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— Nova Investment Club —

Market Update

September 24th – October 7th 2018



MARKET UPDATE

Bi-Weekly Market Review

September 24th, 2018 to October 7th, 2018

Market Moves

% change

	Last Close	-1W	-3M	YTD
S&P 500	2 886	-1.30%	4.56%	7.93%
DJIA	26 447	-1.22%	8.14%	6.99%
Nasdaq	7 788	-2.64%	1.30%	12.82%
MSCI World	2 927	-1.59%	-0.59%	-1.74%
MSCI EM	3 655	-2.48%	-4.73%	-17.18%
Russell 2000	1 632	-1.45%	-3.66%	6.29%
Euro Stoxx 50	3 320	-2.03%	-3.72%	-5.24%
FTSE 100	7 278	-2.63%	-4.46%	-5.33%
Nikkei 225	23 784	-2.01%	9.16%	4.48%
Hang Seng	26 203	-3.41%	-7.46%	-12.42%
Dollar Index	95.92	0.44%	2.09%	4.12%
EUR/USD	1.148	-0.62%	-2.30%	-4.41%
GBP/EUR	1.136	1.09%	0.47%	0.91%
GBP/USD	1.304	0.47%	-1.83%	-3.50%
USD/JPY	113.4	-0.25%	2.63%	0.60%
USD/CHF	0.993	0.95%	0.39%	1.94%
Brent Crude	82.97	-2.16%	7.60%	24.08%
Gold	1 193	-0.81%	-5.02%	-8.91%

Generic Bond Yields

bps change

	Last Close	-1W	-3M	YTD
US 10Y Yield	3.233%	17.0	41.1	82.7
GER 10Y Yield	0.530%	10.8	23.8	10.3
JPY 10Y Yield	0.155%	2.5	12.2	10.7
UK 10Y Yield	1.685%	15.7	41.8	49.5
PT 10Y Yield	1.954%	5.4	15.0	1.1

*Source: Bloomberg, as of 2018-10-08

Upcoming Next Week

On Wednesday, European leaders gather to discuss Article 50 and Brexit. EU's chief Brexit negotiator Michel Barnier will then present the draft political declaration in Brussels outlining the bloc's new partnership with the UK.

The IMF appointed Gita Gopinath as chief economist, a professor at Harvard University and the first woman to take the role. She is best known for challenging the fund's current stance on flexible exchange rates.

The US Securities and Exchange Commission settled securities fraud charges over Elon Musk's August tweets that gave the false impression he had clinched a management buyout. The settlement allows Mr. Musk to remain as CEO but forces the company to insert an independent chairman. Mr. Musk is to pay a \$20m fine.

Facebook announced that hackers had stolen keys that allowed them to access up to 50m user accounts. Facebook's share price dropped 2.6% to close at \$164.46 following the news.

The US, Canada, and Mexico struck a new trade deal to replace NAFTA. It is known as the United States-Mexico-Canada Agreement, or USMCA. The three countries reached a consensus after more than a year of talks. The major changes affect cars and new policies on labor and environmental standards, intellectual property protections, and some digital trade provisions.

The US unemployment rate has fallen to its lowest level since 1969, underscoring the strength of the country's economic growth but sending stocks and bonds lower on fears of higher interest rates.

Banco Santander has named Andrea Orcel, UBS's investment banking head, as its next chief executive, highlighting the shift in power at the world's top financial institutions from trading and advisory services to commercial banking. The appointment of Mr. Orcel will be seen as an indication that the Spanish lender is ready to embark on acquisitions, potentially bulking up in the US, as it tries to revive its flagging share price.

Italy's government is betting on generating economic growth far in excess of consensus forecasts to fund its expensive platform of welfare payments and tax cuts while still reducing its debt burden. Rome's populist coalition assumes economic growth of 1.5% next year, more bullish than estimated by the EU and Italian industry. The

government also expects growth of 1.6% in 2020 and 1.4% in 2021.

Aston Martin, the luxury carmaker, hit the market with the largest UK listing of the year. But the shares fell 4.7% on their first day, making it one of the weakest debut days for a London stock in 2018.

Danske Bank executed up to €8.5bn of controversial "mirror trades" for Russian customers in a single year, according to an internal memo that provides new insight into the scale and tactics behind its €200bn money-laundering scandal.

The EU is taking action to protect its commercial ties with Iran from the wrath of Donald Trump. France, Germany, and the UK confirmed plans to create a bespoke payments tool to help European companies trade with Iran, keep buying its oil, and bypass US sanctions. Russia and China also want in.

India has raised tariffs on more than a dozen types of imports, becoming the latest country to turn towards protectionist measures as the fallout from the problems affecting some emerging economies spreads around the world.

Daniel Soares