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# WEEKLY MARKET SUMMARY



Equity Markets



Bond Markets



Currencies



Commodities

25 October 2020



## US

S&P500 -0.53% (3,465.39); NASDAQ -1.06% (11,548.28); DJIA -0.95% (28,335.57)

### This week's reports:

- **October's Markit Manufacturing PMI** (prelim.) rose to 53.3, a 21-month high, from September's reading of 53.2. **Services PMI** (prelim.) jumped to 56.0, a 20-months high, from September's 54.6. **Composite PMI** (prelim.) rose to 55.5, also a 20-month high, from September's reading of 54.3.
- **October's Kansas Fed Manufacturing Activity Index** rose to 23 from September's reading of 18, versus the expected increase to 20.
- **October's NAHB Housing Market Index** rose to 85 from September's level of 83.
- **September's Housing Starts** rose 1.9% from August's -6.7%. **Building Permits** jumped 5.2% from August's -0.5%.
- **September's Existing Home Sales** surged 9.4% from August's 2% increase.
- **Initial Jobless Claims** for the week ending October 17<sup>th</sup> fell by 55K to 787K, versus the expected increase to 860K. **Continuing Jobless Claims** for the week ending October 10<sup>th</sup> fell by 1.024M to 8.373M, versus the expectations of an increase to 9.5M continuing claims. The advance seasonally adjusted insured unemployment rate was 5.7%, a decrease of 0.7% from the previous week's rate.
- US stock markets fluctuated throughout the week in reaction to uncertainty in the US over reaching an agreement for fiscal stimulus before the November 3 presidential election. Major indexes rose on Friday on strong jobless claims figures and better-than-expected economic data, but not enough to take them out of the red for the week.
- Investors are increasingly optimistic that a second dose of stimulus will be delivered, even if many think the chances of a deal before the election are slim. Meanwhile, officials in the House of Representatives, the Senate, and the White House, continue negotiations over a nearly \$2 trillion coronavirus-relief package, which many investors view as crucial to maintaining the economic recovery.
- Stocks in sectors that are sensitive to the outlook for the economy, including energy and banks, outperformed this week on optimism that a fiscal package is coming sooner or later. Information-technology stocks faltered as the investors awaited their quarterly-earnings reports that are due next week.



## Canada

**S&P/TSX Composite -0.82% (16,304.08)**

- Canada's S&P/TSX Composite Index fell for a second week as it followed Wall-Street down. Canadian stocks were pressured by weakness in technology and industrial stocks.
- **September's CPI** fell 0.1% m/m, the same as in August. Year-on-year, CPI jumped 0.5% versus August's +0.1% y/y. **Core CPI** rose 0.1% m/m from August's zero change; year-on-year, core inflation was 1% versus August's 0.8%.
- **September's Retail Sales** (prelim.) rose 0.4% m/m, the same as in August.

## Europe

<b>EUROSTOXX50</b>	<b>-1.44%</b>	<b>(3,198.86)</b>
<b>DJSTOXX600</b>	<b>-1.36%</b>	<b>(362.50)</b>
<b>DAX30</b>	<b>-2.04%</b>	<b>(12,645.75)</b>
<b>CAC40</b>	<b>-0.53%</b>	<b>(4,909.64)</b>
<b>FTSE100</b>	<b>-1.00%</b>	<b>(5,860.28)</b>

- European stocks rose on Friday, boosted by positive earnings updates from Barclays and a surge in Airbus, but persistent worries about the economic impact of surging COVID-19 cases saw markets post their biggest weekly decline in a month. As economic restrictions in Europe continued to tighten, consumer confidence measures slipped.
- **October's Markit Manufacturing PMI** (prelim.) rose to 57.8, a 32-month high, from September's reading of 57.1. **Services PMI** (prelim.) fell to 46.2, a 5-months low, from September's 48.0. **Composite PMI** (prelim.) fell to 49.4, a 4-month low, from September's reading of 50.4.
- **October's Consumer Confidence Index** fell to -15.5, a 5-months low, from September's -13.9.



## UK

- **October's Markit Manufacturing PMI** (prelim.) fell to 53.3, a 3-month low, from September's reading of 54.1. **Services PMI** (prelim.) dropped to 52.3, a 4-months low, from September's 56.1.
- **October's GfK Consumer Confidence** fell to -31 from September's -25.
- **September's CPI** rose 0.4% from August's -0.4%. YoY, prices rose 0.5% versus August's 0.2% y/y. **Core CPI** rose 1.3% y/y versus August's 0.9% y/y.
- **September's Retail Sales** rose 1.5% from August's +0.9%.

## Japan

**NIKKEI +0.45% (23,516.59)**

- Japanese stocks inched up Friday on the back of an overnight Wall Street rally, closing the week with a small gain.
- **October's Jibun Bank (Markit) Manufacturing PMI** (prelim.) rose to 47.0 from September's 46.0. **Services PMI** (prelim.) fell to 46.6 from September's 46.9. **Composite PMI** (prelim.) rose to 46.7 from September's 46.6. The flash estimates show that economic downturn persisted in Japanese private sector in October, albeit the contraction in activity slowed.
- **September's National CPI ex. Fresh Food** fell 0.3% y/y versus August's -0.4% y/y.
- **September's Exports** fell 4.9% y/y versus August's -14.8% y/y. **Imports** fell 17.2% y/y versus August's -20.8% y/y.

## Australia & New Zealand

**S&P/ASX200 -0.16% (6,167.05)**

**NZX 50 +0.30% (12,470.33)**

- **Australia's October Commonwealth Bank (Markit) Manufacturing PMI** (prelim.) fell to 54.2 from September's 55.4. **Services PMI** (prelim.) rose to 53.8 from September's 50.8.
- **Australia's September Retail Sales** fell 1.5% from August's -4%.
- **New Zealand's Q3 2020 CPI** rose 1.4% y/y versus Q2's +1.5% y/y.



## Emerging Markets

MSCI EM	+1.10%	(1,136.45)
MSCI Asia Pacific	+0.90%	(164.16)
Shanghai Composite (China)	-1.75%	(3,278.00)
HANG SENG Index	+2.18%	(24,918.78)
India BSE SENSEX Index	+1.76%	(40,685.50)
EM Eastern Europe	+2.15%	(133.03)
Russia's IMOEX	+0.61%	(2,816.70)
MSCI EM Latin America (USD)	+3.69%	(1,967.94)
Brazil BOVESPA Index	+3.00%	(101,259.80)

- Emerging market stocks rose for a fourth week as US lawmakers negotiated a stimulus agreement. The rally was tempered by rising virus cases around the world.
- **China's Q3 GDP Growth** was 4.9% y/y versus Q2's 3.2% y/y. Growth was weaker than the expected 5.2% y/y.
- **China's September Industrial Production** rose 6.9% y/y versus August's 5.6% y/y.
- **China's September Retail Sales** rose 3.3% y/y versus August's +0.5% y/y.



## US

**2-yr USTs closed up 1bps to 0.16%. 10-yr USTs closed up 10bps to 0.84%.**

- US government bond yields posted their largest weekly gain since August, lifted by signs of economic recovery and the hopes for economic stimulus before or after the presidential election. Although the timing of a stimulus deal remains uncertain, the expectations are that that the eventual package would be substantial in size.

## Canada

**2-yr GCAD closed up 1bps to 0.24%. 10-yr GCAD closed up 6bps to 0.64%.**

## Europe

**2-yr Bunds closed up 1bps to -0.74%. 10-yr Bunds closed up 5bps to -0.57%.**

## UK

**2-yr Gilts closed up 2bps to -0.03%. 10-yr Gilts closed up 10bps to 0.28%.**

## Japan

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



# CURRENCIES



Currencies	23/10/2020	Weekly %	MTD %	YTD %
USDILS	3.3746	-0.11%	-1.51%	-2.28%
EURILS	4.0029	1.14%	-0.37%	3.34%
GBPILS	4.4018	0.94%	-0.63%	-3.91%
CHFILS	3.7311	1.13%	0.21%	4.52%
JPYILS	3.2215	0.60%	-0.93%	1.34%
AUDILS	2.4080	0.79%	-1.95%	-0.66%
CADILS	2.5705	0.45%	-0.11%	-3.32%
EURUSD	1.1860	1.21%	1.19%	5.77%
GBPUSD	1.3039	0.96%	0.92%	-1.64%
USDJPY	104.7100	-0.65%	-0.73%	-3.59%
AUDUSD	0.7139	0.82%	-0.32%	1.68%
CHFUSD	1.1059	1.18%	1.84%	7.03%
CADUSD	0.7619	0.50%	1.49%	-1.03%
NZDUSD	0.6691	1.35%	1.12%	-0.73%

- The US dollar weakened against a basket of major currencies amid expectations for a substantial fiscal stimulus package before or after the November 3<sup>rd</sup> elections. Notwithstanding the uncertainty regarding the timing of the package, the markets' belief that it would aid the economy recover faster helped risk assets, including the euro and the emerging-market currencies.
- The pound fell against the dollar and euro on Friday after the UK PMI fell to a four-month low, but was still set to end the week up, after a new phase of intense Brexit talks restarted. Analysts say trade talks between Britain and the European Union are the primary driver of the pound.



## Energy & Metals

### **WTI Crude Oil for December closed -3.09% to US\$39.85**

- Crude oil prices dropped as demand concerns raised by surging coronavirus cases in the United States and Europe overshadowed the prospect of an extension to OPEC-led supply curbs. WTI prices were also pressured by higher-than-expected US inventories.

### **Gold for December closed -0.06% to US\$1,905.20**

- Gold futures finished the week almost unchanged after fluctuating with the USD levels, which moved based on stimulus headlines.

### **Copper for December closed +2.00% to US\$312.90**

- Copper prices rallied on signs of strong economic recovery in China, which is the world's largest copper consumer and accounts for roughly half of global demand.



# ETF MONEY FLOWS (WTD)



SPY US Equity	SPDR S&P 500 ETF TRUST	1,528,275,563	
VTI US Equity	VANGUARD TOTAL STOCK MKT ETF	1,431,390,208	
VXUS US Equity	VANGUARD TOTAL INTL STOCK	1,020,598,026	
BBMC US Equity	JPM BETABUILDERS US MID CAP	1,019,266,539	
TLT US Equity	ISHARES 20+ YEAR TREASURY BOND	726,918,987	
BNDX US Equity	VANGUARD TOTAL INTL BOND ETF	517,855,324	
BND US Equity	VANGUARD TOTAL BOND MARKET	447,801,996	
VNQ US Equity	VANGUARD REAL ESTATE ETF	440,828,852	
LQD US Equity	ISHARES IBOXX INVESTMENT GRADE	334,653,008	
VCSH US Equity	VANGUARD S/T CORP BOND ETF	332,239,949	
QQQ US Equity	INVESCO QQQ TRUST SERIES 1	(2,061,989,714)	
FTCS US Equity	FIRST TRUST CAPITAL STRENGTH	(1,563,427,407)	
BBEU US Equity	JPMORGAN BETABUILDERS EUROPE	(892,855,762)	
HYG US Equity	ISHARES IBOXX HIGH YLD CORP	(879,303,006)	
GLD US Equity	SPDR GOLD SHARES	(750,159,088)	
IWM US Equity	ISHARES RUSSELL 2000 ETF	(744,536,963)	
IEF US Equity	ISHARES 7-10 YEAR TREASURY BOND	(494,026,002)	
SHV US Equity	ISHARES SHORT TREASURY BOND	(442,720,001)	
IWR US Equity	ISHARES RUSSELL MID-CAP ETF	(315,654,506)	
IWB US Equity	ISHARES RUSSELL 1000 ETF	(262,306,492)	

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