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WEEKLY MARKET SUMMARY



Equity Markets



Bond Markets



Currencies



Commodities

26 July 2020



US

S&P500 -0.28% (3,215.63); NASDAQ -1.33% (10,363.18); DJIA -0.76% (26,469.89)

This week's reports:

- **June's Chicago Fed National Activity Index (CFNAI)** rose to 4.11 from May's reading of 3.5.
- **July's Kansas Fed Manufacturing Activity Index** rose to 7 from June's reading of 2.
- **July's Markit Manufacturing PMI** (prelim.) rose to 51.3 from June's 49.8. The index rose above 50, implying growth in the US manufacturing sector. **Services PMI** (prelim.) rose to 49.6, much less than the expected reading of 51, from June's 47.9. **Composite PMI** (prelim.) rose to 50 from June's 47.9. All three indexes rose to their highest in six months.
- **May's FHFA Housing Price Index** fell 0.3% from April's +0.1%.
- **June's Existing Home Sales** surged 20.7% from May's -9.7%. Still, the increase was less than the economists expected (24.5%).
- **June's New Home Sales** jumped 13.8%, much more than the expected 4%, from May's +19.4%.
- **Initial Jobless Claims** for the week ending July 18th rose by 109K to 1.416M. New claims were expected to decrease to 1.3M. **Continuing Jobless Claims** for the week ending June 11th fell by 1.107M to 16.197M, versus the expectations of 17.067M continuing claims.
- US stocks fell for a second day, finishing the week in the red, on concern over escalating Chinese-American tensions and worries the recovery in the world's largest economy has stalled.
- Shares of technology mega-caps dragged US stocks lower Friday, putting them on track for weekly declines. After a strong rally in the recent weeks, investors are becoming wary, taking out profits at the first sign of weakness. The IT sector is 26% of the S&P 500, twice more than the next biggest sector, health care; weakness of the tech shares is a threat to the broad US market.
- Stocks of some tech heavyweights, such as Tesla, Apple and Facebook, fell strongly in the end of the volatile week; the concentration of the S&P 500 among the tech names has added to the downward momentum. Intel led the sell-off, with its shares plunging after the chipmaker reported a delay to its development of superfast chips.
- Earlier in the week, US and global stocks rallied on hopes for a vaccine against COVID-19 as well as after the EU official reached an agreement about a fiscal aid package. Afterwards stocks fell after the first weekly increase in new unemployment claims since March raised concerns that mounting coronavirus infections and a renewed wave of mandated lockdowns could slow an economic recovery.
- US stocks were also pulled down at the end of the week by the rising tension between Washington and Beijing that threatens to cloud prospects for trade between the world's two largest economies. China on Friday ordered the closure of the US consulate in Chengdu in a tit-for-tat retaliation against Washington's decision to shut down the Chinese consulate in Houston.
- US stocks have also been sensitive this week to cues on whether lawmakers will have a new stimulus bill hammered out before their summer break in August.



Canada

S&P/TSX Composite -0.78% (15,997.06)

- Canada's stocks fell on fears regarding the renewed escalation in US-China relations.
- **June's CPI** rose 0.7% y/y versus May's -0.4% y/y. **Core CPI** increased 1.1% y/y versus May's 0.7% y/y.
- **June's Retail Sales** (prelim.) surged 24.5% from May's +18.7%.
- **May's Retail Sales** rose 18.7%, less than the expected +20%, from April's -25%. **Retail Sales ex Autos** increased 10.6% from April's -22%; the economists expected 12% rise.

Europe

EUROSTOXX50	-1.63%	(3,310.89)
DJSTOXX600	-1.45%	(367.29)
DAX30	-0.63%	(12,838.06)
CAC40	-2.23%	(4,956.43)
FTSE100	-2.65%	(6,123.82)

- European shares posted their biggest session drop in a month on Friday as global sentiment soured after Beijing ordered the United States to close its consulate in a Chinese city in retaliation to similar move by Washington. Increasing global COVID-19 cases also weighed as investors worried that containment measures may reverse a pick-up in business activity.
- Earlier in the week, Europe's markets rose after the European Union reached an agreement over fiscal aid package and the bloc's first-ever issuance of common bonds. Stocks also gained on news that business activity in the bloc had returned to growth. However, the gains in stocks were reversed by Friday's losses and the week ended with the markets in red.
- **July's Consumer Confidence Index** (prelim.) fell to -15 from June's -14.7; it was expected to increase to -12.
- **July's Markit Manufacturing PMI** (prelim.) rose to 51.1, 19-month high, from June's 47.4. Readings above 50 imply growth in the Eurozone manufacturing sector. **Services PMI** (prelim.) surged to 55.1, 25-month high, from June's 48.3. **Composite PMI** (prelim.) rose to 54.8 from June's 48.5.



UK

- **July's GfK Consumer Confidence Index** remained unchanged from June's -27.
- **June's Retail Sales** jumped 13.9% from May's +12.3%.
- **July's Markit Manufacturing PMI** (prelim.) rose to 53.6, 32-month high, from June's 50.1. **Services PMI** (prelim.) surged to 56.6, 60-month high, from June's 47.1. Readings above 50 imply growth in the UK services sector.

Japan

NIKKEI +0.24% (22,751.61)

- Japan's stocks rose for the week, missing global declines as they were closed on Thursday and Friday for national holidays.
- **June's National CPI ex-Fresh Food** was flat y/y, an improvement versus May's -0.2% y/y.
- **July's Jibun Bank (Markit) Manufacturing PMI** (prelim.) rose to 42.6 from June's 40.1. Japan's manufacturing sector is still in contraction, albeit at a slower rate.
- **June's Exports** tumbled 26.2% y/y versus May's -28.3% y/y. **Imports** fell 14.4% y/y versus May's -26.2% y/y.

Australia & New Zealand

S&P/ASX200 -0.16% (6,024.00)

NZX 50 +0.45% (11,636.26)

- **Australia's July Commonwealth Bank (Markit) Manufacturing PMI** (prelim.) rose to 53.4 from June's 51.2. **Services PMI** (prelim.) surged to 58.5 from June's 53.1; it was expected to increase to 53.2. **Composite PMI** (prelim.) rose to 57.9 from June's 52.7.
- **Australia's June Retail Sales** (prelim.) rose 2.4% versus the expected 7%, from May's +16.9%.
- **New Zealand's June Business NZ Services Index** surged to 54.1 from May's 37.5.



Emerging Markets

MSCI EM	+0.51%	(1,060.47)
MSCI Asia Pacific	+0.45%	(153.45)
Shanghai Composite (China)	-0.54%	(3,196.77)
HANG SENG Index	-1.53%	(24,705.33)
India BSE SENSEX Index	+3.00%	(38,128.90)
EM Eastern Europe	+3.52%	(148.86)
Russia's IMOEX	+3.18%	(2,863.12)
MSCI EM Latin America (USD)	+2.71%	(2,060.00)
Brazil BOVESPA Index	-0.49%	(102,381.60)

- Emerging market stocks slipped on Friday, paring part of their weekly gain, as relations between the United States and China worsened. The MSCI EM index tumbled 1.7% for the day, but was still set to end the week higher after a massive stimulus agreement between European Union leaders and positive developments from a number of coronavirus vaccine candidates.
- Worsening China-US friction, worries over aid to Americans and US businesses and a stumble on Wall Street combined to push shares in Asia lower on Friday. China's major stocks benchmark, the Shanghai Composite Index, fell 3.9% by the close of trading, capping off a second consecutive week of declines.
- Russia's central bank cut its key interest rates by 0.25% to a new record low of 4.25%. Russia's GDP shrank 9.6% on an annual basis in the second quarter of this year, its weakest performance in more than a decade, according to official data.



US

2-yr USTs closed unch. at 0.15%. 10-yr USTs closed down 4bps to 0.59%.

- Treasury yields swung between small gains and losses after mixed data on the economic rebound. Demand for safe-haven US government bonds remains high as the economic recovery shows signs of stalling.

Canada

2-yr GCAD closed unch. at 0.28%. 10-yr GCAD closed down 3bps to 0.50%.

- Canada's 10-year yields reached their all-time lows on worries about trade tensions and rising COVID-19 cases.

Europe

2-yr Bunds closed up 1bps to -0.65%. 10-yr Bunds closed unch. at -0.45%.

- European Union leaders agreed on a spending package aimed at containing an unprecedented economic downturn. The package is centered around the bloc's first-ever issuance of common bonds. EU policy makers decided on borrowing up to €750 billion from capital markets to finance a recovery fund that will aid countries suffering because of the pandemic.

UK

2-yr Gilts closed unch. at -0.09%. 10-yr Gilts closed down 2bps to 0.14%.

Japan

2-yr bonds closed unch. at -0.13%. 10-yr bonds closed unch. at 0.02%.



CURRENCIES



Currencies	24/07/2020	Weekly %	MTD %	YTD %
USDILS	3.4136	-0.53%	-1.47%	-1.15%
EURILS	3.9724	1.19%	2.03%	2.56%
GBPILS	4.3657	1.21%	1.64%	-4.70%
CHFILS	3.7066	1.43%	1.37%	3.84%
JPYILS	3.2148	0.31%	0.17%	1.13%
AUDILS	2.4223	0.96%	1.30%	-0.07%
CADILS	2.5430	0.68%	-0.33%	-4.36%
EURUSD	1.1656	2.00%	3.76%	3.95%
GBPUSD	1.2794	1.80%	3.17%	-3.49%
USDJPY	106.1400	-0.82%	-1.66%	-2.27%
AUDUSD	0.7105	1.56%	2.93%	1.20%
CHFUSD	1.0863	1.96%	2.91%	5.13%
CADUSD	0.7455	1.24%	1.21%	-3.16%
NZDUSD	0.6641	1.28%	2.90%	-1.47%

- The US dollar posted its biggest weekly decline in almost four months against a basket of currencies and also saw its largest weekly percentage loss against a surging euro since late March. The greenback continues its decline as the second wave of COVID-19 infections is lowering activity across the states and is weighing on the likelihood of a faster economic rebound. Growing US-China tensions also undermined the dollar.
- The safe-haven yen rose at the end of the week as risk appetite weakened due to a host of concerns including a continued rise in coronavirus cases, a delay in the US stimulus package bill and an escalation in US-China tensions.
- Emerging market currencies closed the turbulent week almost unchanged, with the MSCI EM FX Index rising just 0.2%. EM currencies were lifted by a falling dollar and the EU fiscal rescue package, but then came under pressure from an escalation in US-China dispute.



Energy & Metals

WTI Crude Oil for September closed +1.45% to US\$41.34

- Crude oil prices rose, supported by economic data from Europe and weaker US dollar, but gains were limited as tensions between the United States and China flared. The renewed tensions between the world's top two oil consumers stoked worries about oil demand, which already faces headwinds including rising coronavirus cases in the United States.

Gold for September closed +4.76% to US\$1,902.50

- Gold prices rose for a seventh week, reaching an all-time high, as investors sought safety in the precious metal amid rising US-China tensions and lingering fears over the coronavirus pandemic. Gold was also pushed higher by the weakening US dollar.

Copper for September closed -0.41% to US\$289.25

- Copper prices fell for the week on deepening US-China confrontation, but low global inventories limited the losses.

ETF MONEY FLOWS (WTD)



SPY US Equity	SPDR S&P 500 ETF TRUST	1,798,283,112	
GLD US Equity	SPDR GOLD SHARES	1,301,447,662	
AGG US Equity	ISHARES CORE U.S. AGGREGATE	952,257,005	
IAU US Equity	ISHARES GOLD TRUST	923,970,003	
SLV US Equity	ISHARES SILVER TRUST	800,272,997	
HYG US Equity	ISHARES IBOXX HIGH YLD CORP	653,115,001	
JNK US Equity	SPDR BBG BARC HIGH YIELD BND	588,246,356	
BND US Equity	VANGUARD TOTAL BOND MARKET	533,298,996	
IXC US Equity	ISHARES GLOBAL ENERGY ETF	487,657,485	
IGSB US Equity	ISHARES SHORT-TERM CORPORATE	449,414,999	
FTCS US Equity	FIRST TRUST CAPITAL STRENGTH	(1,061,870,762)	
XLRE US Equity	REAL ESTATE SELECT SECT SPDR	(949,591,762)	
VOO US Equity	VANGUARD S&P 500 ETF	(949,534,950)	
IWM US Equity	ISHARES RUSSELL 2000 ETF	(649,202,982)	
IWF US Equity	ISHARES RUSSELL 1000 GROWTH	(594,431,007)	
BIL US Equity	SPDR BBG BARC 1-3 MONTH TBIL	(384,440,656)	
DIA US Equity	SPDR DJIA TRUST	(372,335,977)	
USMV US Equity	ISHARES EDGE MSCI MIN VOL US	(360,222,998)	
SMH US Equity	VANECK SEMICONDUCTOR	(274,240,853)	
SHV US Equity	ISHARES SHORT TREASURY BOND	(254,679,008)	

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