



Your Gateway To The World

WEEKLY MARKET SUMMARY



Equity Markets



Bond Markets



Currencies



Commodities

13 September 2020



US

S&P500 -2.31% (3,340.97); NASDAQ -4.06% (10,853.54); DJIA -1.66% (27,665.64)

This week's reports:

- **August's CPI** rose 1.3% y/y versus the expected 1.2% y/y increase and July's +1% y/y. **CPI ex Food & Energy (Core)** rose 1.7% y/y versus July's +1.6% y/y.
 - **August's PPI** fell 0.2% y/y versus the expected 0.3% y/y decline and July's -0.4% y/y. **PPI ex Food & Energy (Core)** rose 0.6% y/y, twice more than was expected, versus July's +0.3% y/y.
 - **July's Consumer Credit** rose by \$12.25 billion, rebounding for a second straight month, from June's +\$11.39 billion. The increase was led solely by a rise in non-revolving debt, while revolving credit contracted for a fifth straight month, albeit at a much slower pace than in previous months.
 - **August's NFIB Small Business Optimism Index** jumped to 100.2 from July's reading of 98.8; it was expected to decline to 98.
 - **July's Wholesale Inventories** declined 0.3% from June's -0.1%.
 - **Initial Jobless Claims** for the week ending September 5th were unchanged from the previous week's 884K, versus the expected decline to 846K. **Continuing Jobless Claims** for the week ending August 29th rose by 93K to 13.385M, versus the expectations of an increase to 12.925M continuing claims.
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- US stocks capped off their second straight week of declines, continuing a stretch of volatility that many say is a bellwether for the autumn months, which tend to be the rockiest for the stock market. US investors worried about increasing US-China tensions, a setback in vaccine development, a loss of labor market momentum and increasing pessimism about any new fiscal stimulus before the November presidential election.
 - gyrations in large tech stocks have injected volatility into the broader market, a rapid about-face after a summer where US shares marched steadily higher. Shares of Apple, Facebook, Amazon, Microsoft and Alphabet fell 4% or more this week, weighing on the broader market. On Tuesday, the Nasdaq tumbled into correction territory: a drop of at least 10% from a recent high. It dropped from a record into a correction at the fastest pace ever. The next day, the index logged its biggest point and percentage gain since April.
 - The swings in tech stocks have been particularly alarming because of their outsize influence on the market's gains this year. The market's climb over the summer has largely been fueled by a handful of tech companies that are expected to benefit from the stay-at-home economy created by the coronavirus pandemic. Investors abandoned the group this week, leading to big declines in some of the market's favorite trades this year.
 - The S&P 500 and Nasdaq Composite have now lost 4.8% and 7.2%, respectively, over the past two weeks, their worst such stretches since March. The Dow Jones Industrial Average has fallen 3.4% over that time frame, its biggest such decline since June. However, the tech-heavy Nasdaq is still up 21% for the year and has rallied 58% from its March low.



Canada

S&P/TSX Composite +0.03% (16,222.46)

- Canada's S&P/TSX Composite Index rose and fell along with Wall Street's moves, but managed to close the week with a small gain, after a better-than-expected economic rebound was highlighted by the Bank of Canada in the statement that accompanied its decision to keep its policy rates steady.
- **Q2 2020 Capacity Utilization** fell to 70.3%, as was expected, from Q1's 79.8%.

Europe

EUROSTOXX50	+1.69%	(3,315.81)
DJSTOXX600	+1.67%	(367.96)
DAX30	+2.80%	(13,202.84)
CAC40	+1.39%	(5,034.14)
FTSE100	+4.02%	(6,032.09)

- European shares rose for the week on better industrial production data in the UK, France and Italy, and on the European Central Bank's promise to keep rates low and to keep buying bonds for unrestricted period of time. Meanwhile, investors mostly shrugged off the growing possibility of a no-deal Brexit as the eighth round of UK-EU talks got underway
- **Q2 2020 GDP** tumbled 14.7% y/y (-11.8% q/q), slightly less than previously estimated decline of 15% y/y (-12.1% q/q), but still the sharpest decline observed since the time series started in 1995. In Q1 2020, GDP fell 3.2% y/y (-3.7% q/q).
- **Q2 2020 Employment Change** was -3.1% y/y (-2.9% q/q), versus Q1's +0.4% y/y (-0.3% q/q), also the sharpest drop since at least 1995.
- **September's Sentix Investor Confidence** rose to -8 from August's reading of -13.4.



UK

- **July's GDP** rose 6.6% m/m from June's +8.7% m/m, continuing the economy's strong rebound from the pandemic-induced slump. The UK economy has made up half of GDP lost since start of pandemic lockdown.
- **July's Industrial Production** jumped 5.2% m/m from June's +9.3% m/m. **Manufacturing Production** rose 6.3% m/m from June's +11% m/m. Although Industrial and Manufacturing production levels remain 7.8% and 9.4% lower than the same month last year, the sector has recovered about two thirds of the output lost due to the pandemic.

Japan

NIKKEI +0.87% (23,406.49)

- Japanese indexes finished the week with gains, recovering from their mid-week fall that followed Wall Street's tumble, after the US futures rose and the capital city of Tokyo dropped its coronavirus alert by one notch from the highest level as infections continue to decline.
- **July's Leading Economic Index** (prelim.) rose to 86.9 from June's 83.8.
- **Q2 2020 GDP Annualized** fell 28.1%, slightly less than -28.6% previously estimated. Quarter-on-quarter, GDP contracted 7.9%, versus the expectations of a 8.1% decline.
- **July's Labor Cash Earnings** fell 1.3% y/y versus June's -2% y/y.
- **July's Overall Household Spending** dropped 7.6% y/y versus June's -1.2% y/y.
- **July's Machinery New Orders** fell 16.2% y/y versus June's -22.5% y/y.
- **August's Machine Tool Orders** (prelim.) fell 23.3% y/y versus July's -31.1% y/y.

Australia & New Zealand

S&P/ASX200 -1.12% (5,859.42)

NZX 50 -0.65% (11,748.03)

- **Australia's September Westpac Consumer Confidence** surged +18% from August's -9.5%.
- **Australia's August AiG Performance of Services Index** fell to 42.5 from July's 44.
- **New Zealand's August Business NZ PMI** fell to 50.7 from July's 58.8.
- **New Zealand's September Business Confidence Index** (prelim.) rose to -26 from August's reading of -41.8.



Emerging Markets

MSCI EM	-0.70%	(1,091.79)
MSCI Asia Pacific	-0.11%	(159.38)
Shanghai Composite (China)	-2.83%	(3,260.35)
HANG SENG Index	-0.78%	(24,503.31)
India BSE SENSEX Index	+1.30%	(38,854.55)
EM Eastern Europe	+0.37%	(142.69)
Russia's IMOEX	-0.38%	(2,910.51)
MSCI EM Latin America (USD)	-1.94%	(1,970.24)
Brazil BOVESPA Index	-2.84%	(98,363.20)

- MSCI EM Index of emerging-market equities fell for the week, as US dollar strengthened and oil prices fell.
 - Dozens of emerging market funds have closed so far this year as turmoil unleashed by the coronavirus has damaged investor sentiment towards the asset class, where returns lag those of developed economies. The MSCI EM index is up 38% from its March 23 low, while the MSCI World index of developed-countries stocks has risen 45% in the same period. A weaker US dollar, which would typically have boosted emerging markets, has failed to lift investor sentiment, and cash has been slow to return after large outflows triggered by the pandemic. As many as 51 EM equity funds have closed in the first eight months of 2020, up from 44 last year. Asset managers said that along with disappointing returns, investors are increasingly worried about the macro outlook for some EM countries as the COVID-19 crisis unfolds.
- **China's August CPI** rose 2.4% y/y versus July's +2.7% y/y.
- **China's August Exports** jumped 9.5% y/y versus July's +7.2% y/y. **Imports** dropped 2.1% y/y versus July's -1.4%.



US

2-yr USTs closed down 2bps to 0.13%. 10-yr USTs closed down 5bps to 0.67%.

- US government bond yields declined after a steep fall in technology stocks pushed investors to the safety of government bonds.
- Treasury yields also fell after the government sold \$23 billion in 30-year bonds to solid demand.

Canada

2-yr GCAD closed down 1bps to 0.26%. 10-yr GCAD closed down 5bps to 0.55%.

Europe

2-yr Bunds closed up 1bps to -0.68%. 10-yr Bunds closed down 1bps to -0.48%.

- Government bond yields across the euro area fell on Friday, after the European Central Bank's chief economist Philip Lane said there was no room for complacency as inflation will be persistently low in the coming years.

UK

2-yr Gilts closed down 5bps to -0.13%. 10-yr Gilts closed down 8bps to 0.18%.

Japan

2-yr bonds closed unch. at -0.12%. 10-yr bonds closed down 1bps to 0.03%.



CURRENCIES



Currencies	11/09/2020	Weekly %	MTD %	YTD %
USDILS	3.4631	2.80%	3.24%	0.29%
EURILS	4.1010	2.79%	2.49%	5.88%
GBPILS	4.4289	-1.03%	-1.25%	-3.32%
CHFILS	3.8094	3.34%	2.67%	6.72%
JPYILS	3.2614	2.89%	3.01%	2.60%
AUDILS	2.5220	2.85%	1.96%	4.04%
CADILS	2.6274	1.92%	2.24%	-1.18%
EURUSD	1.1846	0.07%	-0.75%	5.65%
GBPUSD	1.2796	-3.64%	-4.29%	-3.48%
USDJPY	106.1600	-0.08%	0.24%	-2.26%
AUDUSD	0.7284	0.03%	-1.25%	3.75%
CHFUSD	1.1002	0.50%	-0.57%	6.47%
CADUSD	0.7589	-0.88%	-0.98%	-1.42%
NZDUSD	0.6666	-0.82%	-1.00%	-1.10%

- The US dollar index rose after the volatile week, closing its second week of gains, as investors rushed from the gyrations of stock markets to the safety of US bonds and currency.
- Some analysts believe the dollar has scope for further gains as a safe haven amid still heightened uncertainty related to the COVID vaccine and the global recovery from the virus-induced downturn.
- The euro managed to close against the USD with a small weekly gain, with investors encouraged to push it higher after the European Central Bank showed no sign of stemming the single currency's appreciation. At a press conference on Thursday, ECB President Christine Lagarde said the bank is not targeting exchange rates.
- The British pound posted its worst weekly performance versus the dollar since mid-March on fears that Britain will end its post-Brexit transition period without agreeing any trading arrangements with the EU.



Energy & Metals

WTI Crude Oil for October closed -6.14% to US\$37.33

- Oil prices posted their second straight weekly loss as stockpiles rise around the world and fuel demand struggles to rebound to pre-coronavirus levels. Both Brent and WTI crudes lost about 6% on the week after a series of signals that showed markets still have an abundance of supply. In recent days, both Saudi Arabia and Kuwait lowered their official selling prices for crude to Asia for October, a signal of slower demand.
- In the United States, crude stockpiles rose 2 million barrels last week. Refineries slowly returned to operations after production sites were shut due to storms in the Gulf of Mexico. Traders are starting to book tankers again to store crude oil and diesel, another signal of oversupply amid a stalled economic recovery as the COVID-19 pandemic continues.

Gold for September closed +0.72% to US\$1,937.80

- Gold futures gained for the week even as USD strengthened, after investors' risk sentiment was dampened by a fall in US stocks, increase in Covid-19 cases in Europe, and higher chances for a no-deal Brexit.

Copper for September closed -0.41% to US\$303.40

- Copper prices dropped to a one-week low on Friday, setting the LME benchmark on track for its first weekly loss in five, as the US dollar rebounded, making metals more expensive for buyers holding other currencies.
- The price of the industrial metal was also pushed down as market sentiment was blunted by concerns around Brexit, fading hopes of a new US fiscal stimulus, and data suggesting a stalling US labor market recovery from the coronavirus crisis.

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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