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# WEEKLY MARKET SUMMARY



Equity Markets



Bond Markets



Currencies



Commodities

28 June 2020



## US

S&P500 -2.86% (3,009.05); NASDAQ -1.90% (9,757.22); DJIA -3.31% (25,015.55)

### This week's reports:

- **Q1 2020 GDP Annualized** (third estimate) was unchanged from the previous estimate of -5.0%.
  - **June's Michigan Consumer Sentiment Index** fell to 78.1 from May's 78.9.
  - **May's Personal Income** fell 4.2% from April's -10.8%, as Federal economic recovery payments continued but were at a lower level than in April. **Personal Spending** rose 8.2% from April's -12.6%.
  - **April's FHFA Housing Price Index** rose 0.2% from March's +0.1%.
  - **May's Existing Home Sales** fell 9.7% from April's -17.8%. **New Home Sales** rose 16.6% from April's -5.2%.
  - **May's Chicago Fed National Activity Index (CFNAI)** rose to 2.61 from April's -17.89.
  - **June's Markit Manufacturing PMI** (prelim.) rose to 49.6 from May's 39.8. **Services PMI** (prelim.) rose to 46.7 from May's 37.5. **Composite PMI** (prelim.) rose to 46.8 from May's 37.0.
  - **June's Richmond Fed Manufacturing Index** rose to 0 from May's reading of -27.
  - **May's Wholesale Inventories** (prelim.) fell 1.2% from April's +0.2%.
  - **May's Durable Goods Orders** jumped 15.8% from April's -18.1%. **Durable Goods Orders ex Transportation** rose 4% from April's -8.2%.
  - **Initial Jobless Claims** for the week ending June 20<sup>th</sup> fell by 60K to 1.48M, their 12<sup>th</sup> straight weekly decline. **Continuing Jobless Claims** for the week ending June 13<sup>th</sup> fell by 17.233K to 19.522M. Consensus expectations were for 19.968 million continuing claims.
- Global stock markets retreated after accelerating COVID-19 cases in Japan, Germany, Australia and the United States caused investors to worry that the pace of business reopenings might slow, or even reverse. Investor sentiment continued to sour after the IMF downgraded its forecast, saying the global recession will be deeper, and the recovery slower, than it had anticipated just two months ago.
  - US stocks began the week with two days of gains, with sentiment lifted by talk in the US of potential additional fiscal stimulus. Investors also turned optimistic following a decision by the US Fed and other official committees to ease lending restrictions created in the aftermath of the Great Recession. Changes to the Volker rule will allow banks to make riskier investments into venture capital and similar funds.
  - However, optimism faded quickly after new COVID-19 cases spiked to record levels in Texas, Florida and elsewhere.
  - Shares of banks and financial companies were some of the worst performers after the Federal Reserve ordered banks to cap shareholder dividend payouts to preserve capital and barred share buy-backs in the third quarter.
  - Friday was also marked by heavy trading because of the Russell rebalancing, the annual event when FTSE Russell adds and drops stocks from its US benchmarks such as the Russell 2000.



## Canada

### S&P/TSX Composite -1.84% (15,188.98)

- Canada's stocks fell after Fitch, one of the "big three" credit rating agencies, downgraded Canada's rating a notch from AAA to AA+, due to the deterioration in government finances caused by COVID-19 response measures.
- In the benchmark S&P/TSX Composite Index, materials and technology were the only sectors to gain ground. The materials sector was lifted by gold stocks, as the price of bullion approached an eight-year high. The tech sector was once again buoyed by the seemingly relentless advance of e-commerce company Shopify Inc.

## Europe

EUROSTOXX50	-1.99%	(3,204.17)
DJSTOXX600	-1.95%	(358.32)
DAX30	-1.96%	(12,089.39)
CAC40	-1.40%	(4,909.64)
FTSE100	-2.12%	(6,159.30)

- European shares fell on the week as investors brushed aside signs of incipient economic recovery and focused instead on COVID-19 news, the discouraging IMF forecast and the renewed threat by the US to impose tariffs related to a long-standing dispute over government subsidies to aircraft makers.
  - The Trump administration is considering adding \$3.1 billion of new tariffs on exports from France, Germany, Spain, and the United Kingdom. This appears to be in retaliation, as the European Union is moving forward with a regional digital services tax, despite strong US reservations. Issues with trade have calmed down given challenges with the pandemic, but if trade issues persist, there may be increased market turbulence worldwide.
- **June's Consumer Confidence Index** (prelim.) rose to -14.7 from May's -18.8.
- **June's Markit Manufacturing PMI** (prelim.) rose to 46.9 from May's 39.4. **Services PMI** (prelim.) rose to 47.3 from May's 30.5. **Composite PMI** (prelim.) rose to 47.5 from May's 31.9.

## UK

- **June's Markit Manufacturing PMI** (prelim.) rose to 50.1 from May's 40.7. **Services PMI** (prelim.) rose to 47.0 from May's 29.0.



## Japan

**NIKKEI +0.15% (22,512.08)**

- Japan's stocks rose on Friday, reversing previous losses and ending the week with a small increase, following Thursday's gains on Wall Street.
  - Japan's shares were also lifted as BoJ Governor Haruhiko Kuroda signaled his readiness to ramp up stimulus measures again, noting that second-round effects of the coronavirus pandemic could hurt the Japanese economy "considerably."
- **April's Leading Economic Index** rose to 77.7 from March's 76.2.
- **April's All Industry Activity Index** fell to -6.4% from March's -3.4%.
- **June's Jibun Bank Manufacturing PMI** (prelim.) fell to 37.8 from May's 38.4.

## Australia & New Zealand

**S&P/ASX200 -0.65% (5,904.08)**

**NZX 50 -1.12% (11,129.23)**

- **Australia's June Markit Manufacturing PMI** (prelim.) rose to 49.8 from May's 44.0. **Services PMI** (prelim.) rose to 53.2, above the expansion level, from May's 26.9. **Composite PMI** (prelim.) rose to 52.6 from May's 28.1.



## Emerging Markets

MSCI EM	-0.25%	(998.90)
MSCI Asia Pacific	-0.05%	(147.88)
Shanghai Composite (China)	+0.40%	(2,979.55)
HANG SENG Index	-0.38%	(24,549.99)
India BSE SENSEX Index	+1.27%	(35,171.27)
EM Eastern Europe	-1.48%	(147.40)
Russia's IMOEX	+0.11%	(2,761.74)
MSCI EM Latin America (USD)	-4.32%	(1,856.27)
Brazil BOVESPA Index	-2.83%	(93,834.50)

- Emerging market stocks ended the week mixed, with the MSCI EM index finishing the week with a small loss as concerns about a surge in coronavirus cases continued to weigh on hopes of a swift economic recovery.



## US

**2-yr USTs closed down 2bps to 0.17%. 10-yr USTs closed down 5bps to 0.64%.**

- US government bond prices climbed Friday as investors bought safer assets amid signs that an increase in new coronavirus cases is threatening progress toward fully reopening the US economy. The yield on the 10-year US Treasury edged down for the third consecutive week

## Canada

**2-yr GCAD closed down 1bps to 0.29%. 10-yr GCAD closed down 3bps to 0.51%.**

## Europe

**2-yr Bunds closed down 3bps to -0.70%. 10-yr Bunds closed down 7bps to -0.48%.**

## UK

**2-yr Gilts closed down 3bps to -0.07%. 10-yr Gilts closed down 7bps to 0.17%.**

## Japan

**2-yr bonds closed up 2bps -0.12%. 5-yr bonds closed unch. at -0.10%. 10-yr bonds closed down 1bps to 0.01%.**



# CURRENCIES



Currencies	26/06/2020	Weekly %	MTD %	YTD %
USDILS	3.4336	-0.46%	-2.21%	-0.57%
EURILS	3.8546	-0.23%	-1.12%	-0.49%
GBPILS	4.2324	-0.72%	-2.37%	-7.61%
CHFILS	3.6188	-0.11%	-0.87%	1.38%
JPYILS	3.1999	-0.87%	-1.69%	0.66%
AUDILS	2.3557	-0.12%	0.68%	-2.82%
CADILS	2.5065	-1.13%	-1.64%	-5.73%
EURUSD	1.1219	0.37%	1.06%	0.05%
GBPUSD	1.2336	-0.11%	-0.06%	-6.95%
USDJPY	107.2200	0.33%	-0.57%	-1.28%
AUDUSD	0.6865	0.44%	2.97%	-2.22%
CHFUSD	1.0548	0.45%	1.40%	2.08%
CADUSD	0.7305	-0.60%	0.63%	-5.11%
NZDUSD	0.6423	0.25%	3.51%	-4.70%

- The US dollar rose on Friday on safe-haven demand, as investors grew cautious about a resurgence in US coronavirus cases that has fueled doubts on expectations of a V-shaped recovery for the world's largest economy.
- However, the dollar posted a weekly loss as data showed bearish bets on the greenback surged to a more-than-two-year high. The value of the net short dollar position rose to \$16.83 billion in the week ended June 23, compared with a net short of \$15.69 billion the previous week, Reuters reported.
- The British pound fell against the dollar on Friday, touching its lowest level in almost a month, with doubts about whether Britain will seal a trade pact with the European Union set to be the biggest weight on the currency over the summer.
- Emerging market currencies fell at the end of the week, but managed to retain a small weekly increase thanks to gains made in the beginning of the week, when sentiment rose on better economic data in the US and Europe.



## Energy & Metals

### **WTI Crude Oil for August closed -3.36% to US\$38.49**

- Crude oil prices edged lower Friday to cap the second weekly decline since April, as investors adjusted expectations to account for rising crude inventories and surging US coronavirus cases.
- US government data showed that crude storage swelled by 1.4 million barrels to 540.7 million. The weekly increase was larger than analysts and traders expected. Rising US crude inventories could hamper the recovery in oil prices. Analysts worry that fuel consumption will remain tepid because of lingering coronavirus concerns.

### **Gold for June closed +1.52% to US\$1,772.50**

- Gold prices erased earlier losses on Friday as the relentless coronavirus spread globally with a record jump in COVID-19 infections in the United States marring risk appetite and spurring demand for haven assets.
- Gold rose for a third straight week, but retreated slightly from its highest level since October 2012 hit on Wednesday as the rival safe-haven US dollar took some shine off the precious metal amid rising coronavirus cases.

### **Copper for July closed +1.84% to US\$265.90**

- Copper prices rose on the week on concerns that increase in demand and a drop in global mining production will lead to a deficit of the industrial metal.
- In Chile and Peru, which account for nearly 40% of global copper output, coronavirus cases have accelerated and might lead to a second wave of mining shutdowns.



# ETF MONEY FLOWS (WTD)



VOO US Equity	VANGUARD S&P 500 ETF	4,391,993,056	
VCIT US Equity	VANGUARD INT-TERM CORPORATE	2,497,254,523	
GLD US Equity	SPDR GOLD SHARES	2,397,837,686	
SCHP US Equity	SCHWAB U.S. TIPS ETF	1,947,391,516	
SCHX US Equity	SCHWAB US LARGE-CAP ETF	889,302,551	
SPY US Equity	SPDR S&P 500 ETF TRUST	840,693,369	
VCSH US Equity	VANGUARD S/T CORP BOND ETF	831,879,068	
SCHA US Equity	SCHWAB US SMALL-CAP ETF	796,483,984	
JPST US Equity	JPMORGAN ULTRA-SHORT INCOME	691,705,440	
BND US Equity	VANGUARD TOTAL BOND MARKET	624,388,992	
QQQ US Equity	INVESCO QQQ TRUST SERIES 1	(2,491,638,334)	
SCHD US Equity	SCHWAB US DVD EQUITY ETF	(2,246,091,483)	
VTI US Equity	VANGUARD TOTAL STOCK MKT ETF	(1,766,782,690)	
SCHR US Equity	SCHWAB INTERMEDIATE-TERM US	(1,590,192,925)	
VB US Equity	VANGUARD SMALL-CAP ETF	(1,377,628,294)	
FNDX US Equity	SCHWAB FUNDAMENTAL LARGE CAP	(1,315,663,398)	
VO US Equity	VANGUARD MID-CAP ETF	(1,003,677,535)	
VUG US Equity	VANGUARD GROWTH ETF	(869,451,400)	
SCHH US Equity	SCHWAB US REIT ETF	(847,641,427)	
VBK US Equity	VANGUARD SMALL-CAP GRWTH ETF	(818,200,901)	

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