



Your Gateway To The World

# WEEKLY MARKET SUMMARY



Equity Markets



Bond Markets



Currencies



Commodities

22 November 2020



## US

S&P500 -0.77% (3,557.54); NASDAQ +0.22% (11,854.97); DJIA -0.73% (29,263.48)

### This week's reports:

- **November's NY Empire State Manufacturing Index** fell to 6.3 from October's 10.5; it was expected to rise to 13.5.
  - **October's Industrial Production** rose 1.1% from September's -0.4%. **Capacity Utilization** jumped to 72.8% from September's 72%.
  - **September's Business Inventories** rose 0.7% from August's +0.3%.
  - **November's Philadelphia Fed Manufacturing Index** declined to 26.3 from October's 32.3; it was expected to tumble to 22.0.
  - **November's Kansas Fed Manufacturing Activity Index** fell to 20 from October's 23.
  - **October's Retail Sales** rose 0.3% from September's +1.6%. **Retail Sales ex Autos** rose 0.2% from September's +1.2%.
  - **November's NAHB Housing Market Index** rose to 90 from October's 85; it was expected to remain unchanged.
  - **October's Housing Starts** rose 4.9% from September's +6.3%. **Building Permits** remained unchanged from October's +4.7%.
  - **October's Existing Home Sales** rose 4.3% from September's +9.9%; they were expected to decline by 1.2%.
  - **Initial Jobless Claims** for the week ending November 14<sup>th</sup> rose by 31K to 742K, versus the expected decrease to 707K. **Continuing Jobless Claims** for the week ending November 7<sup>th</sup> fell by 429K to 6.372M versus the expectations of a decline to 6.47M. The advance seasonally adjusted insured unemployment rate was 4.3%, a decrease of 0.3% from the previous week's rate.
- Positive news on COVID-19 vaccines boosted global equities for the second week in a row. The wave of hopeful news sent several stock benchmarks - including the S&P 500, the Dow Jones Industrial Average and the MSCI All-Country World Index - to all-time highs.
  - However, the S&P 500 and the Dow retreated to end the week lower, as tightening restrictions in many areas (to stem the rapid spread of the virus) weighed on sentiment. This was also worsened by some signs that the economy is losing momentum and a disagreement between the Treasury and the Federal Reserve over releasing funds aimed at supporting the economy. The Nasdaq Composite Index managed to close the turbulent week with a small gain.
  - Treasury Secretary Steven Mnuchin said he would allow several emergency Federal Reserve lending programs to expire, opening a divide with the central bank, which had pressed for an extension. As a result, on Dec. 31 several novel Fed programs that have backed corporate credit and municipal-borrowing markets and that have provided loans to small and midsize businesses and nonprofits during the coronavirus pandemic will end. Mr. Mnuchin said that the programs "have clearly achieved their objectives" as credit markets returned to health and banks have sufficient lending capacity.



## Canada

### S&P/TSX Composite +2.06% (17,019.10)

- Canada's S&P/TSX Composite Index climbed to its highest level since late February and is now down less than 1% year-to-date. Technology was among the top-performing sectors, led once again by Shopify Inc.
- **October's CPI** rose 0.7% y/y versus September's +0.5% y/y. **Core CPI** rose 1% y/y, the same as in September.
- **October's Retail Sales** (prelim.) rose 1.1% m/m, the same as in September.

## Europe

EUROSTOXX50	+1.04%	(3,467.60)
DJSTOXX600	+1.15%	(389.61)
DAX30	+0.46%	(13,137.25)
CAC40	+2.15%	(5,495.89)
FTSE100	+0.56%	(6,351.45)

- European stocks continued their rise for another week, as countries especially hard hit by COVID-19 pandemic were seen as major beneficiaries of vaccine progress. Following Pfizer's and Moderna's announcements, encouraging data was also released regarding the Oxford-AstraZeneca vaccine.
- Europe's indexes were also lifted by a jump in commodity-linked stocks.
- **November's Consumer Confidence Index** (prelim.) fell to -17.6 from October's -15.5.
- **October's CPI** fell 0.3% y/y, the same as in September. **Core CPI** rose 0.2% y/y, the same increase as in September.

## UK

- **November's GfK Consumer Confidence Index** declined to -33 from October's -31.
- **October's CPI** rose 0.7% y/y versus September's +0.5% y/y. **Core CPI** rose 1.5% y/y versus September's +1.3% y/y.
- **October's Retail Sales** rose 1.2% from September's +1.4%.



## Japan

**NIKKEI +0.56 (25,527.37)**

- Japan's stocks fell at the end of the week, paring most of their previous gains, as concerns about a third wave of coronavirus in the world and in Japan weighed heavily on market sentiment. Tokyo raised its coronavirus alert to the highest level on its four-point scale.
- Earlier in the week, the benchmark Nikkei 225 index closed above 26,000 for the first time in 29 years, driven by hopes for coronavirus vaccine development and a pickup in economic activity.
- **Q3 2020 GDP Growth Annualized** (prelim.) was +21.4%, versus the expectations of 18.9% increase and the contraction of 28.8% in Q2. Quarter-on-quarter, GDP rose 5% from Q2's -8.2%.
- **October's National CPI ex-Fresh Food** fell 0.7% y/y versus September's -0.3% y/y.
- **November's Jibun Bank (Markit) Manufacturing PMI** (prelim.) fell to 48.3 from October's 48.7, signaling deterioration in the sector for 19th straight month. **Services PMI** (prelim.) fell to 46.7 from October's 47.7, indicating a sharper decline in the services activity. **Composite PMI** (prelim.) fell to 47 from October's 48.
- **September's Industrial Production** rose 3.9% from August's +4%. **Capacity Utilization** rose 6.4% from August's +2.9%.

## Australia & New Zealand

**S&P/ASX200 +2.09% (6,539.17)**

**NZX 50 -2.03% (12,441.81)**

- **Australia's October Westpac Leading Index** declined to 0.12 from September's 0.23.
- **Australia's October Unemployment Rate** rose to 7% from September's 6.9%.
- **Australia's October Retail Sales** (prelim.) rose 1.6% from September's +1.1%.



## Emerging Markets

MSCI EM	+1.76%	(1,209.26)
MSCI Asia Pacific	+1.99%	(175.75)
Shanghai Composite (China)	+2.04%	(3,377.73)
HANG SENG Index	+1.13%	(26,451.54)
India BSE SENSEX Index	+1.01%	(43,882.25)
EM Eastern Europe	+3.13%	(146.80)
Russia's IMOEX	+0.85%	(3,051.04)
MSCI EM Latin America (USD)	+3.91%	(2,162.63)
Brazil BOVESPA Index	+1.26%	(106,042.50)

- Emerging market stocks rose on the week on positive news on COVID-19 vaccines. The latest rally led to MSCI EM's outperformance versus the developed markets year to date.
  - BofA said on Friday inflows into global stocks in the last two weeks soared to \$71.4 billion, led by US and emerging market stocks as encouraging COVID-19 vaccine developments led to euphoric buying of shares.
- **China's October Industrial Production** rose 6.9% y/y, the same as in September.
- **China's October Retail Sales** rose 4.3% y/y versus September's +3.3% y/y.



## US

**2-yr USTs closed down 2bps to 0.16%. 10-yr USTs closed down 7bps to 0.82%.**

- US government bond yields fell as surging Covid-19 infections and tightening restrictions sent investors into traditionally safer bets like government bonds. The yield on 10-year US Treasury notes registered their largest one-week yield decline since August.

## Canada

**2-yr GCAD closed down 1bps to 0.27%. 10-yr GCAD closed down 8bps to 0.65%.**

## Europe

**2-yr Bunds closed down 2bps to -0.75%. 10-yr Bunds closed down 4bps to -0.58%.**

- Super-low interest rates in Europe helped China to sell its first ever negative-yielding debt, as it raised \$4.74 billion in a three-part deal in euros. The debt sale drew robust demand, aided by China's return to economic growth and the relative scarcity of Chinese bonds denominated in the common currency. The deal was worth €4 billion and split between 5-, 10- and 15-year bonds. The 5-year bonds were priced to yield minus 0.152%, while the 10- and 15-year securities were sold with positive yields of 0.318% and 0.664%, respectively.

## UK

**2-yr Gilts closed down 1bps to -0.04%. 10-yr Gilts closed down 4bps to 0.30%.**

## Japan

**2-yr bonds closed down 1bps to -0.14%. 10-yr bonds closed down 1bps to 0.01%.**



# CURRENCIES



Currencies	20/11/2020	Weekly %	MTD %	YTD %
USDILS	3.3372	-0.93%	-2.14%	-3.36%
EURILS	3.9583	-0.68%	-0.14%	2.19%
GBPILS	4.4372	-0.18%	0.54%	-3.14%
CHFILS	3.6663	-0.70%	-1.33%	2.71%
JPYILS	3.2161	-0.14%	-1.21%	1.17%
AUDILS	2.4395	-0.40%	1.89%	0.64%
CADILS	2.5509	-0.59%	-0.27%	-4.06%
EURUSD	1.1857	0.19%	1.80%	5.74%
GBPUSD	1.3275	0.65%	2.53%	0.14%
USDJPY	103.8600	-0.74%	-0.76%	-4.37%
AUDUSD	0.7302	0.44%	3.90%	4.00%
CHFUSD	1.0977	0.17%	0.65%	6.23%
CADUSD	0.7637	0.28%	1.72%	-0.79%
NZDUSD	0.6929	1.23%	4.75%	2.80%

- The US dollar rose against major currencies such as the euro and yen on Friday, with traders consolidating positions amid competing forces that pull the currency in different directions: the surge in virus cases, on the one hand, and positive vaccine news, on the other. The possible resumption of US stimulus talks has also weighed on the dollar as a safe haven. Republican and Democratic senators agreed on Thursday to revive those discussions. The greenback ended the week with a small loss against a currency basket.
- The euro strengthened slightly over the week. However, the lack of progress between the European Union and the UK on Brexit trade talks has likely kept a cap on the euro despite generally waning US dollar sentiment.
- Emerging market currencies rose as the US dollar weakened and sentiment rose that the vaccine development will spur global trade and commodities demand.



## Energy & Metals

### **WTI Crude Oil for December closed +5.03% to US\$42.15**

- Crude oil rose, booking a third consecutive weekly rise, helped by successful COVID-19 vaccine trials and hopes that OPEC+ would delay by at least three months from January a planned crude output increase. Meanwhile, investors continued to worry about fuel demand as several countries moved to impose fresh restrictions, while oversupply concerns also mounted as Libya raised crude production to pre-blockade levels of 1.25 million bpd.

### **Gold for December closed -0.73% to US\$1,872.40**

- Gold fell amid rising optimism regarding Covid-19 vaccine development.
- Investors pulled \$4 billion from gold, the biggest outflow ever, amid a rush for riskier assets last week, BofA said on Friday.

### **Copper for December closed +3.56% to US\$329.10**

- Copper prices jumped, supported by optimism surrounding a coronavirus vaccine, growing demand from top consumer China and a decline in Chile's production. The industrial sector in China, the world's top consumer of industrial metals, grew more than expected in October and in line with September's 9-month high. Also, recent figures from Chile showed that copper production fell 0.8% from a year earlier in September, the fourth consecutive decline.



# ETF MONEY FLOWS (WTD)



VTI US Equity	VANGUARD TOTAL STOCK MKT ETF	1,937,060,950	
LQD US Equity	ISHARES IBOXX INVESTMENT GRADE	1,281,863,997	
MBB US Equity	ISHARES MBS ETF	935,404,984	
EWJ US Equity	ISHARES MSCI JAPAN ETF	832,959,010	
VXUS US Equity	VANGUARD TOTAL INTL STOCK	765,742,223	
IGSB US Equity	ISHARES 1-5Y INV GRADE CORP	760,989,491	
XLI US Equity	INDUSTRIAL SELECT SECT SPDR	716,917,794	
IVV US Equity	ISHARES CORE S&P 500 ETF	699,969,496	
VCIT US Equity	VANGUARD INT-TERM CORPORATE	673,891,493	
AGG US Equity	ISHARES CORE U.S. AGGREGATE	660,328,004	
SPY US Equity	SPDR S&P 500 ETF TRUST	(3,379,071,124)	
IEF US Equity	ISHARES 7-10 YEAR TREASURY BOND	(2,119,020,998)	
IWM US Equity	ISHARES RUSSELL 2000 ETF	(1,390,255,513)	
GLD US Equity	SPDR GOLD SHARES	(1,148,589,966)	
XLK US Equity	TECHNOLOGY SELECT SECT SPDR	(478,599,635)	
XLU US Equity	UTILITIES SELECT SECTOR SPDR	(409,085,270)	
USMV US Equity	ISHARES MSCI USA MIN VOL FAC	(379,160,983)	
IBB US Equity	ISHARES NASDAQ BIOTECHNOLOGY	(374,998,998)	
SHY US Equity	ISHARES 1-3 YEAR TREASURY BOND	(371,273,994)	
MTUM US Equity	ISHARES MSCI USA MOMENTUM FA	(325,484,502)	

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