



Your Gateway To The World

WEEKLY MARKET SUMMARY



Equity Markets



Bond Markets



Currencies



Commodities

12 July 2020



US

S&P500 +1.76% (3,185.04); NASDAQ +4.01% (10,617.44); DJIA +0.96% (26,075.30)

This week's reports:

- **May's Consumer Credit** slumped by \$18.2 billion after plunging by a revised \$70.2 billion in April. Economists had expected credit to decrease by \$15.5 billion. Revolving credit tumbled by \$24.3 billion, while non-revolving credit rose by \$6.0 billion.
- **July's IBD/TIPP Economic Optimism Index** fell to 44 from June's 47.
- **June's PPI (Producer Price Index)** fell 0.8% y/y, the same decline as in May. **PPI ex Food & Energy** rose 0.1% y/y versus May's +0.3% y/y.
- **June's ISM Non-Manufacturing PMI** jumped to 57.1, firmly in the expansion territory, from May's 45.4.
- **June's Markit Services PMI** rose to 47.9 from May's 46.7. **Composite PMI** rose to 47.9 from May's 46.8.
- **May's Wholesale Inventories** fell by 1.2%, the same decrease as in April.
- **Initial Jobless Claims** for the week ending July 4th fell by 99K to 1.314M. **Continuing Jobless Claims** for the week ending June 27th fell by 698K to 18.062M.
- Global stocks staged a late-week rally after Gilead Sciences' drug Remdesivir was reported to significantly reduce COVID-19 mortality risk. Most world equity markets struggled earlier in the week as investors grew concerned that rising coronavirus cases could set back the pace of economic recovery.
- US stocks rose, led by large gains in the shares of large technology and Internet companies, which have proven resilient to economic lockdowns. These accounted for much of the gain in the S&P 500 Index, and boosted the Nasdaq Composite Index to a record high.
- US markets were also lifted by encouraging economic data, such as an increase in service sector PMIs.

Canada

S&P/TSX Composite +0.75% (15,713.82)

- Canada's stocks rose at the end of the week, reversing previous loss, on strong June employment report as well as due to an advance in the materials sector on the back of gold's strength.
- **June's Unemployment Rate** fell to 12.3% from May's 13.7% after **Net Payrolls** jumped by 952.9K from May's +289.6K. The jobless rate was expected to decline to 12%, but an increase in the **Participation Rate** to 63.8% from May's 61.4%, held back employment rate increase.
- **June's Ivey PMI** surged to 58.2 from May's 39.1.



Europe

| | | |
|--------------------|---------------|-------------------|
| EUROSTOXX50 | +0.06% | (3296.22) |
| DJSTOXX600 | +0.38% | (366.83) |
| DAX30 | +0.84% | (12633.71) |
| CAC40 | -0.73% | (4970.48) |
| FTSE100 | -1.01% | (6095.41) |

- European shares were headed for a weekly loss, amid continued concerns over the spread of coronavirus in the US and fresh outbreaks elsewhere in the world. However, some of Europe indexes reversed course on Friday and managed to close the week with a small gain, after upbeat industrial output data from Italy and France raised hopes of an economic recovery.
 - Investors are awaiting the second-quarter earnings season next week to gauge the economic damage wreaked by the crisis. Analysts are expecting a 53.9% fall in profit for STOXX 600-listed companies.
 - Focus is also on a ECB meeting and a European Union summit next week, with hopes running high that a 750 billion euro coronavirus recovery fund will be approved by the member states.
- **July's Sentix Investor Confidence** rose to -18.2 from June's -24.8.
- **May's Retail Sales** jumped 17.8% from April's -12.1%. Year-on-year, sales fell 5.1% versus April's -19.6% y/y.

UK

- British stocks recovered from three straight sessions of losses on Friday, but still ended the week lower as a continued spike in global coronavirus cases undercut risk appetite.
 - A stimulus-led rally in UK stock markets slowed this month with economic data still signaling only a tentative revival in business activity, while a rising global infection count threatens to quash the recovery with new lockdown measures.
- **June's Markit Construction PMI** surged to 55.3 from May's 28.9.



Japan

NIKKEI -0.07% (22,290.81)

- Japan's stocks took a sharp downturn Friday, reversing earlier gains, as a spike in fresh coronavirus cases at home and abroad fueled concerns that the path to economic recovery could be hindered, while the market braced for corporate earnings pain.
 - Losses were limited by gains in tech-related stocks following strong gains in the US technology sector.
- **May's Overall Household Spending** fell 16.2% y/y versus April's -11.1% y/y.
- **May's Labor Cash Earnings** fell 2.1% y/y versus April's -0.7% y/y.
- **May's Leading Economic Index** (prelim.) rose to 79.3 from April's 77.7.
- **May's Machinery New Orders** fell 16.3% y/y versus April's -17.7% y/y.
- **June's Machine Tool Orders** (prelim.) fell 32% y/y versus May's -52.8% y/y.

Australia & New Zealand

S&P/ASX200 -2.29% (5,919.22)

NZX 50 -1.42% (11,394.86)

- Australian shares registered a weekly loss as fresh restrictions to contain a spike in COVID-19 cases dampened hopes of a quick economic recovery.
- **Australia's June AiG Services Index** declined to 31.5 from May's 31.6.
- **New Zealand's July Business Confidence** (prelim.) rose to -29.8 from June's -34.4.
- **New Zealand's Q2 2020 NZIER Business Confidence** rose to -63 from Q1's reading of -70.



Emerging Markets

| | | |
|-----------------------------|--------|--------------|
| MSCI EM | +3.50% | (1,069.27) |
| MSCI Asia Pacific | +2.13% | (153.31) |
| Shanghai Composite (China) | +7.31% | (3,383.32) |
| HANG SENG Index | +1.40% | (25,727.41) |
| India BSE SENSEX Index | +1.59% | (36,594.33) |
| EM Eastern Europe | +0.69% | (147.82) |
| Russia's IMOEX | -0.03% | (2,800.94) |
| MSCI EM Latin America (USD) | +0.97% | (1,971.00) |
| Brazil BOVESPA Index | +3.38% | (100,031.80) |

- Emerging market stocks fell on Friday due to concerns about rising COVID-19 cases but clocked their second week of gains on hopes of a gradual, stimulus-induced pick up in global economic activity. EM stocks were also led higher by a strong rally in Chinese stocks.
 - China shares fell on Friday for the first time since June 29 on signs of renewed Sino-US tensions and after the country's state funds announced stake cuts in companies, a move that comes following a torrid bull run in the stock market. Still, main Chinese indexes closed with their best weekly gains in five years, as state-run media talked up "economic fundamentals" for "a healthy bull market". Later in the week, Chinese authorities signaled worries about markets' bubble-like behavior and urged investors, again through state-run media, to be "prudent".
- **China's June CPI** rose 2.5% y/y versus May's +2.4% y/y.



US

2-yr USTs closed unch. at 0.15%. 10-yr USTs closed down 3bps to 0.64%.

- Long-term Treasury yields fell Friday to their lowest levels since lockdowns started loosening, as investors sought safe assets amid rising coronavirus cases and the likelihood of further lockdowns curtailing the recent economic recovery.
- The yield on 10-year Treasuries touched 0.57%, its lowest since April, before rising to 0.64%. The yield on the five-year Treasury briefly hit a record low, touching 0.258%.

Canada

2-yr GCAD closed down 1bps to 0.29%. 10-yr GCAD closed down 1bps to 0.55%.

Europe

2-yr Bunds closed down 1bps to -0.69%. 10-yr Bunds closed down 3bps to -0.47%.

UK

2-yr Gilts closed down 3bps to -0.11%. 10-yr Gilts closed down 3bps to 0.16%.

- UK government borrowing costs sank to record lows this past week, as investors rushed to safety of bonds. Negative yields now cover all gilts with maturities up to seven years, meaning investors are willing to pay the government to take their money - largely because of the huge demand stemming from the Bank of England's bond-buying program

Japan

2-yr bonds closed up 1bps -0.12%. 10-yr bonds closed unch. at 0.03%.



CURRENCIES



| Currencies | 10/07/2020 | Weekly % | MTD % | YTD % |
|------------|------------|----------|--------|--------|
| USDILS | 3.4595 | 0.70% | -0.15% | 0.18% |
| EURILS | 3.9098 | 1.20% | 0.42% | 0.94% |
| GBPILS | 4.3650 | 1.76% | 1.62% | -4.72% |
| CHFILS | 3.6751 | 1.16% | 0.51% | 2.96% |
| JPYILS | 3.2351 | 1.21% | 0.81% | 1.77% |
| AUDILS | 2.4036 | 0.78% | 0.51% | -0.85% |
| CADILS | 2.5445 | 0.31% | -0.27% | -4.30% |
| EURUSD | 1.1300 | 0.46% | 0.59% | 0.78% |
| GBPUSD | 1.2622 | 1.11% | 1.78% | -4.79% |
| USDJPY | 106.9300 | -0.54% | -0.93% | -1.55% |
| AUDUSD | 0.6950 | 0.16% | 0.68% | -1.01% |
| CHFUSD | 1.0624 | 0.47% | 0.64% | 2.82% |
| CADUSD | 0.7356 | -0.35% | -0.14% | -4.44% |
| NZDUSD | 0.6574 | 0.66% | 1.86% | -2.46% |

- The US dollar fell in the beginning of the week on a sentiment boost from better-than-expected jobs data, then rose towards the end of the week on worries that the resurgence of US coronavirus cases could erase the summer's employment gains. The greenback slipped again on Friday, as its safe-haven allure diminished on hopes of a potential vaccine that outweighed concerns about the surge in infections in the United States and around the world.
- The British pound rose strongly against the weaker dollar, but was unmoved against the euro as traders weighed some positive economic data against the uncertainty about the outcome of trade negotiations with the EU.
- Emerging market currencies rose, but gains were muted as growing coronavirus cases dampened optimism about a swift global economic recovery.



Energy & Metals

WTI Crude Oil for September closed unch. at US\$40.76

- Crude oil prices climbed on Friday, buoyed by positive results tied to a COVID-19 treatment, but US prices ended flat for the week as a report from the International Energy Agency cautioned that weaker demand caused by the coronavirus pandemic will linger, even if the worst of the hit to economies has subsided.
- Even though US oil prices are still down about 34% since the start of the year due to coronavirus demand destruction, US crude futures have jumped 113% over the past three months to around \$40 a barrel on Friday on hopes global economies will snap back as governments lift lockdowns.
- US energy firms cut the number of oil and natural gas rigs operating to a record low, their 18th weekly fall, but the rate of decline has slowed as higher oil prices prompt some producers to start drilling again.

Gold for August closed +0.66% to US\$1,801.90

- Gold prices rose above \$1,800, their highest since September 2011, as virus cases spiked and investors sought the safest assets.

Copper for September closed +5.42% to US\$289.75

- Copper prices surged this past week, driven by investors' optimism about Chinese economic recovery as well as by pandemic-linked mine outages. The Chilean epidemic and mine closures have cast a shadow over the prospect of copper supply.

ETF MONEY FLOWS (WTD)



| | | | |
|----------------|--------------------------------|-----------------|--|
| AGG US Equity | ISHARES CORE U.S. AGGREGATE | 1,111,434,004 | |
| XLF US Equity | FINANCIAL SELECT SECTOR SPDR | 638,635,674 | |
| LQD US Equity | ISHARES IBOXX INVESTMENT GRADE | 592,585,010 | |
| QQQ US Equity | INVESCO QQQ TRUST SERIES 1 | 548,769,882 | |
| GLD US Equity | SPDR GOLD SHARES | 539,074,106 | |
| BNDX US Equity | VANGUARD TOTAL INTL BOND ETF | 526,975,347 | |
| BND US Equity | VANGUARD TOTAL BOND MARKET | 477,148,001 | |
| JNK US Equity | SPDR BBG BARC HIGH YIELD BND | 449,307,599 | |
| IAU US Equity | ISHARES GOLD TRUST | 386,848,995 | |
| ASHR US Equity | XTRACKERS HARVEST CSI 300 CH | 364,584,674 | |
| SPY US Equity | SPDR S&P 500 ETF TRUST | (3,268,297,786) | |
| IWM US Equity | ISHARES RUSSELL 2000 ETF | (1,750,444,936) | |
| XLB US Equity | MATERIALS SELECT SECTOR SPDR | (1,007,565,413) | |
| BIL US Equity | SPDR BBG BARC 1-3 MONTH TBIL | (750,562,818) | |
| FXL US Equity | FIRST TRUST TECHNOLOGY ALPHA | (576,831,392) | |
| TQQQ US Equity | PROSHARES ULTRAPRO QQQ | (491,136,705) | |
| XLV US Equity | HEALTH CARE SELECT SECTOR | (471,291,407) | |
| SHV US Equity | ISHARES SHORT TREASURY BOND | (398,618,010) | |
| IWD US Equity | ISHARES RUSSELL 1000 VALUE ETF | (344,520,009) | |
| XLRE US Equity | REAL ESTATE SELECT SECT SPDR | (311,840,783) | |

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