



Your Gateway To The World

WEEKLY MARKET SUMMARY



Equity Markets



Bond Markets



Currencies



Commodities

9 August 2020



US

S&P500 +2.45% (3,351.28); NASDAQ +2.47% (11,010.98); DJIA +3.80% (27,433.48)

This week's reports:

- **July's Unemployment Rate** fell to 10.2% from June's 11.1%; economists expected the jobless rate to decrease to 10.5%. **Non-Farm Payrolls** rose by 1.763M versus the expectations of 1.6M increase, from June's +4.791M payrolls. **Labor Force Participation Rate** declined to 61.4% from June's 61.5%.
- **July's Hourly Earnings** rose 0.2% from June's -1.3%. **Average Weekly Hours** fell to 34.5 from June's 34.6.
- **June's Consumer Credit** rose by \$8.95B, its first increase after three months of declines, from May's -\$18.28B. The increase in credit was a result of rising non-revolving debt, as revolving debt (such as credit card debt) declined for a fourth month.
- **July's Markit Manufacturing PMI** fell to 50.9 from June's reading of 51.3, versus the expected increase to 52. **Services PMI** rose to 50 from June's 49.6; it was expected to stay unchanged. **Composite PMI** rose to 50.3 from June's reading of 50.
- **July's ISM Manufacturing PMI** rose to 54.2 from June's 51.3, versus the expected increase to 53.6. **ISM Non-Manufacturing PMI** jumped to 58.1 from June's 57.1; it was expected to decline to 55.
- **June's Factory Orders** rose 6.2% from May's +7.7%.
- **June's Wholesale Inventories** fell 1.4% from May's -2%.
- **Initial Jobless Claims** for the week ending August 1st fell by 249K to 1.186M, versus the expected decrease to 1.415K. **Continuing Jobless Claims** for the week ending July 25th dropped by 844K to 16.107M, versus the expectations of 16.72M continuing claims.
- Equity markets worldwide advanced this week as signs of economic recovery were reported in Europe, China and the US. US markets received a boost from improving labor markets and the hope that the US Congress will soon agree on a new stimulus package. Sentiment received an additional lift from the ISM Manufacturing PMI, which suggested industrial activity was expanding at the fastest pace in almost a year and a half. US stocks wavered Friday as talks between White House officials and Democratic leaders on a new coronavirus-aid package concluded without a breakthrough. Still, US indexes registered their best start of August in years, as the economy added more jobs than expected.
- Total US household debt decreased by \$34 billion (0.2%) in the second quarter of 2020, to \$14.27 trillion. This marks the first decline since the second quarter of 2014 and is the largest decline since the second quarter of 2013. The decline in debt was led by credit card balances, which fell sharply by \$76 billion, the steepest decline in card balances seen in the history of the data. In total, non-housing balances (including credit card, auto loans, student loans, and other debts) saw the largest decline in the history of this report, with an \$86 billion decline. At the same time, mortgage debt surged by \$63 billion.



Canada

S&P/TSX Composite +2.32% (16,544.47)

- Canada's stocks rose as the equity rally brought S&P/TSX Composite Index back to their highest levels since the first week of March. However, the benchmark remains down 3% year-to-date, and 8% off its high in February. This week's climb was led by the energy sector as oil prices pushed higher.
- **July's Unemployment Rate** fell to 10.9% from June's 12.3% as **Net Payrolls** rose 418.5K from June's +952.9K.
- **July's Average Hourly Wages** rose 5.66% y/y versus June's +6.8% y/y.
- **July's Markit Manufacturing PMI** rose to 52.9 from June's reading of 47.8, versus the expected decrease to 44.1.
- **July's Ivey PMI** jumped to 68.5 from June's 58.2.

Europe

EUROSTOXX50	+2.47%	(3,252.65)
DJSTOXX600	+2.03%	(363.55)
DAX30	+2.94%	(12,674.88)
CAC40	+2.21%	(4,889.52)
FTSE100	+2.28%	(6,032.18)

- European shares closed higher on Friday, marking weekly gains as investors focused on a broadly supportive earnings season and improving economic data in Europe rather than rising US-China tensions.
- With the bulk of the European earnings season over, investors were relieved that most companies had exceeded analysts' much-lowered forecasts for quarterly profits. Refinitiv data showed about 60% of the STOXX companies that have reported so far beat estimates.
- **July's Markit Manufacturing PMI** rose to 51.8 from June's reading of 51.1; it was expected to remain unchanged. **Services PMI** declined to 54.7 from June's 55.1 versus the expectations of zero change. **Composite PMI** rose to 54.9 from June's reading of 54.8.
- **June's Retail Sales** rose 5.7% from May's surge of 20.3%.



UK

- **July's Markit Manufacturing PMI** fell to 53.3 from June's reading of 53.6; it was expected to remain unchanged. **Services PMI** declined to 56.5 from June's 56.6 versus the expectations of zero change.

Japan

NIKKEI +2.86% (22,329.94)

- Japan's stocks rallied in the first week of August in the wake of Wall Street's continued advance, following their steep decline at the end of July. Weekly gains were limited as stocks fell on Friday as Sino-US tensions heightened, while a raft of lackluster domestic earnings also weighed on investor sentiment.
- **June's Leading Economic Index** (prelim.) jumped to 85 from May's reading of 78.3.
- **July's Jibun Bank (Markit) Manufacturing PMI** rose to 45.2 from June's reading of 42.6; it was expected to remain unchanged. The increase means that Japanese manufacturing sector is contracting at its slowest rate since February. **Services PMI** rose to 45.4 from June's 45.
- **June's Overall Household Spending** fell 1.2% y/y versus May's -16.2% y/y.
- **June's Labor Cash Earnings** fell 1.7% y/y versus May's -2.3% y/y.

Australia & New Zealand

S&P/ASX200 +1.30% (6,004.84)

NZX 50 -0.69% (11,646.68)

- **Australia's July Commonwealth Bank (Markit) Manufacturing PMI** rose to 54 from June's reading of 53.4. **Services PMI** declined to 58.2 from June's 58.5. **Composite PMI** declined to 57.8 from June's 57.9.
- **Australia's July AiG Manufacturing Index** rose to 53.5 from June's 51.5. **AiG Services Index** rose to 44 from June's 31.5.
- **New Zealand's Q2 2020 Unemployment Rate** fell to 4% from Q1's 4.2%.



Emerging Markets

MSCI EM	+0.96%	(1,089.32)
MSCI Asia Pacific	+2.10%	(155.93)
Shanghai Composite (China)	+1.33%	(3,354.04)
HANG SENG Index	-0.26%	(24,531.62)
India BSE SENSEX Index	+1.15%	(38,040.57)
EM Eastern Europe	+2.64%	(150.19)
Russia's IMOEX	+2.09%	(2,972.35)
MSCI EM Latin America (USD)	-2.94%	(2,006.12)
Brazil BOVESPA Index	-0.13%	(102,775.50)

- Emerging market stocks fell on Friday, after US President Donald Trump issued bans on popular Chinese apps, further escalating tensions with Beijing. Developing world stocks still ended the week higher as investors remained hopeful of more stimulus for the US economy, while also enjoying a recent increase in commodity prices.
- **China's July Caixin (Markit) Manufacturing PMI** rose to 52.8 from June's 51.2. **Services PMI** fell to 54.1 from June's 58.4.
- **China's July Exports** jumped 7.2% y/y versus June's +0.5% y/y. **Imports** fell 1.4% y/y versus June's +2.7% y/y.



US

2-yr USTs closed up 2bps to 0.13%. 10-yr USTs closed up 4bps to 0.56%.

- Treasury yields rose on Friday after new data showed the economy added more jobs last month than expected.
- Earlier in the week, yields on 10-year US treasuries touched new all-time low of 0.501%, owing in part to signals from the Federal Reserve that it could leave short-term interest rates at around zero until inflation has reached or exceeded its 2% target.

Canada

2-yr GCAD closed unch. at 0.27%. 10-yr GCAD closed up 1bps to 0.48%.

Europe

2-yr Bunds closed up 3bps to -0.68%. 10-yr Bunds closed up 2bps to -0.51%.

- Germany's bond yields ticked higher, tracking US Treasury yields, after US employment data showed employment growth slowed in July but not quite as much as economists had expected.

UK

2-yr Gilts closed up 4bps to -0.02%. 10-yr Gilts closed up 4bps to 0.14%.

Japan

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



CURRENCIES



Currencies	07/08/2020	Weekly %	MTD %	YTD %
USDILS	3.4131	0.27%	0.27%	-1.16%
EURILS	4.0233	0.31%	0.31%	3.87%
GBPILS	4.4497	-0.10%	-0.10%	-2.87%
CHFILS	3.7357	0.27%	0.27%	4.65%
JPYILS	3.2179	0.09%	0.09%	1.23%
AUDILS	2.4398	0.36%	0.36%	0.65%
CADILS	2.5469	0.37%	0.37%	-4.21%
EURUSD	1.1787	0.08%	0.08%	5.12%
GBPUSD	1.3052	-0.25%	-0.25%	-1.55%
USDJPY	105.9200	0.09%	0.09%	-2.48%
AUDUSD	0.7157	0.20%	0.20%	1.94%
CHFUSD	1.0959	0.09%	0.09%	6.06%
CADUSD	0.7472	0.21%	0.21%	-2.94%
NZDUSD	0.6605	-0.36%	-0.36%	-2.00%

- The US dollar ended the week with a slight drop, its seventh straight week of declines, as Friday's increase in value of the currency almost wiped out losses made in the beginning of the week. The greenback rebounded from two-year lows on stronger-than-expected US jobs data and on renewed US-China tensions.
- Morgan Stanley strategists say that the US dollar is most oversold in 40 years, and warn that if it starts to consolidate its losses this year, it could take away a key tailwind for global equities that have benefited from the weakness in the world's reserve currency. The ICE US Dollar Index (DXY) is down nearly 3% this year, and is matching levels last seen more than 2 years ago.
- Emerging market currencies ended the week with declines as the dollar found footing in improving US economic data while investors sentiment towards the EM currencies was hit by a sharp drop in Turkey's lira, which plunged to a record low against the dollar. Risk sentiment was also strained by an escalation in US-China tensions.



Energy & Metals

WTI Crude Oil for September closed +2.36% to US\$41.22

- Global oil prices rose mid-week as US inventories fell unexpectedly, sending Brent crude to its highest since March, above US\$46 a barrel. Oil stockpiles were down 7.4 million barrels last week, according to the Energy Information Administration.
- US energy companies cut the number of oil and natural gas rigs this week to a record low for a 14th week. US oil rigs fell by four to 176 this week, their lowest since July 2005, according to data from energy services firm Baker Hughes
- Crude prices fell on Friday, limiting their weekly gain and taking Brent back below \$45, on geopolitical risk as tensions between the US and China escalated. Oil prices were also under pressure on concerns the global recovery could falter from a resurgence of coronavirus cases.

Gold for September closed +2.35% to US\$2,014.30

- Gold prices registered their ninth straight weekly rise, the longest such stretch since 2006, on worsening pandemic numbers and concerns about the economy and trade. However, yellow metal price fell on Friday, limiting weekly gains, after a decent US jobs report boosted the dollar.
- Bullion has risen 34% so far this year amid surging COVID-19 cases, which have battered global economies and prompted unprecedented stimulus measures.

Copper for September closed -2.63% to US\$279.25

- Copper prices fell for a third week in a row on the back of improving supply in the global market, as the world's largest copper producer, Codelco, has outlined plans to restart operation at a number of facilities.
- Copper prices have been in a 2-month bull run after the coronavirus pandemic interrupted mining activities in Chile and Peru. The governments in those countries closed the mines as miners began to contract the coronavirus, leading to a drop in production. But with supply now being restored, copper price is vulnerable to worries about economic recovery, rising geopolitical risks and strengthening of the US dollar.

ETF MONEY FLOWS (WTD)



GLD US Equity	SPDR GOLD SHARES	1,291,186,177	
HYG US Equity	ISHARES IBOXX HIGH YLD CORP	711,926,007	
TIP US Equity	ISHARES TIPS BOND ETF	516,869,006	
IAU US Equity	ISHARES GOLD TRUST	499,071,441	
BND US Equity	VANGUARD TOTAL BOND MARKET	482,101,994	
IGSB US Equity	ISHARES SHORT-TERM CORPORATE	477,932,493	
XLK US Equity	TECHNOLOGY SELECT SECT SPDR	464,757,956	
VCSH US Equity	VANGUARD S/T CORP BOND ETF	444,630,252	
SPY US Equity	SPDR S&P 500 ETF TRUST	420,171,312	
IXUS US Equity	ISHARES CORE INTL STOCK ETF	413,319,989	
SDY US Equity	SPDR S&P DIVIDEND ETF	(1,393,801,830)	
IWM US Equity	ISHARES RUSSELL 2000 ETF	(1,010,041,509)	
TQQQ US Equity	PROSHARES ULTRAPRO QQQ	(810,923,453)	
XLE US Equity	ENERGY SELECT SECTOR SPDR	(720,685,444)	
SPTI US Equity	SPDR PORTFOLIO INTERMEDIATE	(703,452,766)	
VOO US Equity	VANGUARD S&P 500 ETF	(674,319,275)	
SPYD US Equity	SPDR PORTFOLIO S&P 500 HIGH	(546,682,020)	
DIA US Equity	SPDR DJIA TRUST	(485,581,593)	
IWF US Equity	ISHARES RUSSELL 1000 GROWTH	(408,295,501)	
BIL US Equity	SPDR BBG BARC 1-3 MONTH TBIL	(402,749,184)	

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