



Your Gateway To The World

WEEKLY MARKET SUMMARY



Equity Markets



Bond Markets



Currencies



Commodities

1 November 2020



US

S&P500 -5.64% (3,269.96); NASDAQ -5.51% (10,911.59); DJIA -6.47% (26,501.60)

This week's reports:

- **Q3 2020 GDP Growth Annualized** (prelim) was +33.1% versus the expectations of +31% and comparing to Q2's -31.4%. Quarter-on-quarter, the US economy surged +7.4% from Q2's fall of 9% q/q. Year-on-year, the GDP was 2.9% lower than in Q3 2019; versus Q2 2020's -9% y/y.
 - **Q3 2020 Real Personal Consumption Expenditures** jumped +3.5% q/q from Q2's -0.8%.
 - **September's Personal Income** rose 0.9% from August's -2.5%. **Personal Spending** rose 1.4% from August's 1%.
 - **October's Michigan Consumer Sentiment Index** rose to 81.8 from September's 81.2.
 - **October's Conference Board Consumer Confidence Index** declined slightly to 100.9 from September's 101.3.
 - **August's FHFA Housing Price Index** rose 1.5% from July's +1.1%.
 - **August's S&P/Case-Shiller Home Price Indices** rose 5.2% y/y versus July's +4.1% y/y.
 - **September's New Home Sales** fell 3.5% from August's +3.0%. **Pending Home Sales** fell 2.2% from August's +8.8%.
 - **September's Chicago Fed National Activity Index (CFNAI)** fell to 0.27 from August's 1.11.
 - **October's Dallas Fed Manufacturing Index** surged to 19.8 from September's 13.6.
 - **October's Richmond Fed Manufacturing Index** rose to 29 from September's 21.
 - **September's Durable Goods Orders** rose 1.4% from August's +0.4%. **Durable Goods Orders ex Transportation** rose 0.8% from August's +1.0%.
 - **October's Chicago PMI** fell to 61.1 from September's 62.4; it was expected to fall to 58.
 - **September's Wholesale Inventories** (prelim.) fell 0.1% from August's +0.3%.
 - **Initial Jobless Claims** for the week ending October 24th fell by 40K to 751K, versus the expected increase to 775K. **Continuing Jobless Claims** for the week ending October 17th fell by 709K to 7.756M. The advance seasonally adjusted insured unemployment rate was 5.3%, a decrease of 0.5% from the previous week's rate.
- Equities markets capped a volatile trading week on a gloomy note on both sides of the Atlantic after broadly upbeat earnings from America's tech giants failed to impress investors. The global sell-off comes against a backdrop of renewed virus-related lockdowns across much of Europe and the upcoming US presidential election that has sparked an uptick in stock volatility. On top of that, the US hit an all-time high in daily COVID-19 cases on Thursday.
 - US stocks tumbled, capping their worst week since March and its first back-to-back monthly loss since worries about the pandemic first peaked in March. Stocks suffered after mega-cap tech earnings results didn't satisfy investor demand for future growth. Alphabet, Amazon, Apple, and Facebook reported quarterly earnings that mostly beat estimates, but tepid and uncertain growth outlooks sent technology stocks tumbling. The S&P 500 Index fell 2.3% in October.



Canada

S&P/TSX Composite -4.44% (15,580.64)

- Canada's S&P/TSX Composite Index saw its biggest weekly decline since March, led by weakness in the technology sector as heavyweight Shopify Inc. retreated. The energy sector was especially weak as several companies reported disappointing earnings.

→ **August's GDP** rose 1.2% from July's +3.1%.

Europe

EUROSTOXX50	-7.52%	(2,958.21)
DJSTOXX600	-5.56%	(342.36)
DAX30	-8.61%	(11,556.48)
CAC40	-6.42%	(4,594.24)
FTSE100	-4.83%	(5,577.27)

- European stocks closed their worst week since the depths of the COVID-19 pandemic's first wave, with markets struggling as investors absorbed technology earnings disappointment, COVID-19 worries, and a looming US presidential election. Stoxx 600, the benchmark European index, ended October with a loss of 5.6%.
- Data showed the Eurozone economy grew at a record pace in the third quarter, but has already stalled amid new restrictions, leaving Europe well behind the US and Asia in its recovery from the crisis. As lockdowns were put back in place in Germany, Italy, France and Spain, European Central Bank President Christine Lagarde said the economy was losing momentum faster than expected and that more monetary stimulus would be coming by December.

→ **Q3 2020 GDP** (prelim.) surged 12.7% q/q from Q2's -9.4% q/q, versus the expected growth of 9.4%. Year-on-year, the GDP was still 4.3% lower than in Q3 2019, versus Q2 2020's contraction of -14.8% y/y.

→ **October's Consumer Confidence Index** remained unchanged from September's -15.5. **Economic Confidence Index** also was unchanged from September's reading of 90.9.

→ **October's Unemployment Rate** was unchanged from September's 8.3%.

→ **October's CPI** (prelim.) was unchanged from September's -0.3% y/y. **Core CPI** (prelim.) was also unchanged from September's +0.2% y/y.



UK

- London's FTSE 100 fell on Friday, logging its biggest monthly drop since a brutal sell-off in March, as a new wave of regional COVID-19 restrictions threatened a nascent economic recovery. The benchmark index ended October with a loss of 4.9%.
- **October's Nationwide Housing Prices** rose 0.8% from September's +0.9%.

Japan

NIKKEI -2.29% (22,977.13)

- Japanese stocks were down for the week, but Japan was the best-performing developed market, as employment and industrial production figures were better than expected.
- **August's Leading Economic Index** fell to 88.4 from July's 86.7.
- **October's Consumer Confidence Index** rose to 33.6 from September's 32.7.
- **September's Unemployment Rate** was unchanged from August's 3%.
- **September's Retail Sales** fell 0.1% from August's +4.6%.
- **September's Industrial Production** (prelim.) fell 9% y/y versus August's -13.8% y/y.

Australia & New Zealand

S&P/ASX200 -3.88% (5,927.58)

NZX 50 -3.09% (12,084.47)

- **Australia's Q3 2020 CPI** rose 0.7% y/y versus Q2's -0.3% y/y.
- **New Zealand's October ANZ Consumer Confidence Index** rose to 108.7 from September's reading of 100.



Emerging Markets

MSCI EM	-2.90%	(1,103.46)
MSCI Asia Pacific	-2.24%	(160.49)
Shanghai Composite (China)	-1.63%	(3,224.53)
HANG SENG Index	-3.26%	(24,107.42)
India BSE SENSEX Index	-2.63%	(39,614.07)
EM Eastern Europe	-8.71%	(121.44)
Russia's IMOEX	-4.48%	(2,690.59)
MSCI EM Latin America (USD)	-8.21%	(1,806.43)
Brazil BOVESPA Index	-7.22%	(93,952.40)

- Emerging market stocks as denoted by the MSCI EM, fell strongly for the week, but managed to out-perform their developed counterparts (the MSCI World Index of developed countries) for the week, the month and the year to date.



US

2-yr USTs closed unch. at 0.15%. 10-yr USTs closed up 3bps to 0.87%.

- US government bond yields rose, with the yield on the benchmark 10-year Treasury note surging to its biggest monthly gain in two years.
- Investors said expectations that postelection economic stimulus will spur growth and inflation, along with greater government borrowing, have spurred the move. The US Treasury plans to issue trillions of dollars of securities in coming years to fund everything from tax cuts to economic relief efforts.
- Those wagers have outweighed investors' tendency to shelter in the relative safety of government debt during stocks' recent fall. It was just the 17th time since 1962 that the 10-year yield increased for the week while the S&P 500 declined.

Canada

2-yr GCAD closed up 2bps to 0.26%. 10-yr GCAD closed up 2bps to 0.66%.

Europe

2-yr Bunds closed down 6bps to -0.79%. 10-yr Bunds closed down 5bps to -0.63%.

UK

2-yr Gilts closed unch. at -0.03%. 10-yr Gilts closed down 2bps to 0.26%.

Japan

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



CURRENCIES



Currencies	30/10/2020	Weekly %	MTD %	YTD %
USDILS	3.4102	1.05%	-0.47%	-1.25%
EURILS	3.9638	-0.98%	-1.34%	2.33%
GBPILS	4.4133	0.26%	-0.37%	-3.66%
CHFILS	3.7156	-0.42%	-0.20%	4.09%
JPYILS	3.2555	1.06%	0.11%	2.41%
AUDILS	2.3943	-0.57%	-2.51%	-1.23%
CADILS	2.5578	-0.49%	-0.61%	-3.80%
EURUSD	1.1647	-1.80%	-0.63%	3.87%
GBPUSD	1.2947	-0.71%	0.21%	-2.34%
USDJPY	104.6600	-0.05%	-0.78%	-3.64%
AUDUSD	0.7028	-1.55%	-1.87%	0.10%
CHFUSD	1.0906	-1.38%	0.43%	5.55%
CADUSD	0.7508	-1.46%	0.01%	-2.47%
NZDUSD	0.6615	-1.14%	-0.03%	-1.85%

- The safe-haven dollar rose to a four-week high on Friday, moving within narrow ranges, amid jitters ahead of next week's US presidential election and the continued surge in global coronavirus cases that has forced lockdowns in parts of Europe. The US dollar index, measuring the greenback against a basket of peers, surged on the week, reversing its monthly loss.
- The euro weakened against the firmer dollar. The common currency was also pressured after the European Central Bank flagged further monetary easing in December.
- Main commodity-linked currencies, such as Russian ruble, Norwegian crown and Canadian dollar, slid, capping what for some was set to be their worst week since the March COVID-19 collapse.
- Emerging market currencies declined for the week, pressured by a stronger dollar, tumbling oil prices and a risk-off sentiment in the markets. Still, the MSCI EM FX Index closed October with gains, thanks to strength in some Asian currencies.



Energy & Metals

WTI Crude Oil for December closed -10.19% to US\$35.79

- Crude oil prices tumbled, hitting a 5-month low, as COVID cases climbed globally, new lockdowns were put in place in Europe, and as reports emerged that OPEC may not maintain its production cut in 2021. WTI crude posted a loss of 11.5% in October.

Gold for December closed -1.33% to US\$1,879.90

- Gold futures rose on Friday as the dollar rally paused, with worries over rising COVID-19 cases and uncertainty surrounding next week's US presidential election, offering support to the safe-haven metal.
- Gold has risen 24% so far this year, even though the yellow metal registered its third straight monthly decline in October, falling 1.5% for the month.

Copper for December closed -2.60% to US\$304.75

- Copper prices fell for the week, paring some of their monthly gains, as all industrial metals were subject to selling pressure amid the uncertainty over further Covid-19 lockdowns.

ETF MONEY FLOWS (WTD)



VOO US Equity	VANGUARD S&P 500 ETF	911,774,970	
IWM US Equity	ISHARES RUSSELL 2000 ETF	668,957,007	
AGG US Equity	ISHARES CORE U.S. AGGREGATE	541,328,011	
VXUS US Equity	VANGUARD TOTAL INTL STOCK	528,527,653	
MBB US Equity	ISHARES MBS ETF	484,942,010	
BND US Equity	VANGUARD TOTAL BOND MARKET	465,302,998	
IEFA US Equity	ISHARES CORE MSCI EAFE ETF	439,811,992	
XLK US Equity	TECHNOLOGY SELECT SECT SPDR	415,831,048	
VCSH US Equity	VANGUARD S/T CORP BOND ETF	406,095,512	
VTI US Equity	VANGUARD TOTAL STOCK MKT ETF	320,419,307	
SPY US Equity	SPDR S&P 500 ETF TRUST	(6,079,420,528)	
HYG US Equity	ISHARES IBOXX HIGH YLD CORP	(3,657,209,000)	
QQQ US Equity	INVESCO QQQ TRUST SERIES 1	(2,708,928,790)	
BBEU US Equity	JPMORGAN BETABUILDERS EUROPE	(636,281,643)	
IWF US Equity	ISHARES RUSSELL 1000 GROWTH	(549,909,501)	
XLI US Equity	INDUSTRIAL SELECT SECT SPDR	(521,100,497)	
GLD US Equity	SPDR GOLD SHARES	(472,620,616)	
LQD US Equity	ISHARES IBOXX INVESTMENT GRADE	(430,402,000)	
BKLN US Equity	INVESCO SENIOR LOAN ETF	(415,497,149)	
VCIT US Equity	VANGUARD INT-TERM CORPORATE	(401,282,884)	

Disclaimer

Tandem Capital Asset Management and its subsidiaries (the "Tandem") are companies engaged in investment marketing and not investment advice as defined in the Investment Advice, Investment Marketing and Portfolio Management Law, 1995, and are linked to financial assets managed by the companies listed in the company's website and updated from time to time.

Tandem or its employees may have holdings in the securities or financial assets mentioned herein and may act with them. This document is for informational purposes only, it does not constitute any assurance of return or prevention of profit, and is not a substitute for advice that takes into consideration the special needs of each individual. Nor does the information constitute an offer to purchase securities as defined in the Securities Law, 1968 and such acquisition will be made solely on the basis of a valid prospectus.

Do not copy or use any part of this document in any form without prior written permission from Tandem.



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