



Your Gateway To The World

WEEKLY MARKET SUMMARY



Equity Markets



Bond Markets



Currencies



Commodities

11 October 2020



US

S&P500 +3.84% (3,477.13); NASDAQ +4.56% (11,579.94); DJIA +3.27% (28,586.90)

This week's reports:

- **September's Markit Services PMI** declined to 54.6 from August's 55.0. September's data signals a solid upturn in service sector business activity, albeit one that is slightly slower than August's recent high. The expansion was largely driven by a faster rise in new business. **Composite PMI** inched down to 54.3 from August's 54.4.
 - **September's ISM Services PMI** rose to 57.8 from August's 56.9. This reading represents growth in the services sector for the fourth straight month and the 126th time in the last 128 months, except for April's and May's contraction.
 - **August's Wholesale Inventories** rose 0.4% from July's +0.5%.
 - **September's Consumer Credit** fell by \$7.22 billion from August's +14.67 billion; it was expected to rise by 13.75 billion. US consumer borrowing fell as credit card balances declined for a sixth consecutive month. Revolving credit fell \$9.4 billion, the most in three months. The decrease left outstanding revolving credit at \$985.3 billion, its lowest since June 2017. Non-revolving debt rose by \$2.2 billion.
 - **Initial Jobless Claims** for the week ending October 3rd declined by 9K to 840K, versus the expected decline to 820K. **Continuing Jobless Claims** for the week ending September 26th fell by 1.003M to 10.976M, versus the expectations of a decrease to 11.4M continuing claims. The advance seasonally adjusted insured unemployment rate was 7.5%, a decrease of 0.7% from the previous week's rate.
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- Stocks gained across all major global markets as investors grew more confident that another US fiscal stimulus bill would get finalized, despite a raft of news suggesting prospects of a package were uncertain.
 - US stocks rallied, with the S&P 500 and the Nasdaq indexes closing their best week in three months, after the media reported that the White House is preparing a \$1.8 trillion stimulus proposal. The situation marks a sharp turnaround from Tuesday, when President Trump tweeted he was pulling out of negotiations about the stimulus.
 - President Trump's rapid recovery following his COVID-19 diagnosis the previous week also seemed to boost sentiment. The president attributed his recovery to the new antibody and antiviral treatments he received, while promising that they would soon be free and widely available to Americans.
 - Even though Covid-19 infection rates have been rising in the last weeks in all developed markets, there hasn't been any negative impact on consensus earnings forecasts. Analysts say that as long as strict lockdowns can be avoided, equities are likely to continue to make progress on the back of very loose monetary policy and global stimulus packages.



Canada

S&P/TSX Composite +2.24% (16,562.81)

- Canada's S&P/TSX Composite Index lagged its US counterpart S&P 500, even though Canada's employment data was much better than expected. However, one of the most robust parts of Canada's economic rebound - residential construction activity - was reported to have moderated across most of the country.
- **September's Unemployment Rate** fell to 9% from August's 10.2% as **Net Payrolls** rose by 378.2K from August's +245.8K. **Participation Rate** rose to 65% from August's 64.6%.
- **September's Average Hourly Wages** rose 5.43% y/y versus August's +6% y/y.
- **September's Ivey PMI** fell to 54.3 from August's 67.8.

Europe

EUROSTOXX50	+2.58%	(3,273.12)
DJSTOXX600	+2.11%	(370.35)
DAX30	+2.85%	(13,051.23)
CAC40	+2.53%	(4,946.81)
FTSE100	+1.94%	(6,016.65)

- European shares posted a second consecutive week of gains on Friday as bumper forecasts from Pandora and Novo Nordisk set a brighter tone for the earnings season, while investors kept hopes alive for an American stimulus deal. Adding to optimism was positive China services data, which helped lift mining shares, and a rally in oil prices, lifting energy stocks.
- **September's Markit Services PMI** dropped to 48.0, its lowest level since May, from August's 50.5. September's data signals a fallback into contraction of the services economy in the Eurozone. **Composite PMI** fell to 50.4 from August's 51.9, reflecting further slowdown towards stagnation.
- **October's Sentix Investor Confidence** fell to -8.3 from September's -8.0.
- **August's Retail Sales** jumped 4.4% from July's -1.8%.



UK

- UK stocks rose, but lagged other large European markets, as statements from both UK and European Union politicians made a no-deal Brexit at the end of 2020 look more likely.
- **August's GDP Growth** was +2.1% m/m, versus July's +6.6% m/m.
- **August's Industrial Production** rose 0.3% from July's +5.2%. **Manufacturing Production** rose 0.7% from August's +6.9%.
- **September's Markit Services PMI** fell to 56.1 from August's 58.8. Although September's reading was lowest since June, the index nonetheless pointed to a marked rate of growth.

Japan

NIKKEI +2.56% (23,619.69)

- Japanese stocks posted their biggest weekly gain in two months on Friday, on hopes of more stimulus in the United States. Shares dipped on Friday as investors adjusted positions ahead of the weekend.
- **August's Leading Economic Index** (prelim.) rose to 88.8 from July's 86.7.
- **August's Labor Cash Earnings** fell 1.3% y/y versus July's -1.5% y/y.
- **August's Overall Household Spending** fell 6.9% y/y versus July's -7.6% y/y.
- **September's Jibun Bank (Markit) Services PMI** rose to 46.9 from August's 45. The service sector continued to contract, but the rates of contraction eased, signaling a move towards stabilization.

Australia & New Zealand

S&P/ASX200 +5.36% (6,102.17)

NZX 50 +3.87% (12,280.54)

- **Australia's September Commonwealth Bank (Markit) Services PMI** rose to 50.8 from August's 49.0, signaling return to growth in the services sector. **Composite PMI** rose to 51.1 from August's 49.4, representing a much-improved picture of the private sector economy.
- **New Zealand's October ANZ Activity Outlook** (prelim.) rose by 3.6% from September's -5.4%.
- **New Zealand's October ANZ Business Confidence** (prelim.) rose to -14.5 from September's reading of -28.5.



Emerging Markets

MSCI EM	+3.77%	(1,122.51)
MSCI Asia Pacific	+3.13%	(163.31)
Shanghai Composite (China)	+1.68%	(3,272.08)
HANG SENG Index	+2.81%	(24,119.13)
India BSE SENSEX Index	+4.68%	(40,509.49)
EM Eastern Europe	+1.94%	(134.96)
Russia's IMOEX	-0.64%	(2,834.09)
MSCI EM Latin America (USD)	+5.85%	(1,923.79)
Brazil BOVESPA Index	+3.69%	(97,483.30)

- Emerging market stocks rallied, with the MSCI EM Index reaching its highest since January on Friday, as a rally in global stocks and a prospect of the US stimulus lifted investor sentiment towards risk assets.
- China's stock markets rose Friday, following global market rally, after being closed from October 1 to 8 for the national Golden Week holiday.
- **China's September Caixin (Markit) Services PMI** rose to 54.8 from August's 54, a fifth successive monthly increase in service sector output. **Composite PMI** declined to 54.5 from August's 55.1.
- **Russia's September Markit Services PMI** dropped to 53.7 from August's 58.2, indicating a much slower services expansion. **Composite PMI** posted 53.7 in September, down notably from 57.3 in August.



BOND MARKETS



US

2-yr USTs closed up 2bps to 0.15%. 10-yr USTs closed up 7bps to 0.77%.

- US government bond yields rose to their highest since June as risk sentiment rose across the globe on hopes for the new US stimulus package.

Canada

2-yr GCAD closed up 2bps to 0.26%. 10-yr GCAD closed up 6bps to 0.63%.

Europe

2-yr Bunds closed down 2bps to -0.71%. 10-yr Bunds closed up 1bps to -0.53%.

UK

2-yr Gilts closed up 2bps to -0.02%. 10-yr Gilts closed up 3bps to 0.28%.

Japan

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



CURRENCIES



Currencies	09/10/2020	Weekly %	MTD %	YTD %
USDILS	3.3782	-1.59%	-1.40%	-2.17%
EURILS	3.9945	-0.63%	-0.57%	3.13%
GBPILS	4.4072	-0.73%	-0.51%	-3.80%
CHFILS	3.7138	-0.47%	-0.25%	4.04%
JPYILS	3.1989	-1.86%	-1.63%	0.63%
AUDILS	2.4465	-0.49%	-0.39%	0.92%
CADILS	2.5756	-0.11%	0.09%	-3.13%
EURUSD	1.1826	0.94%	0.90%	5.47%
GBPUSD	1.3036	0.78%	0.90%	-1.67%
USDJPY	105.6200	0.31%	0.13%	-2.75%
AUDUSD	0.7240	1.10%	1.09%	3.12%
CHFUSD	1.0987	1.14%	1.18%	6.33%
CADUSD	0.7625	1.48%	1.57%	-0.95%
NZDUSD	0.6666	0.38%	0.74%	-1.10%

- The US dollar fell to three-week lows on Friday on optimism that a deal for new US stimulus would be reached. The dollar index against a basket of major currencies fell to its lowest since September 21. The US currency also fell on rising expectations that Biden will win the Nov. 3 election, which would result in larger government spending, negative for the dollar.
- The British pound strengthened against a weaker dollar and was set for a weekly gain as markets turned more optimistic about Brexit negotiations ahead of a key European Union leaders summit next week. The pound has been volatile this week on contradictory headlines about how much progress has been made in Brexit negotiations.
- Emerging market currencies strengthened as the US dollar declined and risk sentiment rose across markets. China's currency staged its biggest rally in 15 years on Friday, buoyed by a wave of foreign demand for Chinese assets and rising expectations that a Biden victory in next month's US presidential election could end the trade war between the two superpowers.



Energy & Metals

WTI Crude Oil for December closed +9.56% to US\$40.91

- WTI oil prices surged as Hurricane Delta shut in over 90% of production in the Gulf of Mexico, disrupting supply. Meanwhile, fiscal package negotiations also lifted energy prices on hopes that the stimulus will help faster economic recovery.
- Brent crude prices rallied along with WTI, but lost ground on Friday, paring some gains, after an oil worker strike in Norway ended. Norwegian oil firms struck a wage bargain with labor union officials, ending a 10-day strike that had threatened to cut the country's oil and gas output by close to 25%.

Gold for December closed +0.98% to US\$1,926.20

- Gold futures rose second week in a row, pushing back above \$1,900, on reports that talks had resumed on the stimulus package and in response to the US dollar's third straight day of declines.

Copper for September closed +3.53% to US\$308.25

- Copper prices rose to two-week highs on Friday after talks about financial aid for the US economy restarted, the dollar slipped and miners went on strike in Chile, a top producer of the industrial metal.

ETF MONEY FLOWS (WTD)



IWM US Equity	ISHARES RUSSELL 2000 ETF	2,800,394,052	
SPY US Equity	SPDR S&P 500 ETF TRUST	2,133,981,871	
HYG US Equity	ISHARES IBOXX HIGH YLD CORP	1,674,594,000	
ESGU US Equity	ISHARES TRUST ISHARES ESG AW	1,449,083,505	
IVV US Equity	ISHARES CORE S&P 500 ETF	1,195,473,506	
LQD US Equity	ISHARES IBOXX INVESTMENT GRADE	1,044,779,033	
XLF US Equity	FINANCIAL SELECT SECTOR SPDR	875,081,535	
VTI US Equity	VANGUARD TOTAL STOCK MKT ETF	857,848,089	
EMB US Equity	ISHARES JP MORGAN USD EMERGING	819,882,996	
VOO US Equity	VANGUARD S&P 500 ETF	691,705,104	
QQQ US Equity	INVESCO QQQ TRUST SERIES 1	(2,712,459,160)	
EFA US Equity	ISHARES MSCI EAFE ETF	(744,077,980)	
NEAR US Equity	ISHARES SHORT MATURITY BOND	(686,521,006)	
IYG US Equity	ISHARES U.S. FINANCIAL SERVI	(668,950,999)	
IJR US Equity	ISHARES CORE S&P SMALL-CAP ETF	(637,219,481)	
XLV US Equity	HEALTH CARE SELECT SECTOR	(459,992,021)	
IXC US Equity	ISHARES GLOBAL ENERGY ETF	(320,425,507)	
IEF US Equity	ISHARES 7-10 YEAR TREASURY BOND	(290,936,996)	
GLD US Equity	SPDR GOLD SHARES	(287,205,093)	
VSS US Equity	VANGUARD FTSE ALL WO X-US SC	(259,651,673)	

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FOR ADDITIONAL INFORMATION PLEASE CONTACT US AT:

40 Tuval St., Ramat Gan 5252247

Tel: +972 3 611 4626 | Fax: +972 3 611 4645

Email: info@tandem-capital.com

www.tandem-capital.com