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— Nova Investment Club —

Market Update

August 3rd – August 17th 2018



MARKET UPDATE

Bi-Weekly Market Review

August 3rd, 2018 to August 17th, 2018

Market Moves

% change

	Last Close	-1W	-3M	YTD
DJIA	25669.000	1.400%	3.860%	3.800%
S&P 500 Index	2850.000	0.600%	5.060%	6.600%
NASDAQ	7816.000	-0.300%	6.280%	13.200%
MSCI WORLD	2138.108	-0.080%	0.590%	10.420%
Russel 2000	1692.950	0.360%	4.080%	10.250%
Euro Stoxx 50	3393.670	-0.470%	-5.010%	-3.150%
FTSE 100	7558.590	-2.450%	-1.530%	-1.260%
Nikkei 225	22270.400	-0.120%	-2.880%	-2.170%
Hang Seng	27213.410	-4.070%	-12.350%	-9.040%
Dollar Index	96.000	-0.250%	2.170%	4.550%
EUR/USD	1.144	0.230%	-2.950%	-4.720%
GBP/EUR	1.110	-0.360%	-0.230%	-1.950%
USD/GBP	0.784	0.190%	5.630%	6.000%
JPY/USD	0.009	-0.190%	-0.320%	1.430%
CHF/USD	1.004	-0.060%	0.190%	-2.140%
West Texas Intermediate	65.870	-2.280%	-6.820%	38.270%
Gold	1191.800	-2.600%	-8.600%	-9.910%

Generic Bond Yields

bps change

	Last Close	-1W	-3M	YTD
GER 10 Y YIELD	0.307	-1.300%	-27.400%	-11.000%
JPY 10Y YIELD	0.096	-0.700%	3.400%	5.500%
UK 10Y YIELD	1.235	-0.720%	0.930%	12.990%
US 10Y YIELD	2.864	-0.310%	0.260%	-3.310%
PT 10Y YIELD	1.848	4.560%	-5.460%	-5.400%

Source: The Wall Street Journal

Upcoming Next Week

RBA's Governor **Philip Lowe Speech** and publication of August 2018 Monetary Policy Meeting minutes. Publication of **FOMC's last meeting minute** and **ECB Monetary Policy Meeting Accounts**. **Jackson Hole summit** takes place, **Jerome Powell's speech** on 'monetary policy in a changing economy'. **Canada June retail sales** release.

Several decisions driven by Mr. Erdogan, such as policies that favoured cheap credit and high growth over high price, alongside a disruptive speech towards EU and US - now focused on the imprisonment of an American priest living on Turkey - are now leading to escalation in political insecurity, has led United States to declare they will double the steel and aluminium tariffs on Turkey. Turkey declared it will answer "tit-for-tat" and impose new tariffs on imported US goods.

The effects of Turkish crisis have spread out to several other Emerging markets. MSCI Emerging Market Index **dropped more than 1.8%** on Wednesday 15th of August, falling **almost 20% from its January peak**. Argentina and South Africa, were affected by the Turkish crisis. Lira continuous falling, reaching a **record low of 7.24 to the dollar**, along with the all time low on Argentina Peso which fell 2.17% on Monday 13th.

Gold hits a 19-month low, after the strengthening in the U.S. Dollar. **Gold demand in the first half of 2018 has reached its lowest since 2009**. As dollar strengthens and the U.S. economy goes on a solid growing pace, the dollar is seen as a the safe-haven asset of preference, keeping the high pressure on the struggling gold prices.

Venezuela's president claims that oil prices will arise to international levels as he hopes the higher price will reduce queues and help to fight the estimated \$18bn of fuel smuggling. Venezuela's fuel prices have been **close to zero** for years despite the hyperinflation projected to reach, according to the International Monetary Fund 1,000,000% this year.

Tencent earnings report revealed company's revenues rose 30% - still below the expectations of 35%. The company **registered a Net Income drop of 2% relative to the same period of 2017**. **Tencent**, has already **lost \$178 billion in market capitalisation** since its highest recorded on January, equivalent to a 31% drop in shares value.

Elon Musk announced on Twitter Tesla's plans to go private. He declared his willingness for existing shareholders to remain as private investors or to sell by \$420 per share. Musk claims he has several shareholders' support, including Saudi Arabia's sovereign wealth fund. His tweet is under SEC analysis due to the possible violation of securities law after the use of the term "funding secured".

Walmart reported fiscal second-quarter earnings and store sales in the US rose 4.5%, above all expectations, online sales rose 40%. Shares went up 10%.

The **Bank of England raised interest rates to 0.75%** - their highest levels since March 2009. The bank of England stated the 2.4% "above target inflation" and "economical growth around its speed limit" as reasons to support such decision.

The collapse of an Italian highway bridge, led to an already confirmed 43 deaths. Shares of the highway operator Atlantia plunged more than 20%, after Luigi Di Maio, Italian deputy prime minister, held the company responsible for the bridge maintenance.

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