Currencies



Commodities

7 June 2020



US

S&P500 +4.91% (3,193.93); NASDAQ +3.42% (9,814.08); DJIA +6.81% (27,110.98)

This week's reports:

- **May's Unemployment Rate** fell to 13.3% from April's 14.7% after **Non-Farm Payrolls** rose by 2.509 million, versus April's -20.687 million and versus the expected loss of 8 million jobs. The improvements in the labor market reflected a limited resumption of economic activity that had been curtailed in March and April due to the coronavirus pandemic and efforts to contain it. **Labor Force Participation Rate** rose to 60.8% from April's 60.2%.
 - **May's Average Weekly Hours** rose to 34.7 from April's 34.2. **Average Hourly Earnings** rose 6.7% y/y versus April's +8% y/y.
 - **Q1 2020 Non-Farm Productivity** fell by 0.9% versus Q4 2019's -2.5%. **Unit Labor Cost** rose 5.1% from Q4's +4.9%.
 - **April's Consumer Credit** fell by \$68.78 billion (versus the expected drop of \$20 billion) from March's -\$12.04 billion. Revolving credit dropped a record 64.9%; while nonrevolving credit fell 4%.
 - **May's Markit Manufacturing PMI** rose to 39.8 from April's 36.1. **Services PMI** rose to 37.5 from April's record low of 26.7 and slightly higher than the preliminary reading of 36.9. **Composite PMI** rose to 37 from April's record low of 27.
 - **April's ISM Manufacturing PMI** rose to 43.1 from April's 41.5. **Non-Manufacturing PMI** rose to 45.4 from April's 41.8.
 - **April's Factory Orders** fell by 13% from March's -11%.
 - **Initial Jobless Claims** for the week ending May 30th fell by 249K to 1.877M, their ninth straight weekly decline. **Continuing Jobless Claims** for the week ending May 23rd rose by 649K to 21.487M.
- US stocks surged on Friday, closing sharply higher for the week, after expectations-defying data showed the country added 2.5 million jobs in May, boosting investors' bets on a nascent economic recovery. Shares of cyclical companies, whose profits are closely tied to the economy's trajectory, helped lead Friday's stock rally.
 - The past week's moves have extended a stock recovery that has allowed major indexes to pare most of the losses they incurred after the coronavirus pandemic brought business and spending around the country to a halt in March. The Dow is off just 5% for the year, while the S&P 500 is down 1.1%. The Nasdaq Composite index is up 9.4% from the start of the year.



Canada

S&P/TSX Composite +4.35% (15,854.07)

- Canada's stocks surged on the week following surprisingly positive jobs reports in Canada and the United States. The S&P/TSX composite index hit a three-month high and it is now just 12% below its record high level registered in February.
- **May's Unemployment Rate** rose to a record high of 13.7% from April's 13% even as **Net Payrolls** rose by 289.6K from April's -1,993.8K. The increase in the unemployment rate came as more people started looking for work. **May's Participation Rate** rose to 61.4% from April's 59.8%.
- **May's Average Hourly Wages** rose 9.96% y/y versus April's +10.5% y/y.
- **Q1 2020 Labor Productivity** rose 3.4% from Q4 2019's -0.1%.
- **May's Ivey PMI** rose to 39.1 from April's 22.8.

Europe

EUROSTOXX50	+10.95%	(3,384.29)
DJSTOXX600	+7.12%	(375.32)
DAX30	+10.88%	(12,847.68)
CAC40	+10.70%	(5,197.79)
FTSE100	+6.71%	(6,484.30)

- European shares jumped on surprisingly positive US jobs report as well as on ECB stimulus expansion and Germany's second economic-stimulus package since the start of the coronavirus pandemic.
- German government revealed its second economic stimulus package of 130 billion euros for the years 2020 and 2021. The package includes a temporary reduction in value-added tax, subsidies for families with children, and assistance for municipalities and small and medium-sized businesses.
- The ECB expanded its Eurozone government and corporate debt purchase program from €750 billion to €1.35 trillion (\$1.52 trillion) and extended its run from the end of this year at least through June 2021. The move puts the European central bank's stimulus effort in line with that of the US Federal Reserve.
- **May's Markit Manufacturing PMI** rose to 39.4 from April's 33.4. **Services PMI** rose to 30.5 from April's record low of 12.0 and higher than the preliminary reading of 28.7. **Composite PMI** rose to 31.9 from April's record low of 13.6.
- **April's Unemployment Rate** rose to 7.3%, up from 7.1% in March.
- **April's Retail Sales** fell 11.7% from March's -11.1%.



UK

- **May's Markit Manufacturing PMI** rose to 40.7, up from a record-low of 32.6 in April. **Services PMI** rose to 29 from April's record low of 13.4 and higher than the preliminary reading of 27.8.
- **May's GfK Consumer Confidence Index** fell to -36, just three points shy of the historic low of -39 in July 2008, from April's -34.

Japan

NIKKEI +4.51% (22,863.73)

- Japan's shares advanced, with global economic recovery prospects keeping investor sentiment bullish.
- **May's Jibun Bank (Markit) Manufacturing PMI** fell to 38.4 from April's 41.9, its fourth straight month of contraction. **Services PMI** rose to 26.5 from April's record low of 21.5.
- **April's Overall Household Spending** fell 11.1% y/y versus March's -6% y/y.
- **April's Leading Economic Index (prelim.)** fell to 76.2 from March's 85.1.

Australia & New Zealand

S&P/ASX200 +4.22% (5,998.72)

NZX 50 +2.66% (11,171.66)

- **Australia's May AiG performance of the Manufacturing Index** rose to 41.6 from April's 35.8. **AiG Performance of Services Index** rose to 31.6 from April's 27.1.
- **Australia's May Commonwealth Bank (Markit) Manufacturing PMI** fell to 44 from April's 44.1. **Services PMI** rose to 26.9 from April's record low of 19.5. **Composite PMI** rose to 28.1 from April's 26.4.
- **Australia's Q1 2020 GDP Growth** was 1.4% y/y versus Q4 2019's +2.2% y/y.



Emerging Markets

MSCI EM	+7.77%	(1,002.65)
MSCI Asia Pacific	+4.98%	(147.04)
Shanghai Composite (China)	+2.75%	(2,930.80)
HANG SENG Index	+7.88%	(24,770.41)
India SENSEX Index	+5.75%	(34,287.24)
EM Eastern Europe	+6.67%	(155.83)
Russia's IMOEX	+2.12%	(2,792.74)
MSCI EM Latin America (USD)	+15.81%	(2,055.09)
Brazil BOVESPA Index	+8.28%	(94,637.10)

- Emerging market stocks ended the week on an upbeat note, posting their biggest weekly gain since 2011 as investors moved into search-for-yield mode. Improving economic data from the US and China along with the ECB's stimulus expansion reignited investors' sentiment, pushing them into riskier assets.
- **China's May NBS Manufacturing PMI** (official) fell to 50.6 from April's 50.8. **Non-Manufacturing PMI** (official) rose to 53.6 from April's 53.2.
- **China's May Caixin (Markit) Manufacturing PMI** rose to 50.7 from April's 49.4. **Caixin (Markit) Services PMI** rose to 55 from April's 44.4.
- **Brazil's May HSBC Manufacturing PMI** rose to 38.3 from April's 36.
- **Brazil's April Industrial Production** fell 27.2% y/y versus April's -3.8% y/y.
- **Russia's May HSBC Manufacturing PMI** rose to 36.2 from April's 31.3. **Markit Services PMI** rose to 35.9 from April's 12.2.



US

2-yr USTs closed up 5bps to 0.21%. 10-yr USTs closed up 24bps to 0.90%.

- US government bond prices fell, pushing the yield curve to its steepest level since March, on expectations that the global economy has dodged the worst-case coronavirus pandemic scenarios. A surprisingly positive US employment report added to the bearish pressure on prices.

Canada

2-yr GCAD closed up 6bps to 0.35%. 10-yr GCAD closed up 20bps to 0.73%.

Europe

2-yr Bunds closed up 6bps to -0.60%. 10-yr Bunds closed up 17bps to -0.28%.

UK

2-yr Gilts closed up 5bps to 0.01%. 10-yr Gilts closed up 17bps to 0.35%.

Japan

2-yr bonds closed up 3bps to -0.13%. 5-yr bonds closed up 5bps to -0.08%. 10-yr bonds closed up 5bps to 0.05%.



CURRENCIES



Currencies	05/06/2020	Weekly %	MTD %	YTD %
USDILS	3.4655	-1.30%	-1.30%	0.36%
EURILS	3.9141	0.41%	0.41%	1.05%
GBPILS	4.3997	1.49%	1.49%	-3.96%
CHFILS	3.6063	-1.21%	-1.21%	1.03%
JPYILS	3.1670	-2.70%	-2.70%	-0.37%
AUDILS	2.4237	3.59%	3.59%	-0.02%
CADILS	2.5857	1.46%	1.46%	-2.75%
EURUSD	1.1292	1.72%	1.72%	0.70%
GBPUSD	1.2668	2.63%	2.63%	-4.44%
USDJPY	109.5900	1.63%	1.63%	0.90%
AUDUSD	0.6969	4.53%	4.53%	-0.74%
CHFUSD	1.0391	-0.11%	-0.11%	0.56%
CADUSD	0.7451	2.64%	2.64%	-3.21%
NZDUSD	0.6507	4.87%	4.87%	-3.46%

- The US dollar had its third consecutive week of losses as risk-on sentiment on hopes for a faster-than-expected global recovery pushed investors away from dollar-denominated safe assets into riskier investment alternatives.
- The euro surged on weaker dollar, higher risk appetite and the ECB's stimulus expansion. Europe's central bank increased the size of its bond-buying program by 600 billion euros, more than expected, and extended purchases by six months, to aid a recovery for the coronavirus-hit economy.
- Emerging market currencies had their best weekly advance in more than four years as US dollar weakened, while a risk rally on hopes of a global economic recovery was topped off by new monetary stimulus for Europe. The strong weekly advance in MSCI EM Currency Index gives hopes that the EM currencies will join the rally enjoyed by developing countries stocks and bonds as the appeal of the carry trade and yield hunting is rising.



Energy & Metals

WTI Crude Oil for July closed +11.44% to US\$39.55

- WTI and Brent prices rallied for a sixth straight week, lifted by the output cuts and signs of improving fuel demand as countries ease lockdowns imposed to fight the new coronavirus outbreak.
- Crude jumped on Friday after an unexpected fall in the May US jobless rate that added to economic optimism.
- Both benchmarks were lifted by expectations that major oil producers will agree to extend their production cuts for an additional month in an ongoing effort to balance the global oil market.

Gold for June closed -3.49% to US\$1,676.20

- Gold prices fell as hopes for a global economic rebound got a boost from stronger-than-expected US non-farm payrolls data, reducing demand for safe havens.

Copper for July closed +5.36% to US\$255.55

- Copper prices surged on Friday to the highest in 13 weeks as an unexpected increase in US employment in May fueled hopes of a revival of global economic activity.

ETF MONEY FLOWS (WTD)



SPY US Equity	SPDR S&P 500 ETF TRUST	5,253,243,260	
HYG US Equity	ISHARES IBOXx HIGH YLD CORP	3,638,625,970	
LQD US Equity	ISHARES IBOXx INVESTMENT GRADE	2,911,699,031	
XLF US Equity	FINANCIAL SELECT SECTOR SPDR	1,478,858,552	
AGG US Equity	ISHARES CORE U.S. AGGREGATE	1,299,764,991	
VCSH US Equity	VANGUARD S/T CORP BOND ETF	1,284,261,928	
IJR US Equity	ISHARES CORE S&P SMALL-CAP ETF	1,116,247,969	
BND US Equity	VANGUARD TOTAL BOND MARKET	1,102,383,014	
VCIT US Equity	VANGUARD INT-TERM CORPORATE	1,086,968,003	
EMB US Equity	ISHARES JP MORGAN USD EMERGING	1,046,785,986	
QQQ US Equity	INVESCO QQQ TRUST SERIES 1	(1,867,861,138)	
IVV US Equity	ISHARES CORE S&P 500 ETF	(1,420,056,522)	
IEF US Equity	ISHARES 7-10 YEAR TREASURY BOND	(1,386,373,985)	
SHV US Equity	ISHARES SHORT TREASURY BOND	(896,802,005)	
BIL US Equity	SPDR BBG BARC 1-3 MONTH TBIL	(855,820,810)	
ESGU US Equity	ISHARES TRUST ISHARES ESG MS	(602,461,018)	
SCHF US Equity	SCHWAB INTL EQUITY ETF	(594,680,663)	
VTV US Equity	VANGUARD VALUE ETF	(554,629,644)	
SHY US Equity	ISHARES 1-3 YEAR TREASURY BOND	(553,776,999)	
TLT US Equity	ISHARES 20+ YEAR TREASURY BOND	(507,725,990)	

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