



Your Gateway To The World

WEEKLY MARKET SUMMARY



Equity Markets



Bond Markets



Currencies



Commodities

23 August 2020



US

S&P500 +0.72% (3,397.16); NASDAQ +2.65% (11,311.80); DJIA 0.00% (27,930.33)

This week's reports:

- **August's NY Empire State Manufacturing Index** tumbled to 3.7 from July's 17.2.
 - **August's Philadelphia Fed Manufacturing Index** fell to 17.2 from July's 24.1.
 - **August's Markit Manufacturing PMI** (prelim.) rose to 53.6, a 19-month high, from July's 50.9; the expectations were for an increase to 51.9. **Services PMI** (prelim.) jumped to 54.8, a 17-month high, from July's 50, versus the expected increase to 51. **Composite PMI** (prelim.) rose to 54.7, an 18-month high, from July's 50.3.
 - **August's NAHB Housing Market Index** rose to 78 from July's 72, versus the expected increase to a reading of 73.
 - **July's Housing Starts** jumped 22.6% from June's +17.5%. **Building Permits** surged 18.8% from June's +3.5%.
 - **July's Existing Home Sales** climbed 24.7%, their biggest increase on record, from June's +20.2%.
 - **Initial Jobless Claims** for the week ending August 15th rose by 135K to 1.106M, versus the expected decrease to 925K. **Continuing Jobless Claims** for the week ending August 8th dropped by 636K to 14.844M, versus the expectations of a decrease to 15M continuing claims.
- US stocks rose for the week, with the tech-heavy NASDAQ Index leading the way higher and the S&P 500 logging a fourth consecutive week of gains, its longest winning streak of the year, while the DJIA Index finished the week unchanged.
 - The S&P 500 saw its biggest gains in the consumer discretionary (Amazon.com), technology (Apple and Microsoft) and communication services sectors (Alphabet and Facebook). The jump in Apple's share price boosted the company's valuation above US\$2 trillion, solidifying its position as the world's most valuable company. The moves of these tech and Internet giants lifted the S&P 500 to a record high, erasing all the COVID-19-related losses. The 103-trading-day recovery from the March 23 low was the quickest rebound ever for the index from a decline of similar magnitude.
 - Stocks were under pressure mid-week as negotiations in Washington over an expanded fiscal support package remained stalled, and heightened US-China trade tensions weighed on sentiment. An unexpected jump in the number of weekly claims for US jobless benefits added to the concern over the economy.
 - Still, gains in tech and IT giants overcame concerns over the economy and trade, with investors trying to reconcile uneven economic signals with expectations of further stimulus from governments and central banks. The Federal Reserve's latest minutes showed that central bankers think that more government support is needed to help the economy. Some analysts said they expect the record run for stocks to continue, driven in part by such stimulus.



Canada

S&P/TSX Composite +0.02% (16,517.85)

- Canada's S&P/TSX Composite Index finished the week slightly higher, as an e-commerce powerhouse Shopify Inc. resumed its climb making technology the leading sector in the TSX. The materials sector was also strong as gold prices steadied after their recent retreat from all-time highs.
- **July's CPI** rose 0.1% y/y versus June's +0.7% y/y. Month-on-month, July's consumer prices were unchanged from June, when they jumped 0.8% m/m. **Core CPI** rose 0.7% y/y versus June's +1.1% y/y. Core inflation was a negative 0.1% m/m after June's increase of 0.5% m/m.
- **June's Retail Sales** surged 23.7% from May's +24.5%; it was expected that the sales would rise by 24.5% in July as well.
- **June's Wholesale Sales** jumped 18.5% from May's +5.7%.

Europe

EUROSTOXX50	-1.37%	(3,259.75)
DJSTOXX600	-0.81%	(365.09)
DAX30	-1.06%	(12,764.80)
CAC40	-1.34%	(4,896.33)
FTSE100	-1.45%	(6,001.89)

- European shares fell for the week as downbeat economic data that pointed to a stalling of the Eurozone recovery hit regional stock markets. An increase in COVID-19 infection rates across the continent also weighed on investor sentiment.
- **August's Consumer Confidence Index** (prelim.) rose to -14.7 from July's reading of -15.
- **August's Markit Manufacturing PMI** (prelim.) fell to 51.7 from July's 51.8; the expectations were for an increase to 52.9. **Services PMI** (prelim.) tumbled to 50.1 from July's 54.7, versus the expected decrease to 54.5. **Composite PMI** (prelim.) declined to 51.6, a 2-month low, from July's reading of 54.9.
- **July's CPI** rose 0.4% y/y, the same as in June. Month-on-month, prices fell 0.4% from June's +0.3% m/m. **Core CPI** rose 0.3% y/y, the same as in June. Core inflation fell 0.3% m/m after June's 0.2% decline.



UK

- **August's Markit Manufacturing PMI** (prelim.) rose to 55.3, a 30-month high, from July's 53.3; the expectations were for an increase to 53.8. **Services PMI** (prelim.) surged to 60.1, a 72-month high, from July's 56.5, versus the expected increase to 56.5.
- **August's GfK Consumer Confidence Index** remained unchanged from July's reading of -27.
- **July's CPI** rose 1% y/y versus June's +0.6% y/y. Month-on-month, July's consumer prices rose 0.4% from June's +0.1% m/m. **Core CPI** rose 1.8% y/y versus June's +1.4% y/y.
- **July's Retail Sales** rose 3.6% from June's +13.9%.

Japan

NIKKEI -1.58% (22,920.30)

- Japan's stocks turned modestly higher Friday, thanks to a Wall Street rise and receded concerns over US-China relations. Still, Japanese markets posted losses for the week after the government reported that Japan's economy suffered its largest contraction on record in Q2 2020, as companies experienced the full impact of the global pandemic.
- **Q2 2020 GDP Annualized** (prelim.) contracted 27.8% versus Q1's decline of 2.2%. GDP fell 7.8% q/q from Q1's -0.6% q/q.
- **July's National CPI ex Fresh Food** was flat y/y, the same as in June.
- **August's Jibun Bank (Markit) Manufacturing PMI** (prelim.) rose to 46.6 from July's 45.2.
- **June's Industrial Production** fell 18.2% y/y versus May's -17.7% y/y. **Capacity Utilization** rose 6.2% from May's -11.6%.
- **June's Machinery New Orders** fell 22.5% y/y versus May's -16.3% y/y.
- **July's Exports** fell 19.2% y/y versus May's -26.2% y/y. **Imports** fell 22.3% y/y versus May's -14.4% y/y.



EQUITY MARKETS



Australia & New Zealand

S&P/ASX200	-0.25%	(6,111.18)
NZX 50	+3.35%	(11,835.94)

- **Australia's July Westpac Leading Index** rose 0.05% from June's increase of 0.5%.
- **Australia's August Commonwealth Bank (Markit) Manufacturing PMI** (prelim.) fell to 53.9 from July's 54. **Services PMI** (prelim.) dropped to 48.1 from July's 58.2. **Composite PMI** (prelim.) fell to 48.8 from July's 57.8.
- **Australia's July Retail Sales** rose 3.3% from June's +2.7%.
- **New Zealand's July Business NZ Performance of Services (PSI) Index** fell to 53.2 from June's 54.1.

Emerging Markets

MSCI EM	-0.12%	(1,091.85)
MSCI Asia Pacific	-0.14%	(158.52)
Shanghai Composite (China)	+0.61%	(3,380.68)
HANG SENG Index	-0.27%	(25,113.84)
India BSE SENSEX Index	+1.47%	(38,434.72)
EM Eastern Europe	-5.06%	(148.91)
Russia's IMOEX	-2.17%	(2,995.61)
MSCI EM Latin America (USD)	-3.18%	(1,952.04)
Brazil BOVESPA Index	+0.17%	(101,521.30)

- MSCI EM Index of emerging-market equities finished the week with a small decline, a first fall after a month-long rally, as the US Federal Reserve expressed concern about the path of the economic recovery, while the renewed tension between China and the US also weighed on risk appetite.
- The US State Department urged US universities to divest themselves of Chinese stocks and disclose Chinese stocks held in their index funds. China's growing prominence in emerging-markets indexes has steered more money from US institutions into China.



US

2-yr USTs closed unch. at 0.14%. 10-yr USTs closed down 8bps to 0.63%.

- US Treasury yields were mixed on Friday as the market drifted in light trading and looked ahead to next week's Federal Reserve Jackson Hole virtual economic policy conference and \$148 billion of note sales.
- Treasury yields inched up on Friday after data showed US manufacturer growth rebounded this month to post its fastest improvement since January 2019. Still, 10-year and longer yields fell for the week as jobless claims exacerbated fears of a slower recovery from the coronavirus-led downturn.

Canada

2-yr GCAD closed down 2bps to 0.28%. 10-yr GCAD closed down 8bps to 0.54%.

Europe

2-yr Bunds closed down 4bps to -0.68%. 10-yr Bunds closed down 9bps to -0.51%.

UK

2-yr Gilts closed down 3bps to -0.05%. 10-yr Gilts closed down 4bps to 0.21%.

Japan

2-yr bonds closed unch. at -0.11%. 10-yr bonds closed down 2bps to 0.03%.



CURRENCIES



Currencies	21/08/2020	Weekly %	MTD %	YTD %
USDILS	3.4004	-0.13%	-0.11%	-1.53%
EURILS	4.0114	-0.36%	0.01%	3.56%
GBPILS	4.4524	-0.05%	-0.04%	-2.81%
CHFILS	3.7320	-0.21%	0.17%	4.55%
JPYILS	3.2153	0.81%	0.01%	1.15%
AUDILS	2.4361	-0.18%	0.21%	0.50%
CADILS	2.5818	0.65%	1.75%	-2.90%
EURUSD	1.1797	-0.38%	0.16%	5.21%
GBPUSD	1.3090	0.03%	0.04%	-1.26%
USDJPY	105.8000	-0.75%	-0.03%	-2.59%
AUDUSD	0.7161	-0.14%	0.25%	1.99%
CHFUSD	1.0970	-0.28%	0.19%	6.16%
CADUSD	0.7589	0.69%	1.78%	-1.42%
NZDUSD	0.6541	-0.02%	-1.33%	-2.95%

- The US dollar gained against the euro for the first week since mid-June after data showed a strong uptick in US business activity, while the single currency was held down as an August batch of European business surveys pointed to a stuttering economic recovery.
- The greenback was also helped by the release of the Federal Open Market Committee minutes from its last meeting, which were less dovish than expected. The minutes prompted dollar bears to buy into the heavily shorted currency, fueling its biggest one-day surge in more than two months.
- Emerging market currency index finished the week flat after wiping out all of its weekly gains at the end of the week, when the US dollar surged on indications of stalling global economic recovery from a pandemic-induced slump.



Energy & Metals

WTI Crude Oil for October closed +0.07% to US\$42.34

- Oil prices fell on Friday as the economic recovery worldwide runs into stumbling blocks due to renewed coronavirus lockdowns and on worries about rising crude supply. Crude benchmarks closed the week differently: while the US benchmark WTI rose for a third straight week, the global benchmark Brent registered a weekly decline.
- Investors weighed prospects of an increase in demand for fuels in the US, where housing and manufacturing survey data came in better than expected, and in Europe, where the recovery stalled according to the new data. US benchmark crude futures also advanced after the latest inventory report showed shrinking domestic crude and gasoline supplies.
- Brent was under pressure from a surge in supply, as Libya's national oil company said it could restart oil exports, adding millions of barrels to the OPEC+ supply. Meanwhile, a report showed that OPEC+ members produced 2.3 million barrels per day in excess of their quotas in May through July.

Gold for September closed -0.14% to US\$1,936.00

- Gold prices fell strongly at the end of the week, paring previous gains and closing with a second straight weekly decline, as a strong rebound in the dollar and a resurgence in US business activity dented bullion's allure.

Copper for September closed +2.05% to US\$291.75

- Copper prices jumped over the week after positive US housing and manufacturing data and due to ongoing supply concerns. Copper inventories in warehouses operated by the London Metal Exchange fell to their lowest since 2007.

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)	

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