

NIC

— Nova Investment Club —

Market Update

September 21st – October 5th 2019



Market Update

Bi-Weekly Market Review

September 21st to October 5th, 2019

Market Moves

% change

	Last Close	-1W	-3M	YTD
S&P 500	2 952	-0,33%	-1,28%	17,76%
DJIA	26 573	-0,92%	-1,29%	13,92%
Nasdaq	7 982	0,54%	-2,20%	20,30%
MSCI World	2 154	-1,25%	15,78%	35,58%
MSCI EM	997	-0,49%	-5,95%	3,10%
Russell 2000	1 501	-1,30%	-4,76%	11,28%
Euro Stoxx 50	3 447	-3,30%	-2,10%	14,84%
FTSE 100	7 155	-3,65%	-5,27%	6,35%
Nikkei 225	21 410	-2,14%	-1,55%	6,97%
Hang Seng	25 821	-0,52%	-10,27%	-0,10%
Dollar Index	98,84	-0,27%	1,60%	2,77%
EUR/USD	1,098	0,32%	-2,71%	-4,24%
GBP/EUR	1,123	0,01%	0,91%	1,09%
GBP/USD	1,234	0,32%	-1,92%	-3,13%
USD/JPY	106,9	-0,94%	-0,87%	-2,50%
USD/CHF	0,996	0,49%	1,40%	1,44%
Brent Crude	58,43	-4,49%	-9,33%	7,90%
Gold	1 510	0,47%	7,79%	17,76%

Generic Bond Yields

change in bps

	Last Close	-1W	-3M	YTD
US 10Y Yield	1,529%	-15,5	-41,4	-115,7
GER 10Y Yield	-0,585%	-1,2	-19,8	-82,7
JPY 10Y Yield	-0,200%	2,4	-4,3	-16,3
UK 10Y Yield	0,450%	-3,4	-28,7	-82,5
PT 10Y Yield	0,150%	-2,5	-19,5	-157,3

*Source: Bloomberg, as of 2019-10-04

Upcoming Next Week

US CPI figures for September to be announced on October 11th.

Trade talks expected as top Chinese negotiators visit Washington for face-to-face talks with US officials.

Brexit talks as the 19th of October agreement deadline gets closer.

In Focus

September - October

US Unemployment rate fell to 3.50%. Last week the September US jobs report was released, which reported that 136,000 jobs were added to US economy on this month. The unemployment rate in the country is now at its lowest level since 1969. This helped ease recession worries. Three days before, the September US Manufacturing index revealed a drop to 47.80%, its lowest level since the 2007-2009 great recession.

Donald Trump impeachment inquiry launched. The Democratic House speaker, Nancy Pelosi, announced on the 24th of September a formal inquiry to impeach Mr. Trump. This inquiry was launched in the wake of suspicions that US President threatened the Ukrainian President to withhold aid to Ukraine if it did not probe Biden's son business activity. Last Friday, the House Democrats issued a subpoena to the White House for documents related to Ukraine also involving VP Mike Pence.

EU cancels weekend Brexit talks. EU leaders agreed to cancel this weekend's Brexit talks claiming that Boris Johnson's plans "do not provide a basis" for a deal. Negotiations will resume on Monday. The UK PM has promised to leave the EU on the 31st of October, but for that an agreement must be reached by the 19th of October. A major sticking point is still related with the border between Northern Ireland and the Republic of Ireland.

India's Central Bank cuts key interest rate. After a reduction in estimates for India's economic growth from 6.90% to 6.10%, the Central Bank decided to cut its policy interest rate by 25.0 bps, in the 5th consecutive cut this year, which brings it to its lowest level since 2010.

Eurozone worries after new data on inflation and purchasing managers' index. September monthly inflation rate was

the lowest in the last 3 years, sliding to 0.90%, way below ECB's target. The slowdown in inflation was accompanied by purchasing managers' index (PMI) for the eurozone falling to 45.7 last month, down from 47.0 in August, its lowest reading since October 2012.

WeWork officially cancels its IPO. After several weeks of turmoil the new co-CEOs which replaced Neumann – WeWork Co-Founder – cancelled the IPO as it became clear the company's valuation was headed to below USD 20.0 bn, much less than the USD 47.0 bn it got in its latest funding round led by Softbank. WeWork is now in talks with JPMorgan to arrange financing, the company has also announced cost cutting in personnel, with an expected layoff of 2000 employees, 16.00% of the company's workers.

British travel company Thomas Cook collapses overnight. The failure of rescue talks with key stakeholders resulted in the firm's immediate liquidation on the 23rd of September, leaving holidaymakers stranded abroad. A UK government-backed probe into its management has been announced.

Hong Kong crisis escalates. The 70th anniversary of the Communist regime in China saw the first live ammunition shot against a protestor in Hong Kong, drawing international outcry. Shortly after, the Hong Kong government resorted to a colonial era ordinance to ban protesters from wearing face masks.

WTO rules against the EU on Airbus state aid. The court ruling on the case pursued by the Trump administration opens the door to tariffs on a wide range of EU exports. The EU expects a similar win on a Boeing case early next year, leading trade commissioner Cecilia Malmstrom to argue that tariffs will be "counterproductive".

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