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# WEEKLY MARKET SUMMARY



Equity Markets



Bond Markets



Currencies



Commodities

14 June 2020



## US

**S&P500 -4.78% (3,041.31); NASDAQ -2.30% (9,588.81); DJIA -5.55% (25,605.54)**

### This week's reports:

- **June's Michigan Consumer Sentiment Index** (prelim.) rose to 78.9 from May's 72.3. The second straight monthly increase in sentiment was led by last week's data showing an unexpected surge in hiring.
  - **May's NFIB Small Business Economic Optimism Index** rose to 94.4 from April's 90.9.
  - **May's CPI** fell 0.1% m/m from April's -0.8% m/m. Year-on-year, May's inflation was +0.1% versus April's +0.3% y/y. **CPI ex Food & Energy (Core)** rose 1.2% y/y versus April's 1.4% y/y.
  - **April's Wholesale Inventories** rose 0.3% from March's +0.4%.
  - **Initial Jobless Claims** for the week ending June 6<sup>th</sup> fell by 355K to 1.542M, their tenth straight weekly decline. **Continuing Jobless Claims** for the week ending May 30<sup>th</sup> fell by 339K to 20.929M. Consensus expectations were for 20 million continuing claims.
- US stocks recovered some lost ground Friday, a day after suffering their worst rout since March, but still posted losses for the week.
  - On Thursday, US stocks had their worst daily drop since mid-March as US and global investors were spooked by an uptick in coronavirus cases and the pace of the economic recovery.
  - Shares were also depressed after the Federal Reserve Chairman Jerome Powell signaled no rate increases through 2022. Powell also warned that the labor market could take years to recover from the pandemic and millions of Americans might be unable to return to their old jobs or industries. Global and US bank stocks fell sharply on news that Fed officials had no plans to raise short-term interest rates any time soon.
  - Before Thursday's fall, all three main indexes rallied for three straight weeks, erasing most of this year's losses. The tech-heavy Nasdaq even hit new records earlier this week and closed above 10000 for the first time, reflecting the strength of big technology stocks like Apple and Microsoft.
  - The Nasdaq Composite index is now up 6.9% for the year, while the Dow is off 10% and the S&P 500 is down 5.9%. Meanwhile, the Cboe Volatility Index, or VIX, a barometer of stock-market volatility, gained 47% this week, its biggest one-week increase since February.

## Canada

**S&P/TSX Composite -3.77% (15,256.57)**

- Canada's stocks retreated, spurred by fears over a another wave of the coronavirus and weaker-than-expected economic data. Shares were led lower by the energy sector as oil prices pulled back.
- **Q1 2020 Capacity Utilization** fell to 79.8% from Q4 2020's 81.4%.



## Europe

EUROSTOXX50	-6.81%	(3,153.74)
DJSTOXX600	-5.66%	(354.06)
DAX30	-6.99%	(11,949.28)
CAC40	-6.90%	(4,839.26)
FTSE100	-5.85%	(6,105.18)

- European shares closed slightly up on Friday after heavy losses in the previous session, but marked their worst week since the peak of the coronavirus sell-off due to persistent concerns over the pace of an economic recovery.
  - On Thursday, the STOXX 600 index clocked its worst single-day loss since March 23, on fears of the second wave of the coronavirus pandemic and after the US Federal Reserve pointed to a long road to economic recovery for the world's largest economy.
  - The Organization for Economic Cooperation and Development (OECD) said the coronavirus has contributed to the worst economic crisis since World War II. The organization expects the global GDP to contract 6.0% in 2020 versus the year-ago period based on the assumption that the pandemic will continue to recede and remain under control. The latest forecast is significantly worse than the March projection of a 2.4% decline in global growth.
- **June's Sentix Investor Confidence Index** rose to -24.8 from May's -41.8.
- **Q1 2020 GDP** (second estimate) fell 3.1% y/y, less than previously estimated (-3.2% y/y), versus Q4 2019's +1.0% y/y.
- **April's Industrial Production** tumbled 28% y/y versus March's -13.5% y/y. month-on-month, production fell 17.1% from March's -11.9% m/m, as factories and building sites were forced to shut down or scale back activities.

## UK

- **April's GDP** tumbled a record 20.4% m/m, more than the expected fall of 18.4%, from March's -5.8%. April was the first full month of the lockdown measures.
- **April's Industrial Production** dropped 24.4% y/y versus the expected -19.3% and versus March's -8.2% y/y. **Manufacturing Production** tumbled 28.5% y/y versus the expected -19.9% and versus March's -9.7% y/y.
- **May's RICS Housing Price Balance** fell 32% from April's -22%.



## Japan

**NIKKEI -2.44% (22,305.48)**

- Japan's Nikkei stock index lost another ground Friday following a Wall Street sell-off the previous day amid rekindled concerns over the coronavirus pandemic and its economic fallout. The benchmark clocked its biggest fall in seven weeks.
- **Q1 2020 GDP Annualized** shrunk 2.2%, less than initially estimated (3.4%), versus Q4 2019's 7.2% annualized contraction. On quarter-on-quarter basis, the economy contracted 0.6% in the first quarter compared with an initial reading of a 0.9% decline.
- **April's Labor Cash Earnings** fell 0.6% y/y versus March's +0.1% y/y.
- **April's Machinery New Orders** fell 17.7% y/y from March's -0.7% y/y.
- **May's Machine Tool Orders** (prelim.) dropped 52.8% y/y versus April's -48.3% y/y.
- **April's Industrial Production** tumbled 15% y/y versus March's -14.4% y/y. **Capacity Utilization** fell 13.3% from March's -3.6%.

## Australia & New Zealand

**S&P/ASX200 -2.52% (5,847.81)**

**NZX 50 -2.38% (10,905.94)**

- **Australia's June Westpac Consumer Confidence Index** rose to 88.1 from May's 75.6.
- **Australia's May NAB Business Confidence Index** rose to -20 from April's -45.
- **New Zealand's May Business NZ PMI** rose to 39.7 from April's 26.1.



## Emerging Markets

MSCI EM	-1.56%	(987.01)
MSCI Asia Pacific	-0.76%	(145.92)
Shanghai Composite (China)	-0.38%	(2,919.74)
HANG SENG Index	-1.89%	(24,301.38)
India SENSEX Index	-1.48%	(33,780.89)
EM Eastern Europe	-3.89%	(149.77)
Russia's IMOEX	-1.75%	(2,743.80)
MSCI EM Latin America (USD)	-4.66%	(1,959.31)
Brazil BOVESPA Index	-1.95%	(92,795.30)

- Emerging market stocks fell for the week, mirroring their US counterparts. However, emerging markets outperformed the developed markets for the week by over 2%, as many Asian markets continue to show more progress against the pandemic.
- **China's May CPI** rose 2.4% y/y versus April's 3.3% y/y. Month-over-month, prices fell 0.8% in May after declining 0.9% in April.
- **China's May Exports** fell 3.3% y/y versus April's increase of 3.5% y/y. **Imports** tumbled 16.7% y/y versus April's -14.2% y/y.



## US

**2-yr USTs closed down 1bps to 0.19%. 10-yr USTs closed down 19bps to 0.70%.**

- US government bond prices rose, pushing yields down from their highest since March, in a sign that economic pessimism and aggressive monetary stimulus remain powerful forces suppressing longer-term interest rates.
- The yields sunk after the Federal Reserve said it had no plans to raise short-term rates through 2022 and would continue buying Treasuries at a pace of at least \$80 billion a month.

## Canada

**2-yr GCAD closed down 6bps to 0.29%. 10-yr GCAD closed down 19bps to 0.54%.**

## Europe

**2-yr Bunds closed down 7bps to -0.67%. 10-yr Bunds closed down 16bps to -0.44%.**

## UK

**2-yr Gilts closed down 4bps to -0.04%. 10-yr Gilts closed down 15bps to 0.21%.**

## Japan

**2-yr bonds closed down 2bps to -0.14%. 5-yr bonds closed down 2bps to -0.10%. 10-yr bonds closed down 4bps to 0.01%.**



# CURRENCIES



Currencies	12/06/2020	Weekly %	MTD %	YTD %
USDILS	3.4755	0.29%	-1.02%	0.65%
EURILS	3.9106	-0.09%	0.32%	0.96%
GBPILS	4.3582	-0.94%	0.54%	-4.87%
CHFILS	3.6490	1.18%	-0.04%	2.22%
JPYILS	3.2365	2.19%	-0.57%	1.81%
AUDILS	2.3861	-1.55%	1.98%	-1.57%
CADILS	2.5577	-1.08%	0.36%	-3.81%
EURUSD	1.1256	-0.32%	1.40%	0.38%
GBPUSD	1.2540	-1.01%	1.60%	-5.41%
USDJPY	107.3800	-2.02%	-0.42%	-1.13%
AUDUSD	0.6866	-1.48%	2.98%	-2.21%
CHFUSD	1.0500	1.05%	0.94%	1.62%
CADUSD	0.7360	-1.22%	1.39%	-4.39%
NZDUSD	0.6445	-0.95%	3.87%	-4.38%

- The US dollar rose on the week with other safe-havens, such as the yen and the Swiss franc, on worries about the second wave of the pandemic, as well as on bleak economic outlooks from the Fed and the OECD, which signaled that speculations about swift economic recovery are pointless.
- The euro weakened against the dollar in line with other riskier currencies. However, analysts say that the common currency may rally strongly if there's any progress in talks about the common European fiscal fund. On June 18-19, the EU will debate a 750-billion-euro recovery fund which calls for joint debt issuance and cash grants to weaker countries. The fund is seen as a symbolic step to Eurozone fiscal union.
- The British pound fell strongly against the dollar as unprecedentedly weak economic data and Brexit concerns weighed on the British currency. Britain's economy shrank by a quarter over March and April; the country has also made very little headway in talks about a future trade relationship with the European Union.
- Emerging market currencies posted their first weekly declines in a month amid concern a second wave of coronavirus infections is gaining ground in America. The Federal Reserve warned the road to a full US recovery will be a long one, outweighing optimism surrounding its commitment to keep pumping stimulus into the economy.



## Energy & Metals

### WTI Crude Oil for July closed -8.32% to US\$36.26

- Crude oil prices snapped their 6-weeks winning streak, posting worst week since April, as new US coronavirus cases spiked, stoking fears of a second wave of the virus hitting fuel demand.
- Global crude prices began the week higher after the OPEC+ producers agreed to extend their production cuts by another month. But prices reversed course after the economic warnings from the OECD and the Fed cast doubt on the outlook for demand.
- With demand risks back at the forefront, investors' worries about an oil glut were rekindled this past week after Energy Information Administration (EIA) data showed a jump in crude stocks. US crude inventories rose unexpectedly by 5.7 million barrels in the week to June 5 to 538.1 million barrels - a record - as imports were boosted by the arrival of supplies bought by refiners when Saudi Arabia flooded the market in March and April.

### Gold for June closed +3.17% to US\$1,729.30

- Gold prices dipped on Friday on a stronger dollar, while concerns over a second wave of coronavirus infections and a protracted economic recovery limited losses, keeping the metal on track for its first weekly rise in four weeks.

### Copper for July closed +1.74% to US\$260.00

- Copper prices rose for the week on worries about sufficient supply as mine worker unions in Chile, the world's largest producer of the red metal, pressed the mine managers to take more health precautions and threatened to strike.



# ETF MONEY FLOWS (WTD)



QQQ US Equity	INVESCO QQQ TRUST SERIES 1	2,655,425,710	
BBIN US Equity	JPM BETABUILDERS INTL EQTY	1,638,497,324	
BBEU US Equity	JPMORGAN BETABUILDERS EUROPE	1,633,322,276	
BBJP US Equity	JPMORGAN BETABUILDERS JAPAN	1,459,142,519	
IVV US Equity	ISHARES CORE S&P 500 ETF	1,382,696,927	
IGIB US Equity	ISHARES INTERMEDIATE-TERM CO	1,101,738,496	
FXU US Equity	FIRST TRUST UTILITIES ALPHAD	997,474,457	
VCIT US Equity	VANGUARD INT-TERM CORPORATE	814,489,999	
BND US Equity	VANGUARD TOTAL BOND MARKET	770,497,993	
SGOV US Equity	ISHARES 0-3 MONTH TREASURY BOND	760,075,516	
XLV US Equity	HEALTH CARE SELECT SECTOR	(2,156,146,013)	
XLF US Equity	FINANCIAL SELECT SECTOR SPDR	(2,056,229,892)	
BIL US Equity	SPDR BBG BARC 1-3 MONTH TBIL	(1,716,181,418)	
IEFA US Equity	ISHARES CORE MSCI EAFE ETF	(1,433,500,004)	
IWM US Equity	ISHARES RUSSELL 2000 ETF	(1,262,152,499)	
FXH US Equity	FIRST TRUST HEALTH CARE ALPHA	(1,039,238,377)	
SCHP US Equity	SCHWAB U.S. TIPS ETF	(896,765,121)	
XLB US Equity	MATERIALS SELECT SECTOR SPDR	(887,498,739)	
IEF US Equity	ISHARES 7-10 YEAR TREASURY BOND	(814,958,983)	
NEAR US Equity	ISHARES SHORT MATURITY BOND	(799,811,511)	

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