



Your Gateway To The World

WEEKLY MARKET SUMMARY



Equity Markets



Bond Markets



Currencies



Commodities

8 November 2020



US

S&P500 +7.47% (3,509.44); NASDAQ +9.01% (11,895.23); DJIA +6.87% (28,323.40)

This week's reports:

- **October's Unemployment Rate** fell to 6.9% from September's 7.9%; it was expected to decline to 7.7%. **Non-farm Payrolls** jumped by 638K, more than the expected increase of 600K, from September's 672K. **Labor Force Participation Rate** rose to 61.7% from September's 61.4%.
 - **October's Average Hourly Earnings** rose 4.5% y/y versus September's +4.6% y/y. **Average Weekly Hours** remained unchanged from September's 34.8.
 - **Q3 2020 Non-farm Productivity** (prelim) rose 4.9% from Q2's +10.6%. The gain in productivity in the third quarter was the second consecutive large increase in the measure after the surge registered in the second quarter of 2020. **Unit Labor Costs** (prelim.) tumbled 8.9% (annual rate) from Q2's +8.5%
 - **September's Consumer Credit** jumped by \$16.21B from August's drop of \$7.22B. Credit increase was helped by the first gain in revolving debt in seven months. Credit card borrowing rose by \$3.98B, while non-revolving debt increased by \$12.2B. This category has been rising steadily since a \$6.9B drop in April. September's increase in total credit was about double what economists had been forecasting.
 - **October's Markit Manufacturing PMI** rose to 53.4, its highest since January 2019, from September's 53.2, as faster expansions in output and new orders drove overall improvement. **Services PMI** jumped to 56.9, its fastest since April 2015, from September's 54.6 and versus the expectations of an increase to 56. **Composite PMI** surged to 56.3 from 54.3 in September, reflecting the fastest rise in private sector output since May 2018.
 - **October's ISM Manufacturing PMI** rose to 59.3, its highest since September 2018, from September's 55.4; the expectations were for a rise to 55.8. **ISM Services PMI** declined to 56.6 from September's 57.8, still representing a healthy rate of expansion in the sector.
 - **September's Factory Orders** jumped 1.1% from August's +0.6%.
 - **Initial Jobless Claims** for the week ending October 31st fell by 7K to 751K, versus the expected decrease to 732K. **Continuing Jobless Claims** for the week ending October 24th fell by 538K to 7.285M. The advance seasonally adjusted insured unemployment rate was 5.0%, a decrease of 0.3% from the previous week's rate.
- US stocks staged their best week since April after the apparent narrow victory of Joe Biden in the US presidential race was paired with the probability of the Senate remaining in Republican control. With the Democrats unable to sweep both houses of Congress as well as the presidency, as some had expected, there is less likelihood of enacting many of the major policy changes discussed during the campaign, such as major tax hikes, a rollback of the 2017 corporate tax cuts, or additional significant regulation. Tech stocks surged as concerns about big changes to US anti-trust laws eased. Investors were also encouraged by better-than-expected economic data across the board.
 - A divided government also points to a smaller fiscal stimulus package, which may mean that there may be an increased burden on the Federal Reserve to offset any slowdown resulting from rising COVID-19 infections and restrictions. This strengthens the expectation of interest rates staying lower, for longer. In total, it appeared that the tight outcome of the election ensured that the key elements of the equity bull market would remain in place for the foreseeable future.



Canada

S&P/TSX Composite +4.51% (16,282.83)

- Canada's S&P/TSX Composite Index posted its biggest gain in over six months, with all sectors apart from energy rising. The rally was spurred on by positive sentiment on Wall Street.
- **October's Unemployment Rate** fell to 8.9% from September's 9% as **Net Payrolls** increased by 83.6K from September's +378.2K. **Labor Force Participation Rate** rose to 65.2% from September's 65%.
- **October's Markit Manufacturing PMI** fell to 55.5 from September's 56.0.
- **October's Ivey PMI** rose to 54.5 from September's 54.3.

Europe

EUROSTOXX50	+8.31%	(3,204.05)
DJSTOXX600	+7.02%	(366.40)
DAX30	+7.99%	(12,480.02)
CAC40	+7.98%	(4,960.88)
FTSE100	+5.97%	(5,910.02)

- European stocks moved higher, with the STOXX 600 logging its biggest weekly gain since June, with the positive reaction to the US election outweighing concerns about new lockdowns in Europe and the risk of a double-dip recession.
- **October's Markit Manufacturing PMI** rose to 54.8, its fastest in 27 months, from September's 53.7, driven by expansions in Germany, Austria and Italy. **Services PMI** dropped to 46.9, its lowest since May, from September's 48.0. **Composite PMI** fell to 50.0 from 50.4 in September, reflecting that Eurozone's private sector stagnated in October. Germany was the only nation to register an expansion in overall private sector activity.
- **September's PPI** fell 2.4% y/y versus August's -2.6% y/y.
- **September's Retail Sales** fell 2.0% from August's +4.2%.



UK

- **October's Markit Manufacturing PMI** fell to 53.7 from September's 54.1, still signaling healthy expansion. **Services PMI** dropped to 51.4, its slowest in four months, from September's 56.1, pointing to a much weaker rise in business activity across the UK service sector.
- **October's Halifax House Prices** rose 0.3% from September's +1.6%.

Japan

NIKKEI +5.87% (24325.23)

- Japan's Nikkei 225 index ended at its highest level in 29 years, tracking strong moves in global equities, as investors hoped a gridlock in US Congress during a possible Joe Biden presidency would be able to stall major policy changes. The benchmark index logged its best week since May.
- **October's Jibun Bank (Markit) Manufacturing PMI** improved to 48.7 from September's 47.7, as output and new orders fell at softer rates while export orders increased for first time since November 2018. **Services PMI** rose to 47.7 from September's 46.9, as services economy saw softer fall in business activity.
- **September's Labor Cash Earnings** fell 0.9% y/y versus August's -1.3% y/y.
- **September's Overall Household Spending** tumbled 10.2% y/y versus August's -6.9% y/y.

Australia & New Zealand

S&P/ASX200 +4.43% (6,190.18)

NZX 50 +2.09% (12,337.02)

- The Reserve Bank of Australia cut its main interest rate from 0.25% to a record low of 0.1% to help the economy amid the ongoing Covid-19 restrictions. The RBA also said it would introduce additional quantitative easing measures, buying \$100 billion worth of government bonds over the next six months.
- **Australia's October Commonwealth Bank (Markit) Manufacturing PMI** fell to 54.2 from September's 55.4. **Services PMI** rose to 53.7 from September's 50.8. **Composite PMI** rose from 51.1 in September to 53.5.
- **New Zealand's Q3 2020 Unemployment Rate** rose to 5.3% from Q2's 4%.



Emerging Markets

MSCI EM	+6.61%	(1,176.36)
MSCI Asia Pacific	+6.15%	(170.36)
Shanghai Composite (China)	+2.72%	(3,312.16)
HANG SENG Index	+6.66%	(25,712.97)
India BSE SENSEX Index	+5.75%	(41,893.06)
EM Eastern Europe	+12.14%	(136.18)
Russia's IMOEX	+7.62%	(2,895.62)
MSCI EM Latin America (USD)	+11.12%	(2,007.37)
Brazil BOVESPA Index	+7.42%	(100,925.10)

- Emerging market stocks had their best weekly gain in five months as Democratic candidate Joe Biden inched close to winning a tight US election that has also weakened bets for a major US fiscal stimulus, strengthening expectations that the burden of economic stimulus over the months ahead would remain with the Federal Reserve and other central banks funneling yet more cash into the financial system.
- **China's October NBS Manufacturing PMI** (official) declined to 51.4 from September's 51.5. **Non-Manufacturing PMI** (official) rose to 56.2 from September's 55.9.
- **China's October Caixin (Markit) Manufacturing PMI** rose to 53.6 from September's 53. **Services PMI** rose to 56.8 from September's 54.8.



US

2-yr USTs closed unch. at 0.15%. 10-yr USTs closed down 6bps to 0.82%.

- US government bond yields rose Friday, paring some of their weekly declines, after signs that Democratic candidate Joe Biden is taking the lead in the presidential election, which helped remove some uncertainty from the market.
- Before the elections, investors had bet on a Democratic sweep of Congress and the White House, an outcome that many said would likely lead to greater spending on pandemic relief and infrastructure projects. But the prospects for that result fell significantly after the Election Day, causing a drop in Treasury yields.

Canada

2-yr GCAD closed down 1bps to 0.26%. 10-yr GCAD closed down 2bps to 0.65%.

Europe

2-yr Bunds closed up 1bps to -0.78%. 10-yr Bunds closed up 1bps to -0.62%.

UK

2-yr Gilts closed unch. at -0.03%. 10-yr Gilts closed up 1bps to 0.27%.

Japan

2-yr bonds closed down 2bps to -0.14%. 10-yr bonds closed down 2bps to 0.02%.



CURRENCIES



Currencies	06/11/2020	Weekly %	MTD %	YTD %
USDILS	3.3735	-1.08%	-1.08%	-2.31%
EURILS	4.0085	1.13%	1.13%	3.49%
GBPILS	4.4375	0.55%	0.55%	-3.13%
CHFILS	3.7473	0.85%	0.85%	4.98%
JPYILS	3.2641	0.26%	0.26%	2.68%
AUDILS	2.4493	2.30%	2.30%	1.04%
CADILS	2.5838	1.02%	1.02%	-2.82%
EURUSD	1.1874	1.95%	1.95%	5.89%
GBPUSD	1.3156	1.61%	1.61%	-0.76%
USDJPY	103.3500	-1.25%	-1.25%	-4.84%
AUDUSD	0.7258	3.27%	3.27%	3.38%
CHFUSD	1.1108	1.85%	1.85%	7.50%
CADUSD	0.7662	2.05%	2.05%	-0.47%
NZDUSD	0.6774	2.40%	2.40%	0.50%

- The US dollar sank to its lowest level in over two months against a basket of peer currencies on Friday, as vote counting for the contentious US elections slowly moved toward a divided government. A large decline in long-term Treasury yields due to expectations for less fiscal stimulus, combined with a rally in equities and other riskier assets, has placed the dollar under consistent selling pressure that is likely to continue.
- The euro has risen sharply this week on the dollar's weakness, but has also benefited from news of the European Union inching closer to an agreement on some of the issues regarding the block's budget and coronavirus recovery fund.
- Emerging market currencies had their best weekly gains in five months on the US election results. The Chinese yuan jumped to its strongest in more than two years, as many investors expect a Biden administration would slightly scale back Trump's trade war with China.



Energy & Metals

WTI Crude Oil for December closed +3.77% to US\$37.14

- Increasing expectations over OPEC+ delaying its planned output increase in January and a post-election rally in equities helped crude prices with a strong start to the week. But a string of renewed lockdowns in Europe and record case counts in the US triggered a drop in WTI futures at the end of the week

Gold for December closed +3.82% to US\$1,951.70

- Gold futures jumped, lifted by a slumping US dollar index, safe-haven demand and the worsening Covid-19 situation in the US and Europe.

Copper for December closed +3.49% to US\$315.40

- Copper had its best week since July on the back of recent dollar weakness and on hopes that a fiscal aid package will be passed after the elections.

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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