

# Arlo Associates Weekly Market Summary

11th February 2018

## US stocks experience worst week in 2 years

As the Dow Jones drops over 1,000 points on two separate days, with Thursday's 1,033 point fall putting the market into a correction; when a market is down 10 percent from a recent high. Investor sentiment has been weighed on by concerns that January's surge in wage growth, the highest in 8 years, will lead the Fed to raise rates faster than forecast to combat rising inflation.

## The EU could expand by 2.3 percent this year

Up from November's forecast of 2.1 percent, as Europe continues its fastest expansion since the financial crisis. According to EU officials, tailwinds include loose monetary policy from the European Central Bank, low inflationary pressure and global growth increasing demand for exports. European stocks did not escape the US sell-off with all major indices down over the week.

## FTSE 100 falls to lowest level in 14 months

Dropping nearly 5 percent since the previous Friday, partly following a global rout in equities and also due to hawkish comments from the Bank of England. Despite the bank's Monetary Policy Committee holding interest rates at 0.5 percent at their January meeting, members warned that they might need to accelerate rate hikes to bring inflation back to their 2 percent target

## Japanese stocks suffer heavy losses

With the benchmark Nikkei 225 index down 8.1 percent over the week as Asian stocks took the full force of the US sell-off. At the central bank it was business-as-usual with the BOJ raising their forecast for economic growth between April 2018 and March 2019 to a range of 1.3-1.5 percent, 10 basis points higher than October's estimate of 1.2-1.4 percent.

## Oil prices fell almost 10 percent over the week

With the US benchmark WTI crude closing below \$60 a barrel for the first time this year. The biggest weekly loss in over a year was driven by a report from Baker Hughes that US drillers added 26 rigs last week, the third consecutive week of increases, fuelling fears that US production is surging. WTI and Brent crude closed the week at \$59.20 and \$62.79 a barrel, respectively.

## IN OTHER FINANCIAL NEWS :

- **UK's trade deficit widened to £13.6bn in December**, the highest level in 16 months, due to a rise in oil prices that pushed up the cost of fuel imports.
- **India's central bank holds interest rates**, keeping the benchmark repo rate at 6 percent, citing higher fuel prices and rising inflation as key factors in their decision.
- **Shipping companies hit by Amazon's plans**, with shares of FedEx and UPS falling, after the online retailer announced an expansion to its delivery service.
- **Uber to pay rival Waymo \$245m settlement**, after Alphabet's self-driving vehicle unit sued the ride-sharing company for stealing confidential information.

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