



Your Gateway To The World

# WEEKLY MARKET SUMMARY



Equity Markets



Bond Markets



Currencies



Commodities

19 July 2020



## US

S&P500 +1.25% (3,224.73); NASDAQ -1.08% (10,503.19); DJIA +2.29% (26,671.95)

### This week's reports:

- **July's Michigan Consumer Sentiment Index** (prelim.) fell to 73.2 from June's 78.1. The index was expected to increase to 79. Consumer sentiment retreated due to the widespread resurgence of the coronavirus.
  - **June's CPI** rose 0.6% m/m from May's -0.1% m/m. Year-on-year, prices rose 0.6% versus May's +0.1% y/y. **CPI ex Food & Energy** rose 1.2% y/y, the same as in May.
  - **June's Retail Sales** rose 7.5%, more than the expected 5% increase, from May's +18.2%. **Retail Sales ex Autos** rose 7.3% from May's +12.1%.
  - **July's NAHB Housing Market Index** rose to 72 (versus the expected 60) from June's 58.
  - **June's Housing Starts** jumped 17.3% from May's +8.2%. **Building Permits** increased 2.1% from May's +14.1%.
  - **June's NFIB Small Business Optimism Index** rose to 100.6 from May's 94.4.
  - **July's NY Empire State Manufacturing Index** surged to 17.2 from June's reading of -0.2. It was expected to rise to 10.
  - **June's Industrial Production** jumped 5.4%, more than the expected rise of 4.3%, from May's 1.4% increase. **Capacity Utilization** rose to 68.6% from May's 65.1%.
  - **July's Philadelphia Fed Manufacturing Index** fell to 24.1 from June's 27.5.
  - **May's Business Inventories** fell 2.3% from April's -1.4%.
  - **Initial Jobless Claims** for the week ending July 11<sup>th</sup> fell by 10K to 1.3M. New claims were expected to decrease to 1.25M. **Continuing Jobless Claims** for the week ending June 4<sup>th</sup> fell by 422K to 17.338M, versus the expectations of 17.6M continuing claims.
- Global stocks mostly rose, encouraged by the outlook for vaccines from Moderna and Oxford University, which helped investors shrug off rising infection rates and the backtracking of reopening plans in some parts of the world. Gains were limited as traders kept an eye on rising tensions between the US and China as well as on corporate earnings.
  - In the US, the S&P 500 rose, pushed up by economically sensitive sectors, though the sharp US stock rally has shown signs of faltering. Some of the economic data reported in the last week was better than expected, such as retail sales, industrial production and more, but investors are growing increasingly concerned that further recovery could be stymied by the surge in infections. Investors also worried that higher than normal benefits for the unemployed are set to expire at the end of the month and questioned if Congress would come to a deal in time to extend them.
  - The NASDAQ edged lower after a record-breaking rally in the previous weeks, pushed down by profit-taking, while industrial shares posted gains, lifting the DJIA for the week. The S&P 500 and the DJIA were also helped by corona-sensitive stocks after the release of a new study suggesting Moderna had reached a breakthrough with its coronavirus vaccine, setting the stage for a larger trial at the end of this month.
  - US companies continue to report earnings. Major US banks reported stockpiling billions of dollars to cover losses as they prepare for the coronavirus recession to worsen, which would cause the consumers and businesses to default on their loans. Some major banks' profits beat expectations, but most of the earnings growth came from trading and investment banking.



## Canada

**S&P/TSX Composite +2.61% (16,123.48)**

- Canada's stocks finished higher for the third consecutive week on coronavirus-vaccine optimism and positive economic data around the globe.
- **May's Manufacturing Sales** rose 10.7% from April's -27.9%. Economists expected sales to rise by 9.5%.
- **May's Wholesale Sales** rose 5.7%, less than the expected 8.5%, from April's -21.4%.

## Europe

<b>EUROSTOXX50</b>	<b>+2.10%</b>	<b>(3,365.60)</b>
<b>DJSTOXX600</b>	<b>+1.60%</b>	<b>(372.71)</b>
<b>DAX30</b>	<b>+2.26%</b>	<b>(12,919.61)</b>
<b>CAC40</b>	<b>+1.99%</b>	<b>(5,069.42)</b>
<b>FTSE100</b>	<b>+3.20%</b>	<b>(6,290.30)</b>

- European shares closed their third week of gains, as positive vaccine news boosted sentiment. However, gains were limited by mixed economic data and earnings reports, as well as by sharp disagreements between European leaders with regards to the proposed €750bn pandemic recovery fund. Europe's policy makers met on Friday for a two-day summit to try and reach agreement over the economic stimulus measures to help the region face down the pandemic-driven economic crisis.
- **July's ZEW Economic Sentiment Index** rose to 59.6, much less than the expected 78.1, from June's 58.6.
- **June's CPI** rose 0.3% from May's -0.1%. Year-on-year, the prices rose 0.3%, the same as in May. **Core CPI** rose 0.8% y/y, the same increase as in May.
- **May's Industrial Production** rose 12.4% (less than the expected 15% increase) from April's fall of 18.2%. Year-on-year, production was down 20.9% versus April's -28.7% y/y.



## UK

- **May's GDP** rose 1.8% from April's 20.3% fall. The economy was expected to expand by 5% in May.
- **June's CPI** rose 0.1% from May's zero change. Year-on-year, the prices rose 0.6% versus May's +0.5% y/y. **Core CPI** rose 1.4% y/y versus May's +1.2% y/y.
- **June's Claimant Count Rate** fell to 7.3% from May's 7.4%. **ILO Unemployment Rate** was at 3.9% in the three months through May, unchanged from the previous period.
- **May's Industrial Production** rose 6% from April's fall of 20.2%. **Manufacturing Production** rose 8.4% from April's -24.4%.

## Japan

**NIKKEI +1.82% (22,696.42)**

- Japan's stocks rose mid-week on vaccine hopes and Wall-Street's rally, but fell at the end of the week, paring part of their earlier gains, on profit-taking and worries about global rise in coronavirus cases.
- **May's Industrial Production** fell 8.9%, more than the expected decrease that was expected to be the same as April's -8.4%. Year-on-year, production tumbled 26.3% versus April's -25.9% y/y. **Capacity Utilization** fell 11.6% from April's -13.3%.

## Australia & New Zealand

**S&P/ASX200 +1.93% (6,033.63)**

**NZX 50 +1.66% (11,584.05)**

- **Australia's June NAB Business Confidence Index** rose to 1 from May's reading of -20.
- **Australia's July Westpac Consumer Confidence Index** fell 6.1% from June's +6.3%.
- **Australia's June Unemployment Rate** rose to 7.4% from May's 7.1%.
- **New Zealand's June Business PMI** surged to 56.3 from May's reading of 39.7.
- **New Zealand's Q2 2020 CPI** rose 1.5% y/y versus Q1's +2.5% y/y.



## Emerging Markets

MSCI EM	-1.33%	(1,055.06)
MSCI Asia Pacific	-0.35%	(152.77)
Shanghai Composite (China)	-5.00%	(3,214.13)
HANG SENG Index	-2.48%	(25,089.17)
India BSE SENSEX Index	+1.16%	(37,020.14)
EM Eastern Europe	-2.72%	(143.80)
Russia's IMOEX	-0.93%	(2,774.79)
MSCI EM Latin America (USD)	+1.75%	(2,005.57)
Brazil BOVESPA Index	+2.86%	(102,888.30)

- Emerging market stocks bounced back on Friday, as hopes of new US and European fiscal stimulus helped ease economic worries amid surging COVID-19 cases, although US-China tensions kept a gauge for the shares on course for its biggest weekly decline in three months.
  - China shares fell the most in five months on Thursday, as signs of an uneven economic recovery rattled investors already worried by a rapid run-up in the country's stock markets. Data showed that the economy expanded more than expected, led by government expenditures in terms of infrastructure, property investment and public services, while retail sales shrunk, underscoring the continued weakness of the private sector.
- **China's Q2 2020 GDP** grew by 3.2% y/y, more than the expected 2.1% increase, versus Q1's contraction of 6.8% y/y.
- **China's June Retail Sales** fell 1.8% y/y versus May's -2.8% y/y.
- **China's June Industrial Production** rose 4.8% y/y versus May's +4.4% y/y.
- **China's June Exports** rose 0.5% y/y versus May's -3.3% y/y. **Imports** rose 2.7% y/y versus May's -16.7% y/y.



## US

**2-yr USTs closed down 1bps to 0.15%. 10-yr USTs closed down 2bps to 0.63%.**

- Treasury yields rose on Friday, paring some of their earlier declines, as investors weighed the prospect of new economic damage from shutdowns meant to stem the spread of COVID-19 against the possibility that the worst has passed. Earlier the same day, 10-year yields dipped below 0.60% on a continuing rise in new coronavirus cases. Previously in the week, yields rose as investors rushed to riskier assets as sentiment improved on hopes for a potential vaccine.

## Canada

**2-yr GCAD closed down 1bps to 0.28%. 10-yr GCAD closed down 2bps to 0.53%.**

## Europe

**2-yr Bunds closed up 3bps to -0.66%. 10-yr Bunds closed up 2bps to -0.45%.**

## UK

**2-yr Gilts closed up 2bps to -0.09%. 10-yr Gilts closed up 1bps to 0.16%.**

## Japan

**2-yr bonds closed down 1bps -0.13%. 10-yr bonds closed unch. at 0.02%.**



# CURRENCIES



Currencies	17/07/2020	Weekly %	MTD %	YTD %
USDILS	3.4317	-0.80%	-0.95%	-0.62%
EURILS	3.9255	0.40%	0.83%	1.35%
GBPILS	4.3136	-1.18%	0.43%	-5.84%
CHFILS	3.6544	-0.56%	-0.06%	2.38%
JPYILS	3.2048	-0.94%	-0.14%	0.81%
AUDILS	2.3992	-0.18%	0.33%	-1.03%
CADILS	2.5258	-0.73%	-1.01%	-5.01%
EURUSD	1.1428	1.13%	1.73%	1.92%
GBPUSD	1.2568	-0.43%	1.35%	-5.20%
USDJPY	107.0200	0.08%	-0.84%	-1.46%
AUDUSD	0.6996	0.66%	1.35%	-0.36%
CHFUSD	1.0654	0.28%	0.93%	3.11%
CADUSD	0.7364	0.11%	-0.03%	-4.34%
NZDUSD	0.6557	-0.26%	1.60%	-2.72%

- The US dollar weakened as risk sentiment revived on progress toward a COVID-19 vaccine and better-than-expected economic data. The USD also fell against other safe-haven currencies such as the yen and the Swiss franc, as investors that were unsure about the rally in riskier assets, preferred these havens versus the US currency given the resurgence of coronavirus infections in the United States.
- The euro surged to just under a four-month high, with negotiations underway between European Union leaders on a recovery fund that could lift the bloc out of the current recession. Traders warn that a disappointing outcome of the fiscal aid negotiations would risk an unwinding of recent euro gains.
- The British pound fell against the dollar and the euro and was set for its biggest weekly loss to the euro since the second week of May, weighed down by Britain's bleak economic outlook, Brexit uncertainties and the possibility of negative interest rates.
- Emerging market currencies were little changed over the week as the worsening sentiment was balanced by a weaker dollar. Losses in risk assets were tempered by signs of progress in developing a coronavirus vaccine.



## Energy & Metals

### **WTI Crude Oil for September closed -0.02% to US\$40.75**

- Crude oil prices climbed to a four-month high before retreating after the OPEC+ decided to begin tapering its recent production cuts in August. They will reduce their cuts to 7.7 million barrels per day through December from the 9.7 million bpd cuts in place since May.
- WTI futures were unchanged for the week as expectations of more economic stimulus programs balanced concerns about the recovery in fuel demand as coronavirus cases surge.

### **Gold for September closed +0.41% to US\$1,816.00**

- Gold prices closed with a small gain, their sixth weekly increase, as a record-breaking rise in coronavirus infections in the United States fueled uncertainty about an economic recovery, while a weaker dollar also added support.

### **Copper for September closed +0.24% to US\$290.45**

- Copper prices notched a positive close for the ninth consecutive week, as investors weighed continued expectations of shortages of the metal against an increase in industrial demand that might evaporate if COVID-19 cases continue to surge around the world.



# ETF MONEY FLOWS (WTD)



HYG US Equity	ISHARES IBOXX HIGH YLD CORP	906,580,002	
SMH US Equity	VANECK SEMICONDUCTOR	583,652,531	
IEFA US Equity	ISHARES CORE MSCI EAFE ETF	535,280,029	
XLU US Equity	UTILITIES SELECT SECTOR SPDR	515,175,771	
LQD US Equity	ISHARES IBOXX INVESTMENT GRADE	482,292,006	
XLP US Equity	CONSUMER STAPLES SPDR	474,724,177	
VEA US Equity	VANGUARD FTSE DEVELOPED ETF	360,079,355	
IVE US Equity	ISHARES S&P 500 VALUE ETF	330,826,995	
TLT US Equity	ISHARES 20+ YEAR TREASURY BOND	292,994,994	
XLV US Equity	HEALTH CARE SELECT SECTOR	280,150,942	
SPY US Equity	SPDR S&P 500 ETF TRUST	(1,274,329,483)	
QQQ US Equity	INVESCO QQQ TRUST SERIES 1	(852,250,191)	
XLI US Equity	INDUSTRIAL SELECT SECT SPDR	(607,074,165)	
DIA US Equity	SPDR DJIA TRUST	(410,545,362)	
XOP US Equity	SPDR S&P OIL & GAS EXP & PR	(360,446,501)	
IWD US Equity	ISHARES RUSSELL 1000 VALUE ETF	(266,060,503)	
XLE US Equity	ENERGY SELECT SECTOR SPDR	(254,514,630)	
CIU US Equity	ISHARES INTERMEDIATE CREDIT	(191,400,506)	
IWO US Equity	ISHARES RUSSELL 2000 GROWTH	(190,887,997)	
XLB US Equity	MATERIALS SELECT SECTOR SPDR	(189,549,551)	

## Disclaimer

Tandem Capital Asset Management and its subsidiaries (the "Tandem") are companies engaged in investment marketing and not investment advice as defined in the Investment Advice, Investment Marketing and Portfolio Management Law, 1995, and are linked to financial assets managed by the companies listed in the company's website and updated from time to time.

Tandem or its employees may have holdings in the securities or financial assets mentioned herein and may act with them. This document is for informational purposes only, it does not constitute any assurance of return or prevention of profit, and is not a substitute for advice that takes into consideration the special needs of each individual. Nor does the information constitute an offer to purchase securities as defined in the Securities Law, 1968 and such acquisition will be made solely on the basis of a valid prospectus.

Do not copy or use any part of this document in any form without prior written permission from Tandem.



**FOR ADDITIONAL INFORMATION PLEASE CONTACT US AT:**

40 Tuval St., Ramat Gan 5252247

Tel: +972 3 611 4626 | Fax: +972 3 611 4645

Email: [info@tandem-capital.com](mailto:info@tandem-capital.com)

[www.tandem-capital.com](http://www.tandem-capital.com)