

# NIC

— Nova Investment Club —

## Market Update

July 2017



## MARKET UPDATE

### Bi-Weekly

July 15<sup>th</sup>, 2017 to July 28<sup>th</sup>, 2017

#### Market Moves

	-1W	-3M	YTD
S&P 500	-0,02%	2,18%	3,69%
DJI	1,16%	2,44%	4,25%
NASDAQ	-0,20%	3,71%	5,41%
MSCI World	0,05%	1,70%	4,94%
MSCI EM	0,15%	4,29%	6,21%
Russell 2000	-0,46%	1,83%	2,06%
Euro Stoxx 600	0,46%	-2,00%	-2,58%
FTSE 100	-1,13%	-0,89%	1,09%
NIKKEI 225	-0,70%	-1,31%	3,98%
HANG SENG	1,01%	4,40%	9,59%
US 10Y Yield	0,05%	3,72%	0,30%
EU 10Y Yield	7,11%	47,28%	70,98%
GER 10Y Yield	7,11%	47,28%	70,98%
JPY 10Y Yield	13,43%	18,75%	322,22%
UK 10Y Yield	3,66%	11,74%	12,26%
PT 10Y Yield	0,62%	-4,69%	-17,46%
JPY/USD	0,02%	1,11%	0,38%
EUR/USD	0,81%	3,69%	7,91%
GBP/USD	1,15%	2,59%	1,51%
Brent Crude	9,16%	12,45%	1,41%
Gold	1,17%	2,31%	0,58%

\*Source: Bloomberg

#### Weekly note:

More country for old men! Roger Federer became the oldest man (35 years and 11 months old) to take the All-England crown in modern days after winning the Wimbledon tournament final on Sunday, July 16<sup>th</sup>.

#### Upcoming next week:

Presidential election in Venezuela on July 30<sup>th</sup>. The US and France release its second quarter GDP growth and inflation numbers come into focus in European economies.

**Both the ECB and BoJ left key policy instruments unchanged** – with the overnight interest rate remaining at -0.40% and 0.10%, respectively, and the pace of the QE program in place.

**The greenback took center stage this week**, with DXY reaching its lowest point for more than a year on the 26<sup>th</sup>. Consequently, EUR/USD hit a two and a half year high – following the ECB's meeting and the dovish signs from the Fed. USA/JPY sank to its lowest level on the 24<sup>th</sup>. Investors noted that the latest failure to replace Obamacare could further delay the Trump administration's tax cut and infrastructure spending plans.

**The yield on the 10Y US Treasury fell** and closed the week at 2.31% following data on surging US economic growth, despite wages falling short of expectations. The 10Y Bund, on the contrary, climbed to a near 19-month high after better than expected inflation data on Friday, 28<sup>th</sup>.

**Greece raised €3bn** in its return to the sovereign bond market for the first time since 2014. The Hellenic government was seeking to refinance an existing 5Y bond at a lower interest rate by buying back a part of its debt, at a €40m premium. Yields fell to a record low of 3.20% on the 24<sup>th</sup>.

**As post-Brexit contingency plans unveil**, Bank of America announces Dublin as its base to service EU clients, whilst Citigroup chooses Frankfurt, as the banking sector might lose the right to operate cross-border.

**The EU threatens to suspend Brexit talks** as the second round of negotiations failed to produce significant breakthrough on the "divorce bill" and citizens' rights. Michel Barnier, EU's chief negotiator, warned EU ambassadors that discussions cannot move forward until the UK provides further clarification on both EU citizens status and on its financial obligations, which could reach €100bn.

**The OPEC meeting in Saint Petersburg** gathered oil producers to discuss deeper

cuts on the 24<sup>th</sup>, as the group failed to hold prices above \$50 a barrel. Saudi Arabia revealed its intention to cut output to 6.6m b/d from 6.9m b/d in order to offset the production deviations, as well as to re-enforce quotas, and prolong the cuts beyond the Q1 of 2018. The WTI crude closed \$49.78 this Friday.

**Equities kept on rising** in the wake of strong earnings reports. The S&P 500 continued its record-breaking rally, with a 0.70% bi-weekly gain, alongside with the US peer-indices Dow Jones and Nasdaq, both reaching new record-highs. European stocks extended losses for the past two weeks, following a "raging bull" euro, whilst Asian markets were bullish.

**Bezos started his day as the richest man in the world** on Wednesday the 27<sup>th</sup>, as Amazon shares soared as high as \$1080, bringing the firm's market cap to the \$500bn mark, ahead of its earnings report. He went to bed the second-richest, as QoQ net income plummeted to \$197m from \$857m last year. Another tech giant, Alphabet, withstood a 3.00% drop in shares after unveiling its quarterly figures were weighed down by a \$2.7bn EU fine.

**On the deal side**, GrabTaxi, a taxi-hailing company, is raising \$2.55bn primarily from Softbank and Didi Chuxing in the largest-ever VC fundraising in Southeast Asia, establishing itself as Uber's biggest rival in the region.

**The bitcoin mining community has agreed on the future of the cryptocurrency** and avoided the split of XBT, sending bitcoin to soar to \$2,853.00 on Thursday, 20<sup>th</sup>. More than 93% of miners have adopted the SegWit2x software, designed to increase the transaction capacity of the network. This decision resolves the long-lasting 'scaling' debate, prevents hack attacks, and speeds up data processing. These three revelations sent XBT to the new sweet spot around \$2,772.51.

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