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— Nova Investment Club —

Market Update

September 15th – 29th 2017



Market Update

Bi-Weekly Market Review

September 15th, 2017 to September 29th, 2017

Market Moves

% change

	Last Close	-1W	-3M	YTD
S&P 500	2,519	0.68%	4.12%	12.53%
DJIA	22,405	0.25%	5.25%	13.37%
Nasdaq	6,496	1.07%	5.72%	20.67%
MSCI World	2,831	0.20%	3.73%	14.97%
MSCI EM	4,134	-1.72%	4.14%	19.89%
Russell 2000	1,491	2.76%	5.27%	9.85%
Euro Stoxx 50	3,595	1.51%	3.56%	9.25%
FTSE 100	7,373	0.85%	0.31%	3.22%
Nikkei 225	20,356	0.29%	0.67%	6.50%
Hang Seng	27,554	-1.17%	6.12%	25.24%
Dollar Index	93.08	0.98%	-2.67%	-8.94%
EUR/USD	1.181	-1.15%	3.26%	12.33%
GBP/EUR	1.134	0.39%	-0.25%	-3.32%
GBP/USD	1.340	-0.78%	3.01%	8.57%
USD/JPY	112.5	0.46%	0.29%	-3.80%
USD/CHF	0.968	-0.10%	1.30%	-4.98%
Brent Crude	56.79	-0.12%	19.76%	-0.05%
Gold	1,282	-0.91%	2.87%	11.27%

Generic Bond Yields

bps change

	Last Close	-1W	-3M	YTD
US 10Y Yield	2.334%	8.4	6.7	-11.1
GER 10Y Yield	0.464%	1.7	1.2	25.6
JPY 10Y Yield	0.068%	3.4	0.5	2.2
UK 10Y Yield	1.365%	1.0	11.5	12.6
PT 10Y Yield	2.388%	-4.9	-64.6	-137.6

*Source: Bloomberg, as of 2017-09-29

Week Ahead

Next Friday, October 6th, all eyes will be on the nonfarm payrolls report. Nonfarm payrolls are expected to rise just 130k in September, with job creation slowing down as a result of hurricanes Harvey, Irma, and Maria.

Angela Merkel won her 4th term as German chancellor

on the 24th. Amidst CDU's worst election result since 1949, the AfD populist party had a better outcome than expected. Meanwhile, Mr. Schäuble is to step down as Germany's finance minister and take a new role as speaker of the Bundestag.

A new blueprint for Brexit was given on the 22nd, as May's Florence Speech took place. A transition period of about two years was proposed, for which the UK is willing to offer \$54bn in compensation to the EU.

The UK economy has performed worse than expected, with YoY growth for Q2 down from 1.7% to 1.5% and output, in the all-important services sector, down by 0.2% in July. GBP immediately felt the pressure, shrinking as much as 0.6% against the USD.

EU annual rate of inflation (1.5%) is still short of ECB's 2% target. A sell-off in EU government bonds followed the Eurostat evidence. Additionally, French, German, and Italian yields broke to 12-month highs, with French bonds having been under the heaviest pressure.

Japan's PM called a snap general election, expected for the 22nd of October. Mr. Abe's decision will determine whether Japan sustains its massive economic stimulus and the country's prospective.

BoJ held monetary policy steady on Thursday, as a new board member dissented in favor of further monetary easing. The overnight interest rates were kept at 0.1% and the pace of the QE program remained steady, at around ¥80tn a year.

USD reached multi-month highs against the JPY and EUR, following the Fed's call to a historic end of the QE program. Meanwhile, Janet Yellen's comments reinforced

expectations of another rate hike in December.

US stocks hit record highs as financials got a boost from the hike in yields and as investors focused on the outlooks from Trump's proposal for cutting US taxes. Meanwhile, European stocks kept on track for their best month of the year, while Asian equities benefited from a stronger greenback and BoJ's stimulus persistence.

Brent oil hit a more than 2-year high of \$59 a barrel on the 25th, amidst fast-growing demand and a threat to Iraqi Kurdistan's crude exports, as the autonomous region held a referendum on independence. Moreover, Turkey has threatened to block oil from Kurdistan entering the international markets, shortening crude's supply.

ZhongAn raised \$1.5bn as the first Insurtech IPO ever, valuing the group at up to \$10bn. China's first online-only insurer, uses artificial intelligence and big data to simplify insurance, price risk and distribute cheaply to a mass market via the internet.

Equifax's chief executive and chairman, Richard Smith, is stepping down following a massive data-breach scandal that potentially exposed personal information of millions of consumers. Its shares (EFX) decreased more than 25% since the disclosure of the data-breach.

Elon Musk has unveiled plans for a new spacecraft, saying it would allow SpaceX to colonize Mars, build a base on the moon, and allow commercial travel to anywhere on Earth in under an hour. Musk expects to have the first launch by 2022, and then have four flying to Mars by 2024.

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