

# NIC

— Nova Investment Club —

## Market Update

July 6<sup>th</sup> – 20<sup>th</sup> 2018





## MARKET UPDATE

### Bi-Weekly Market Review

July 6<sup>th</sup>, 2018 to July 20<sup>th</sup>, 2018

#### Market Moves

% change

	Last Close	-1W	-3M	YTD
S&P 500	2 802	11,97%	15,79%	25,15%
DJIA	25 058	12,12%	17,72%	26,80%
Nasdaq	7 820	21,68%	27,27%	45,27%
MSCI World	2 968	5,04%	8,74%	20,53%
MSCI EM	3 865	-8,13%	-2,65%	12,08%
Russell 2000	1 697	16,96%	19,81%	25,03%
Euro Stoxx 50	3 460	-2,30%	-0,33%	5,15%
FTSE 100	7 679	5,04%	4,47%	7,50%
Nikkei 225	22 698	11,83%	12,25%	18,75%
Hang Seng	28 224	1,23%	8,70%	28,29%
Dollar Index	94,48	2,50%	-1,20%	-7,57%
EUR/USD	1,172	-1,90%	2,47%	11,48%
GBP/EUR	1,121	-0,81%	-1,44%	-4,48%
GBP/USD	1,314	-2,73%	0,99%	6,45%
USD/JPY	111,4	-0,52%	-0,69%	-4,75%
USD/CHF	0,992	2,37%	3,81%	-2,62%
Brent Crude	73,07	28,51%	54,09%	28,60%
Gold	1 231	-4,81%	-1,18%	6,89%

#### Generic Bond Yields

bps change

	Last Close	-1W	-3M	YTD
US 10Y Yield	2,893%	64,3	62,7	44,9
GER 10Y Yield	0,370%	-7,7	-8,2	16,2
JPY 10Y Yield	0,035%	0,1	-2,8	-1,1
UK 10Y Yield	1,232%	-12,3	-1,8	-0,7
PT 10Y Yield	1,782%	-65,5	-125,2	-198,2

\*Source: Bloomberg, as of 2018-07-21

#### Upcoming Next Week

Two tech giants will disclose earnings for the past quarter this coming week. Alphabet, Google's parent company, which is fresh off a \$4.3bn fine from the European Commission, is expected to report its earnings on Monday, and Amazon, following its annual Prime day, which yielded \$3.5bn in sales, will report earnings on Friday.

**The European Commission has slapped a \$4.3 bn fine on Google**, due to its alleged abuse of the dominant position of the Android operating system. Trump has snapped back by arguing this provided further proof that the EU had "taken advantage" of the US.

**Theresa May reshuffled her cabinet as she moved towards a "soft Brexit" strategy**, which led to the resignation of Boris Johnson and David Davis from the posts of Foreign secretary and secretary for Brexit, respectively.

**Donald Trump and Vladimir Putin met in Helsinki in a controversial summit**, where the US president hoped for an "extraordinary relationship" between the two men, and appeared to repudiate the claim that Russia intervened in the 2016 US elections, although later he backed off on the latter claim due to domestic backlash.

**US Fed chairman Jerome Powell testified to US lawmakers**, confirming that the Federal Reserve plans to continue raising the policy rate once every three months, at least "for now". Lowering unemployment, now below 4%, and a pickup in inflation, which hit 2.8% in May, were cited as reasons.

**Trump broke with tradition by criticizing the Fed's monetary tightening**, since that has led to a stronger dollar, although he also declared that he would let the Fed do "what they think is best".

**The US-China trade war is increasing in intensity**, as Trump threatened to impose tariffs on the entirety of US imports from China, which totalled \$505bn in 2017, believing it to be "the right thing to do for our country".

**The IMF announced that the current tariff spat between the US and its trading partners could shave economic growth to 2020 by half a percentage point.**

**The first cannabis producer and distributor to conduct an initial public offering on a US exchange, Tilray, closed up 32%** from a listing price of \$17 that was itself higher than the original indicated range of \$14 to \$16 a share. The IPO raised \$153m.

**Yield on 3-month US Treasury bills hits 2% for first time since 2008.** The Fed expects to deliver two more 25 basis point interest rate rises in 2018 and has pencilled in three rate rises for 2019.

**Japan and the EU have signed the world's largest bilateral trade pact in a move against the spread of protectionism**, creating a trade zone covering about a third of global GDP. The aim is to reduce heavy Japanese tariffs on European wine, cheese and other foods and lift EU tariffs on Japanese cars and vehicle parts. It comes as trade war tensions between Washington and Beijing are escalating.

**Fitch lowered its rating on Turkey one notch, from BB+ to BB**, sending the country deeper into junk territory as it grapples with rising inflation and a plunging currency.

**Nicaraguans took to the streets of Managua this week** for the July 19 anniversary of Anastasio Somoza's 1979 ousting by revolutionaries including Mr. Ortega. Protestors have described the country as being in "a state of terrorism" reflecting on the 351 deaths since the crisis erupted in April.

**Goldman Sachs announced that Lloyd Blankfein, its chief executive, will step down** in September. David Solomon is expected to take over in his place.