

# Arlo Associates Weekly Market Summary

8th July 2018

## US STOCKS ADVANCE DESPITE TRADE CONCERNS

With sentiment boosted over the holiday-shortened week by a stronger-than-expected report from the manufacturing sector and solid jobs growth; the economy added 213,000 jobs in June, whilst figures for previous months were upgraded. The technology heavy Nasdaq and small-cap Russell 2000 indices outperformed and this year have returned 11.4 and 10.3 percent, respectively.

## EUROPEAN MARKETS MARGINALLY HIGHER

With the pan-European STOXX 600 index gaining almost 0.5 percent, although stocks were initially trading in negative territory as threats for new tariffs were traded with the US. EU ministers threatened to levy tariffs on \$300 billion worth of US goods in a retaliatory response after President Trump hinted of new tariffs that would specifically target the major European carmakers.

## NIKKEI 225 SLUMPS TO 3-MONTH LOW MIDWEEK

Before finishing 2.4 percent down by Friday, as investors absorbed the implementation of US tariffs on \$34 billion worth of Chinese goods. Major Japanese banks, including Mitsubishi UFJ Financial, were hit particularly hard with prices falling to a 2-year low, whilst investors dumped retail stocks in anticipation that a US-Sino trade war will lead to a decline in Chinese tourism.

## MEXICO'S STOCK MARKET GAINS 3 PERCENT

Whilst the peso strengthened 4 percent against the US dollar, after Andres Manuel Lopez Obrador achieved a landslide victory in the country's election. Investors are optimistic that the new President will stick to his campaign commitments to fight corruption, violence and inequality, whilst his finance minister has promised to ensure central bank independence and fiscal discipline.

## OIL PRICES FALL ON RISING US SUPPLY

With the domestic benchmark WTI crude losing 0.5 percent. The market had forecast that US stockpiles would fall 4.5 million barrels for the week ending June 29th, however the Energy Information Administration confirmed that stockpiles had risen 1.2 million barrels, the first weekly increase in a month. WTI and Brent crude closed the week at \$73.92 and \$77.11 a barrel, respectively.

## IN OTHER FINANCIAL NEWS :

- **Turkey's inflation rate rises above 15 percent**, reaching a 14-year high and putting pressure on the lira which has fallen 20 percent this year against the dollar.
- **Argentina peso down 30 percent year-to-date**, measured against the US dollar, despite the central bank raising key interest rates in order to stabilise the currency.
- **Shanghai Composite falls 3.5 percent**, its seventh consecutive negative week, with the index in bear market territory after falling 23 percent from its January high.
- **Boeing and Embraer announce \$4.75bn JV**, which will help the US plane-maker to compete against old rival Airbus, as well as new threats from Russia and China.

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