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# WEEKLY MARKET SUMMARY



Equity Markets



Bond Markets



Currencies



Commodities

21 June 2020



## US

**S&P500 +1.86% (3,097.74); NASDAQ +3.73% (9,946.12); DJIA +1.04% (25,871.46)**

### This week's reports:

- **June's NY Empire State Manufacturing Index** jumped to -0.2 from May's -48.5.
  - **May's Industrial Production** rose 1.4%, less than the expected +2.9%, from April's -12.5%. Production increased as many factories resumed at least partial operations. **Capacity Utilization** rose to 64.8% from April's 64%.
  - **April's Business Inventories** fell 1.3% from March's -0.3%.
  - **June's Philadelphia Fed Manufacturing Index** surged to +27.5, much higher than the expected reading of -23, from May's -43.1.
  - **May's Retail Sales** jumped 17.7% from April's -14.7% versus the expectations of an 8% increase. **Retail Sales ex Autos** rose 12.4% from April's -15.2%.
  - **June's NAHB Housing Market Index** rose to 58 from May's reading of 37. The index was led up by a surge in builder confidence in the market for newly-built single-family homes.
  - **May's Housing Starts** rose 4.3% from April's -26.4%. **Building Permits** jumped 14.4% from April's -21.4%.
  - **Initial Jobless Claims** for the week ending June 13<sup>th</sup> fell by 58K to 1.508M, their 11<sup>th</sup> straight weekly decline. **Continuing Jobless Claims** for the week ending June 6<sup>th</sup> fell by 62K to 20.544M. Consensus expectations were for 19.8 million continuing claims.
- US stocks fell on Friday after Apple said it was closing some stores due to a rise in coronavirus cases, stoking fears of another lockdown. Investors have been sensitive to any indications of a second wave of infections, out of fear that it could lead to new lockdowns, reversing the trend toward the economic reopening and recovery. Earlier in the week, markets cheered on data suggesting that the US economy is recovering, with retail sales rebounding and jobless claims easing.
  - Still, all three main US indexes posted weekly gains of at least 1%, reversing a sharp drop last week. The increases were fueled by central-bank stimulus efforts and cautious optimism that the economy is recovering from the worst fallout of the pandemic.
  - Equities jumped worldwide, primarily in response to talk of more US fiscal stimulus and again after the Federal Reserve followed through on an earlier pledge to begin buying a broad portfolio of US corporate bonds.

## Canada

**S&P/TSX Composite +1.43% (15,474.21)**

- Canada's stocks fell on Friday, following Wall Street's cues, but finished positive for the week on better economic data and a rise in commodities such as oil and gold.
- **May's CPI** fell 0.4% y/y versus April's -0.2% y/y. **Core CPI** rose 0.7% y/y vs. April's +1.2% y/y.
- **May's Retail Sales** (prelim.) jumped 19.1% from April's -26.4%.



## Europe

EUROSTOXX50	+3.66%	(3,269.10)
DJSTOXX600	+3.22%	(365.46)
DAX30	+3.19%	(12,330.76)
CAC40	+2.90%	(4,979.45)
FTSE100	+3.07%	(6,292.60)

- European shares closed higher on Friday, reversing previous losses made on second-wave worries,, as investors remained hopeful that a massive stimulus package will soon be passed even though EU leaders made little progress in negotiations.
  - On Friday, European Council had its first meeting to discuss a European commission's proposal to raise 750 billion euros worth of debt ; the policy makers agreed to continue discussions in mid-July.
  - The STOXX 600 index has so far recovered about 36% from its March lows on massive stimulus and less-than-dire economic data. Traders are now betting on urgent action to haul coronavirus-hit European economies from the deepest recession since World War Two.
- **June's ZEW Economic Sentiment** rose to 58.6 from May's 46.
- **May's CPI** rose 0.1% y/y, the same as in April. Month-over-month, prices fell 0.1% from April's +0.3%. **Core CPI** rose 0.9% y/y, the same as in April.

## UK

- **May's CPI** rose 0.5% y/y (0% m/m) versus April's 0.8% y/y (-0.2% m/m). **Core CPI** rose 1.2% y/y versus April's 1.4% y/y.
- **May's Claimant Count Rate** jumped to 7.8% from April's 5.8%. The broad **ILO Unemployment Rate** was unchanged at 3.9% in the three months through April.
- **May's Retail Sales** jumped 12% from April's -18%.
- **June's GfK Consumer Confidence Index** (prelim.) rose to -30 from May's -36.



## Japan

**NIKKEI +0.78% (22,478.79)**

- Japan's stocks rose on Friday, reversing earlier losses, supported by buybacks and the popularity of technology shares. Earlier in the week, stocks fell on concerns over the coronavirus crisis and profit-taking pressures.
- **May's National CPI ex Fresh Food** fell 0.2% y/y, the same as in April.
- **May's Exports** tumbled 28.3% y/y versus April's -21.9% y/y. **Imports** dropped 26.2% y/y versus April's -7.1% y/y.

## Australia & New Zealand

**S&P/ASX200 +1.62% (5,942.58)**

**NZX 50 +3.20% (11,254.74)**

- **Australia's May Westpac Leading Index** rose to 0.19 from April's -1.47.
- **Australia's May Unemployment Rate** rose to 7.1% from April's 6.4%. **Participation Rate** fell to 62.9% from April's 63.6%.
- **Australia's May Retail Sales** jumped 16.3% from April's -17.7%.
- **New Zealand's Q1 2020 GDP** fell 0.2% y/y versus Q4 2019's +1.8% y/y.
- **New Zealand's May Business NZ Performance of Services Index** rose to 37.2 from April's reading of 25.9.



## Emerging Markets

MSCI EM	+1.45%	(1,001.36)
MSCI Asia Pacific	+1.40%	(147.96)
Shanghai Composite (China)	+1.64%	(2,967.63)
HANG SENG Index	+1.41%	(24,643.89)
India BSE SENSEX Index	+2.81%	(34,731.73)
EM Eastern Europe	-0.10%	(149.62)
Russia's IMOEX	+0.54%	(2,758.67)
MSCI EM Latin America (USD)	-0.99%	(1,939.99)
Brazil BOVESPA Index	+4.07%	(96,572.10)

- Emerging market stocks rose for the week as investors looked to monetary stimulus to fuel a post-coronavirus recovery, while markets awaited a Russian central bank meeting at which a cut in interest rates is widely anticipated.
  - The Central Bank of Russia on Friday cut interest rates by 100 basis points to 4.5%, their lowest level since the fall of the Soviet Union, as it looks to shore up an economy reeling from the impact of the coronavirus pandemic. Russian GDP plunged 28% in April.
  - Brazil's central bank cut its benchmark interest rate by 75 basis points to a new record low of 2.25% and said there was some room left for further monetary stimulus to support an economy ravaged by the coronavirus pandemic.
- **China's May Industrial Production** rose 4.4% y/y versus April's +3.9% y/y.
- **China's May Retail Sales** fell 2.8% y/y versus April's -7.5% y/y.



## US

**2-yr USTs closed down 1bps to 0.19%. 10-yr USTs closed down 1bps to 0.69%.**

- US government bond yields ended the week roughly unchanged after rising and falling as the week's economic data offered mixed signals as to whether the economy will be able to manage a V-shaped recovery.

## Canada

**2-yr GCAD closed up 1bps to 0.30%. 10-yr GCAD closed unch. at 0.54%.**

## Europe

**2-yr Bunds closed unch. at -0.67%. 10-yr Bunds closed up 2bps to -0.42%.**

## UK

**2-yr Gilts closed down 1bps to -0.04%. 10-yr Gilts closed up 3bps to 0.24%.**

## Japan

**2-yr bonds closed unch. at -0.14%. 5-yr bonds closed unch. at -0.10%. 10-yr bonds closed up 1bps to 0.02%.**



# CURRENCIES



Currencies	19/06/2020	Weekly %	MTD %	YTD %
USDILS	3.4495	-0.75%	-1.76%	-0.11%
EURILS	3.8635	-1.20%	-0.89%	-0.26%
GBPILS	4.2630	-2.18%	-1.66%	-6.94%
CHFILS	3.6229	-0.72%	-0.75%	1.49%
JPYILS	3.2280	-0.26%	-0.83%	1.54%
AUDILS	2.3585	-1.16%	0.80%	-2.71%
CADILS	2.5352	-0.88%	-0.52%	-4.65%
EURUSD	1.1178	-0.69%	0.69%	-0.31%
GBPUSD	1.2350	-1.52%	0.06%	-6.84%
USDJPY	106.8700	-0.47%	-0.89%	-1.60%
AUDUSD	0.6835	-0.45%	2.52%	-2.65%
CHFUSD	1.0501	0.01%	0.95%	1.63%
CADUSD	0.7349	-0.15%	1.24%	-4.53%
NZDUSD	0.6407	-0.59%	3.26%	-4.94%

- The US dollar had its best weekly gain in a month as fears of a second wave of coronavirus infections have increased demand for safe-haven assets.
- The euro was slightly weaker on the week after as an EU summit, in which the bloc will seek to bridge regional divisions over a 750 billion euro coronavirus recovery fund, got underway. ECB head Christine Lagarde told EU leaders that their economy was in a “dramatic fall” and called on the bloc to act to spearhead revival.
- The British pound had its worst week since mid-May after fresh data on Friday showed government borrowing had hit record highs, more evidence that the coronavirus-stricken economy was a long way from recovering. Britain’s public debt exceeded economic output for the first time since 1963, when the country was still paying off debt from World War Two.
- Emerging market currencies fell for the week on fears of a second wave of COVID-19 infections in major economies, with Latin American currencies bearing a bulk of the selling as cases in the region spiked.



## Energy & Metals

### **WTI Crude Oil for July closed +9.62% to US\$39.75**

- Crude oil prices rose to a three-month high with traders expecting supply cuts to help balance the crude market.
- Drivers returning to the roads, a pickup in Chinese economic activity and record supply cuts by the OPEC+ have driven the recovery. Tumbling output from US shale producers has also pushed some investors to wager on long-term supply shortages.

### **Gold for June closed +0.96% to US\$1,745.90**

- Gold prices rose even as stock benchmarks gained for the week, with haven demand for the precious metal getting a boost as investors grew wary of the rise in COVID-19 cases in China and the US.

### **Copper for July closed +0.42% to US\$261.10**

- Copper prices had their fifth consecutive weekly gain as inventories declined and stock markets rose while demand improved in top consumer China.

# ETF MONEY FLOWS (WTD)



VOO US Equity	VANGUARD S&P 500 ETF	6,422,049,076	
IVV US Equity	ISHARES CORE S&P 500 ETF	2,996,266,925	
VCIT US Equity	VANGUARD INT-TERM CORPORATE	2,143,670,239	
VTI US Equity	VANGUARD TOTAL STOCK MKT ETF	1,978,331,587	
VB US Equity	VANGUARD SMALL-CAP ETF	1,643,521,103	
BBIN US Equity	JPM BETABUILDERS INTL EQTY	1,638,497,324	
VO US Equity	VANGUARD MID-CAP ETF	1,399,872,412	
GLD US Equity	SPDR GOLD SHARES	1,353,213,460	
IGIB US Equity	ISHARES INTERMEDIATE-TERM CO	877,447,993	
DIA US Equity	SPDR DJIA TRUST	877,371,310	
SPY US Equity	SPDR S&P 500 ETF TRUST	(6,080,690,736)	
IEFA US Equity	ISHARES CORE MSCI EAFE ETF	(1,119,451,994)	
XLV US Equity	HEALTH CARE SELECT SECTOR	(1,088,514,025)	
XLP US Equity	CONSUMER STAPLES SPDR	(759,009,896)	
VEA US Equity	VANGUARD FTSE DEVELOPED ETF	(499,591,081)	
NEAR US Equity	ISHARES SHORT MATURITY BOND	(498,400,002)	
JNK US Equity	SPDR BBG BARC HIGH YIELD BND	(458,264,258)	
FXU US Equity	FIRST TRUST UTILITIES ALPHAD	(417,988,586)	
FXH US Equity	FIRST TRUST HEALTH CARE ALPHA	(378,424,913)	
EMB US Equity	ISHARES JP MORGAN USD EMERGING	(374,006,999)	

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