



Your Gateway To The World

WEEKLY MARKET SUMMARY



Equity Markets



Bond Markets



Currencies



Commodities

6 September 2020



US

S&P500 -2.31% (3,426.96); NASDAQ -3.27% (11,313.13); DJIA -1.82% (28,133.31)

This week's reports:

- **August's Unemployment Rate** dropped to 8.4%, much lower than 9.8% expected, from July's 10.2%. **Non-Farm Payrolls** rose 1.371M from July's +1.734M. **Labor Force Participation Rate** rose to 61.7% from July's 61.4%, it was expected to remain unchanged. One of the drivers of the decline in unemployment was the strong decrease in number of persons on temporary layoff.
 - **August's Average Hourly Earnings** rose 0.4% from July's +0.1%. **Average Weekly Hours** rose to 34.6 from July's 34.5.
 - **Q2 2020 Non-farm Productivity** jumped 10.1% from Q1's +7.3%, versus the expected increase of 7.5%. **Unit Labor Costs** rose 9.0%, less than expected 12.1%, from Q1's +12.2%.
 - **August's Markit Manufacturing PMI** rose to 53.1 from July's 50.9, marking the sharpest manufacturing growth since January 2019. **Services PMI** rose to 55 from July's 50.0; its strongest expansion since March 2019. **Composite PMI** jumped to 54.6 from July's 50.3, reflecting strongest expansion in business activity since March 2019.
 - **August's ISM Manufacturing PMI** rose to 56 from July's 54.2, versus the expected increase to 54.5. **ISM Services PMI** fell to 56.9, as expected, from July's 58.1.
 - **July's Factory Orders** jumped 6.4%, the same as in June.
 - **August's Dallas Fed Manufacturing Index** jumped to 8 from July's reading of -3.
 - **Initial Jobless Claims** for the week ending August 29th fell by 130K to 881K, versus the expected 950K. **Continuing Jobless Claims** for the week ending August 8th dropped by 1.238M to 13.254M, versus the expectations of a decrease to 14M continuing claims.
- US stocks surged to new record highs mid-week, led by technology mega-caps; however, gains through Wednesday were widespread, with 10 of the 11 S&P 500 sectors and 28 of the 30 stocks in the Dow industrials in the green. The gains were spurred by better-than-expected economic data, which suggested that recovery is under way.
 - US shares sharply changed direction on Thursday in their worst showing since June, driven by a broad decline in many of the technology companies that have led the market higher in recent months and days. Stocks swung wildly Friday and ended the session modestly lower, capping a turbulent two-day stretch of trading that snapped five-week winning streaks for the S&P 500 and Nasdaq Composite. The worst of the selloff appeared to stem from concern that the recent run-up in tech shares wasn't tied to broad investor sentiment, but instead was driven by outsize options trades.
 - End-of-the week declines may be a preview for a volatile period ahead as investors return from vacations and refocus on the potential economic pitfalls and political risks, including election uncertainty. After an outstanding rally and the best August in more than 30 years, it wouldn't take much to drive nervous investors to extremes.



Canada

S&P/TSX Composite -2.92% (16,218.01)

- Canada's S&P/TSX Composite Index saw every sector lose ground and underperformed its US counterpart S&P 500. Unlike the US index, the TSX remains well below its February high and is still down 5% year-to-date. Technology led the declining sectors as Shopify followed its US peers. The energy and materials sectors also weighed on the index as oil and gold prices fell.
- **August's Markit Manufacturing PMI** surged to 55.1 from July's 52.9, versus the expected decline to 50.4.
- **August's Ivey PMI** declined to 67.9 from July's 68.5; it was expected to fall to 57.5.
- **August's Unemployment Rate** fell to 10.2% from July's 10.9% as **Net Payrolls** rose 245.8K from July's +418.5K. **Participation Rate** rose to 64.6% from July's 64.3%.
- **August's Average Hourly Wages** rose 6% y/y versus July's +5.66% y/y.
- **Q2 2020 Labor Productivity** rose 9.8% from Q1's +4.5%.

Europe

EUROSTOXX50	-1.66%	(3260.59)
DJSTOXX600	-1.86%	(361.93)
DAX30	-1.46%	(12842.66)
CAC40	-0.76%	(4965.07)
FTSE100	-2.76%	(5799.08)

- European shares equities tumbled a second day on Friday, posting their worst weekly drop since July, as investors exited some of this year's biggest winners amid concerns about stretched valuations. Technology and real estate stocks led the drop.
- **August's Markit Manufacturing PMI** fell to 51.7 from July's 51.8, as was expected. **Services PMI** dropped to 50.5 from July's 54.7, it was expected to fall to 50.1. **Composite PMI** fell to 51.9 from July's 54.9, versus the expected decline to 51.6.
- **August's CPI** (prelim.) declined 0.2% y/y versus July's +0.4% y/y and versus the expectations of a 0.2% y/y increase. **Core CPI** (prelim.) rose 0.4% y/y versus July's +1.2% y/y; it was expected to rise 0.9% y/y.
- **July's Unemployment Rate** rose to 7.9% from June's 7.7%.
- **July's Retail Sales** fell 1.3% from June's +5.3%; they were expected to rise 1.5%.



UK

- **August's Markit Manufacturing PMI** rose to 55.2 from July's 53.3, signaling that the UK manufacturing is growing at its fastest rate in over six years. **Services PMI** rose to 58.8 from July's 56.5, the sharpest increase in service sector activity since April 2015.

Japan

NIKKEI +1.41% (23,205.43)

- Japan was the best-performing developed market for the week. Investor sentiment for the country received a boost when Warren Buffet's Berkshire Hathaway made \$6 billion investments in several large Japanese trading companies.
- **August's Jibun Bank (Markit) Manufacturing PMI** rose to 47.2 from July's 45.2, signaling that the manufacturing sector moved closer to stabilization. **Services PMI** fell to 45.0 from July's 45.4, as services activity remained subdued amid further reduction in new business.
- **July's Industrial Production** (prelim.) fell 16.1% y/y versus June's -18.2% y/y.
- **August's Consumer Confidence Index** fell to 29.3 from July's 29.5.
- **July's Retail Trade** fell 2.8% y/y versus June's -1.3% y/y.
- **July's Unemployment Rate** rose to 2.9% from June's 2.8%.

Australia & New Zealand

S&P/ASX200 -2.44% (5,925.51)

NZX 50 -2.23% (11,824.31)

- **Australia's Q2 2020 GDP** fell 7% q/q from Q1's -0.3%.
- **Australia's August Commonwealth Bank (Markit) Manufacturing PMI** fell to 53.6 from July's 54.0. **Services PMI** fell to 49.0 from July's 58.2. **Composite PMI** fell to 49.4 from July's 57.8. Australia's PMIs dropped due to renewed lockdown measures.
- **Australia's August AiG Manufacturing Index** fell to 49.3 from July's 53.5.
- **New Zealand's August Business Confidence Index** rose to -41.8 from July's -42.4.



Emerging Markets

MSCI EM	-1.97%	(1,099.50)
MSCI Asia Pacific	-1.36%	(159.55)
Shanghai Composite (China)	-1.42%	(3,355.37)
HANG SENG Index	-2.86%	(24,695.45)
India BSE SENSEX Index	-2.81%	(38,357.18)
EM Eastern Europe	-4.49%	(142.16)
Russia's IMOEX	-1.97%	(2,921.55)
MSCI EM Latin America (USD)	+0.59%	(2,009.26)
Brazil BOVESPA Index	-0.88%	(101,241.7)

- MSCI EM Index of emerging-market equities followed the US markets lower this week, as heavy losses led to a soured sentiment.
- **China's August NBS Manufacturing PMI** (official) declined to 51 from July's 51.1. **Non-Manufacturing PMI** (official) rose to 55.2 from July's 54.2.
- **China's August Caixin (Markit) Manufacturing PMI** rose to 53.1 from July's 52.8. **Services PMI** declined to 54.0 from July's 54.1.
- **India's Q2 2020 GDP** tumbled 23.9% y/y versus Q1's +3.1% y/y.
- **Brazil's Q2 2020 GDP** dropped 11.4% y/y versus Q1's -0.3% y/y.



US

2-yr USTs closed up 2bps to 0.14%. 10-yr USTs closed unch. at 0.72%.

- US government bond yields rose, wiping out previous declines, after data showed the economy added more jobs than expected last month, driving down the unemployment rate.

Canada

2-yr GCAD closed unch. at 0.28%. 10-yr GCAD closed down 4bps to 0.60%.

Europe

2-yr Bunds closed down 3bps to -0.69%. 10-yr Bunds closed down 6bps to -0.47%.

UK

2-yr Gilts closed down 2bps to -0.08%. 10-yr Gilts closed down 5bps to 0.26%.

Japan

2-yr bonds closed down 1bps to -0.12%. 10-yr bonds closed down 2bps to 0.04%.



CURRENCIES



Currencies	04/09/2020	Weekly %	MTD %	YTD %
USDILS	3.3688	0.26%	0.43%	-2.44%
EURILS	3.9896	-0.18%	-0.29%	3.00%
GBPILS	4.4751	-0.21%	-0.22%	-2.31%
CHFILS	3.6864	-0.71%	-0.64%	3.27%
JPYILS	3.1697	-0.51%	0.11%	-0.29%
AUDILS	2.4521	-0.83%	-0.87%	1.16%
CADILS	2.5779	0.59%	0.31%	-3.05%
EURUSD	1.1838	-0.55%	-0.82%	5.57%
GBPUSD	1.3279	-0.55%	-0.68%	0.17%
USDJPY	106.2400	0.83%	0.31%	-2.18%
AUDUSD	0.7282	-1.13%	-1.27%	3.72%
CHFUSD	1.0947	-1.02%	-1.07%	5.94%
CADUSD	0.7656	0.29%	-0.10%	-0.55%
NZDUSD	0.6721	-0.33%	-0.18%	-0.28%

- The US dollar dipped on Friday, but still registered its biggest weekly rise in 2-1/2 months as a drop in US technology stocks fueled a bout of risk aversion in global markets.
- The dollar's bounce this week comes after weeks of losses which saw the greenback fall to April 2018 low on Tuesday after the Federal Reserve overhauled its policy framework last week, which would allow it to keep rates lower for longer periods, a negative for the dollar.
- The USD's strength this past week stopped the euro's rally, which briefly hit more than 2-year highs above \$1.20 this week. Still, the US dollar's recent weakness versus the euro was in focus for top policymakers at the ECB, which warned that if the euro keeps appreciating, it will weigh on exports, drag down prices, and intensify pressure for more monetary stimulus.
- Emerging market currency index fell at the end of the week as the dollar strengthened, but managed to close its second straight week of gains due to earlier weakness in the USD following the Federal Reserve's new accommodative stance on inflation.
- The Turkish lira slipped to a record low on Friday on concerns around stubbornly high inflation. The currency has lost about 20% this year despite central bank intervention and, along with Hungary's forint, is among Europe's worst performing currencies.



Energy & Metals

WTI Crude Oil for October closed -7.45% to US\$39.77

- Oil prices fell on Friday, finishing with their biggest weekly decline since June, as concerns over prospects for demand, losses in the stock market and a strengthening US dollar pushed WTI price below \$40 for the first time in four weeks.
- A US government report this week showed domestic gasoline demand has fallen again, while middle distillate inventories at Asia's Singapore oil hub have surpassed a nine-year high

Gold for September closed -2.07% to US\$1,923.90

- Gold futures ended lower for a third straight session on Friday, logging a weekly loss, as better-than-expected monthly US employment data helped to strengthen the dollar.

Copper for September closed +1.72% to US\$304.65

- Copper prices rose as expectations of strong demand in top consumer China were reinforced by historically low inventories of the metal in the London Metal Exchange (LME) registered warehouses.

ETF MONEY FLOWS (WTD)



QQQ US Equity	INVESCO QQQ TRUST SERIES 1	2,240,495,465	
VLUE US Equity	ISHARES MSCI USA VALUE FACTOR	934,578,991	
BND US Equity	VANGUARD TOTAL BOND MARKET	839,918,005	
GSLC US Equity	GOLDMAN ACTIVEBETA US LC ETF	760,224,273	
VTI US Equity	VANGUARD TOTAL STOCK MKT ETF	662,726,539	
TQQQ US Equity	PROSHARES ULTRAPRO QQQ	647,692,892	
VOO US Equity	VANGUARD S&P 500 ETF	564,687,510	
EMB US Equity	ISHARES JP MORGAN USD EMERGING	520,566,993	
IAU US Equity	ISHARES GOLD TRUST	497,635,018	
SPY US Equity	SPDR S&P 500 ETF TRUST	469,587,785	
DIA US Equity	SPDR DJIA TRUST	(2,308,166,866)	
TLT US Equity	ISHARES 20+ YEAR TREASURY BOND	(1,013,248,000)	
HYG US Equity	ISHARES IBOXX HIGH YLD CORP	(634,609,998)	
MINT US Equity	PIMCO ENHANCED SHORT MATURIT	(463,826,143)	
IVV US Equity	ISHARES CORE S&P 500 ETF	(360,692,017)	
IWB US Equity	ISHARES RUSSELL 1000 ETF	(336,011,990)	
IGV US Equity	ISHARES EXPANDED TECH-SOFTWARE	(319,935,999)	
IWF US Equity	ISHARES RUSSELL 1000 GROWTH	(286,638,492)	
IWM US Equity	ISHARES RUSSELL 2000 ETF	(278,711,440)	
XLK US Equity	TECHNOLOGY SELECT SECT SPDR	(276,848,854)	

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