

# NIC

— Nova Investment Club —

## Market Update

September 10<sup>th</sup> – 23<sup>th</sup> 2018



## MARKET UPDATE

### Bi-Weekly Market Review

September 10<sup>th</sup> to 23<sup>th</sup>, 2018

#### Market Moves

% change

	Last Close	-1W	-3M	YTD
S&P 500	2 916	16,53%	20,50%	30,24%
DJIA	26 581	18,93%	24,87%	34,50%
Nasdaq	7 985	24,24%	29,95%	48,33%
MSCI World	3 020	6,88%	10,65%	22,64%
MSCI EM	3 800	-9,66%	-4,27%	10,21%
Russell 2000	1 701	17,23%	20,10%	25,32%
Euro Stoxx 50	3 410	-3,70%	-1,75%	3,64%
FTSE 100	7 458	2,02%	1,47%	4,42%
Nikkei 225	23 870	17,61%	18,05%	24,88%
Hang Seng	27 499	-1,37%	5,91%	24,99%
Dollar Index	94,20	2,20%	-1,49%	-7,83%
EUR/USD	1,176	-1,62%	2,76%	11,79%
GBP/EUR	1,115	-1,27%	-1,89%	-4,92%
GBP/USD	1,311	-2,89%	0,82%	6,27%
USD/JPY	112,74	0,67%	0,50%	-3,61%
USD/CHF	0,963	-0,65%	0,74%	-5,50%
Brent Crude	80,99	42,44%	70,79%	42,54%
Gold	1 199,6	-7,25%	-3,71%	4,16%

#### Generic Bond Yields

bps change

	Last Close	-1W	-3M	YTD
US 10Y Yield	3,085%	83,53	81,86	64,09
GER 10Y Yield	0,510%	6,30	5,80	30,20
JPY 10Y Yield	0,133%	9,90	7,00	8,70
UK 10Y Yield	1,613%	25,80	36,30	37,40
PT 10Y Yield	1,898%	-53,90	-113,60	-186,60

\*Source: Bloomberg, as of 2018-09-24

#### Upcoming Next Week

Wednesday, the FOMC is expected to finish a two-day meeting, the anticipated conclusion being a tightening in the policy rate, as a result of recent increases in inflation and employment.

**Theresa May was formally rebuffed in a EU summit** held in Salzburg over the Chequer's Brexit plan, the latter being deemed a threat to the single market. Affirming the lack of easy solutions, EU leaders now expect May to deliver a more realistic plan. The UK's PM hit back on Friday, threatening a no-deal exit. A week before, Mark Carney had warned of chaos in case of a no-deal Brexit.

**Jack Ma announced he would step down as the head of Alibaba next year.** Daniel Zhang, the current chief executive of the company, will take over as Ma focuses on philanthropy.

**The European Parliament accused Hungary of abusing democratic norms through a vote.** The latter initiates a procedure that could result in Hungary being stripped of its voting rights, although such a move would require unanimity across EU states, which is currently lacking.

**A third summit in six months was held between North and South Korea** which resulted in pledges to reduce tensions along the DMZ. North Korea further considered the option of allowing foreign inspectors in its missile-testing facilities.

**The ECB reaffirmed its plans to wind down QE** by announcing a halving of its monthly bond purchases from October. A strengthening labour market was used to justify the loosening in policy.

**Inflation was higher than expected in the UK**, reaching 2.7% in August, a six-month high. Analyst's expectations were of a drop to 2.4%, following the 2.5% figure in July.

**The US-China trade war keeps increasing in intensity**, as the Trump administration announced further

tariffs on \$189bn-worth of goods imported from China. The Chinese government was quick to fire back, implementing further duties on \$60bn-worth of US goods.

**The Russian Central Bank implemented its first rate rise in four years** as inflation reached 3.1% in the month of August.

**Gains from the far-right were not as high as expected in Sweden**, where the general election in September 9th left the ruling centre-left without a clear majority, with 144 seats in the 349-seat Riksdag. Weeks of protracted negotiation should follow.

**Margrete Vestager, the EU commissioner for competition, has initiated a probe on Amazon** regarding undue use of the data it possesses on its third-party merchants. This follows the commissioner's cases against Apple and Google, which involved 9-figure fines.

**Danske Bank's chief executive resigned following accusations of money laundering** in the Danish bank's Estonian branch. \$200bn in payments made over nine years are in question.

**As David Solomon prepares to take over as Goldman Sachs' CEO, a leadership reshuffle is taking place.** Stephen Scherr has been appointed CFO from his previous post as consumer bank chief. Investment banker John Waldron was appointed president.

**Comcast won the Sky auction**, confirming this weekend the takeover of the British company. The American firm, having won out against Disney-Fox's rival bid, pledged to respect the company's independence.

Filipe Pereira & Francisca Vera