

Arlo Associates Weekly Market Summary

4th November 2018

US WAGE GROWTH HITS A 9-YEAR HIGH

Rising to 3.1 percent in October from 2.8 percent in September, whilst the number of employees entering the workforce over the month beat expectations at 250,000. Despite the US-led global trade war and Donald Trump's tumultuous first two years as President, consumer confidence in the US economy is at an 18-year high, whilst October marks a record 100th consecutive month of hiring.

US STOCKS FINISH WITH SOLID GAINS

With most indices back into positive territory for the year, with record share buybacks, pension fund purchases and positive quarterly earnings reports all contributing to the recovery. By Friday, financial data company FactSet had increased its forecast for overall S&P 500 year-over-year earnings to 24.9 percent, the same pace as the previous two quarters and remaining at a multi-year high.

BRITISH POUND RISES ON BREXIT HOPES

With the currency enjoying its second-best week of 2018 against the dollar, after reports suggested a tentative deal was in place. However, the British government and EU officials have confirmed that whilst they are closer, there remains work to be done. The Bank of England kept its key interest rate at 0.75 percent but suggested that if the UK's exit from EU was smooth then more hikes are on their way.

CHINA'S STOCKS SURGE ON TRADE HOPES

With the Shanghai Composite index rising 3 percent over the week, after reports emerged that an agreement on trade could be reached when President Trump meets China's Xi Jinping later this month. A potential end to the trade war also helped the currency notch up its biggest two-day gain in over 11 years, although it slipped back again to end the week at 6.89 to 1 US dollar.

OIL PRICES FALL TO SIX-MONTH LOW

With Brent crude down to \$72.83 a barrel after holding above \$80 for much of the summer, as fears of excess supply persist despite Iranian sanctions coming into force today. Donald Trump has agreed to waiver retribution on eight countries that continue to import Iranian oil, including China, India, South Korea and Japan, as long as they agree to reduce their purchases from the Middle East producer.

IN OTHER FINANCIAL NEWS :

- **Mexican stocks fall on political uncertainty**, with the IPC Index down 0.8 percent, as investors worry about the next six years under President-elect López Obrador.
- **Brazil's Bovespa index hits record high**, with the index up 3.9 percent over the week, as far-right candidate Jair Bolsonaro narrowly won the run-off election.
- **UAE rises in 'ease of doing business' list**, up 10 spaces to 11th, with New Zealand, Singapore and Denmark holding the top three spots according to the World Bank.
- **Apple lost its \$1 trillion valuation**, after the tech giant's shares fell 7 percent on a warning sales will weaken in coming months, despite posting record quarterly profits.

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