

# NIC

— Nova Investment Club —

## Market Update

August 11<sup>th</sup> – 31<sup>st</sup> 2017



## Market Update

### Bi-Weekly Market Review

August 11th, 2017 to August 31st, 2017

#### Market Moves

	Last	Close	-1W	-3M	YTD
S&P 500	2,477	1.40%	4.01%	10.65%	
DJIA	22,008	0.89%	5.78%	11.36%	
Nasdaq	6,442	2.81%	5.89%	19.67%	
MSCI World	2,775	0.56%	3.33%	12.73%	
MSCI EM	4,201	0.62%	7.09%	21.83%	
Russell 2000	1,409	2.26%	3.02%	3.79%	
Euro Stoxx 50	3,449	0.31%	-3.84%	4.83%	
FTSE 100	7,441	0.54%	-0.40%	4.18%	
Nikkei 225	19,691	1.23%	0.51%	3.02%	
Hang Seng	27,953	0.38%	11.04%	27.06%	
Dollar Index	92.66	-0.08%	-4.61%	-9.34%	
EUR/USD	1.187	-0.43%	5.95%	12.89%	
GBP/EUR	1.092	1.13%	-6.11%	-6.89%	
GBP/USD	1.297	0.68%	-0.51%	5.10%	
USD/JPY	110.16	0.73%	-0.99%	-5.81%	
USD/CHF	0.961	0.38%	-1.26%	-5.73%	
Brent Crude	52.37	-0.08%	-2.31%	-7.83%	
Gold	1,324.5	2.48%	5.66%	15.00%	

#### Generic Bond Yields

	bps change	Last	Close	-1W	-3M	YTD
US 10Y Yield	2.141%	-2.47	-9.34	-30.31		
GER 10Y Yield	0.385%	0.50	1.70	17.70		
JPY 10Y Yield	0.001%	-2.00	-4.10	-4.70		
UK 10Y Yield	1.063%	1.00	-3.00	-17.60		
PT 10Y Yield	2.830%	-4.00	-35.30	-93.40		

\*Source: Bloomberg, as of 2017-08-31

#### Week Ahead

On Sunday, leaders from Brics meet in Xiamen for a 3-day summit.

US markets will be closed on Monday in observance of Labor Day.

Various FOMC members are scheduled to speak this week, and the Fed's Beige Book will be released on Wednesday.

Next Thursday, the ECB decides on the interest rate for the euro area.

#### Mixed data on the US economy.

US inflation remained weak during July, with the CPI rising a seasonally adjusted 0.1% YoY. US jobs data was also weaker than expected, with the economy adding 156,000 jobs in August. On the other hand, US retail sales beat expectations in the largest gain so far in 2017, growing 0.6% in July. Although at full employment, inflation in the US remains subdued, and the market is pricing in only one additional rate hike this year.

#### Janet Yellen defends post-crisis financial regulation at Jackson Hole.

The fed chair distanced herself from Donald Trump's pledge to redesign Dodd-Frank, casting more doubt over a possible reappointment. While sparse in the discussion of monetary policy, Ms Yellen's speech was seen as dovish by investors, with US treasuries and the S&P 500 rising and the dollar falling afterwards.

**Deteriorating outlook for the British economy puts pound under pressure.** Revision of Q2 UK GDP showed private consumption growth down to 0.1% from 0.3% in Q1, while retail sales growth in July was the lowest since the vote to leave the EU. The pound lost against a basket of currencies during the last two weeks, and the EUR/GBP pair reached the highest since October, also aided by a strong euro. The USD/GBP pair was the exception, due to a decline in the dollar.

**Hurricane Harvey leaves trail of destruction in Texas.** The hurricane hit Houston last week. The Federal Emergency Management Agency points to 60,000 structures damaged, including a third of US oil refineries.

**North Korea fires ballistic missile over Japan.** The missile flew over the northern island of Hokkaido, later plunging into the Pacific Ocean. In response, US President Donald Trump stated that "all options are on the table".

**US institutions were prohibited from trading in securities related with the Venezuelan government.** The US government barred national firms from any involvement with Venezuelan debt or with shares of

PDVSA, the state-owned oil company. By doing so, the US seeks to prevent the increasingly authoritarian Maduro regime from obtaining external financing.

#### President Donald Trump ends manufacturing and jobs council and strategy and policy forum.

The US president shared his decision on Twitter, after various chief executives decided to walk away motivated by the Charlottesville polemic.

#### Uber's board appoints Dara Khosrowshahi as CEO.

The former chief executive of Expedia was selected to succeed Travis Kalanick at the helm of the company. At his first all-hands talk with Uber employees last Wednesday, Dara reportedly revealed plans for an IPO in the next 18 to 36 months.

#### Herbalife launches self-tender offer.

Herbalife offered last Monday to buy 10% of its own common stock and revealed it held talks to go private. Tendering shareholders are set to receive additional compensation in case Herbalife is acquired for a higher price during the next two years. Carl Icahn, who owns 30% of the company, agreed to limit his stake to 50% during this period.

**Samsung's vice-chairman sentenced to five years in jail.** A local court in South Korea found Samsung's vice-chairman, Lee Jae-Yong, guilty of several crimes, including bribery, embezzlement, hiding assets overseas and perjury.

#### AirBerlin, Germany's second biggest airline, files for bankruptcy.

The company's decision comes after its largest shareholder, Etihad Airways, chose not to reinvest in the company. Nevertheless, the group will keep operating, as the German government and Lufthansa stepped in to prevent its collapse.

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