

Arlo Associates **Weekly** Market Summary

11th November 2018

US STOCKS RECOVER ON POLITICAL GRIDWORK

With the large-cap S&P 500 and Dow Jones indices up over 2 percent a piece, after the two major political parties shared the spoils in the midterm elections. The healthcare sector outperformed as a Democrat controlled House of Representatives almost ensures subsidies will continue under the Affordable Care Act, whilst communication shares underperformed after Netflix fell over 9 percent.

UK ECONOMY GROWS AT FASTEST RATE SINCE 2016

Expanding by 0.6 percent in the third quarter, as warm weather in July boosted consumer spending. Economists have warned that whilst the quarterly figure appears positive, in fact August and September recorded zero GDP growth. Long-term growth remains weak and forecasts for the final three months of the year are negative, with economists expecting the growth rate to decline.

ITALY TO BREACH EU BUDGET DEFICIT LIMIT

Set at an annual rate of 3 percent for all member nations, if the new government goes ahead with their current spending plans. The European Commission have forecast Italy's deficit to be 2.9 percent next year and 3.1 percent in 2020. They have also called into question Italy's 1.5 percent growth estimate for 2019, which underpins their budget plans, instead expecting expansion of 1.2 percent.

OIL PRICES FALL FOR 10 CONSECUTIVE DAYS

Wiping out this year's gain and officially entering a bear market – classified by a 20 percent fall from a recent high. Investor confidence has been hit by concerns that growing global supplies will now overwhelm the market after President Trump gave waivers to 8 countries that allows them to continue importing Iranian oil for 180 days, despite sanctions coming into force at the start of this month.

IN OTHER FINANCIAL NEWS :

- **Turkey's inflation rate hits 25.24 percent**, the highest rate in 15 years, putting pressure on the central bank to hike rates again from their current 24 percent level.
- **Chinese exports to US surge in October**, growing 15.6 percent from a year earlier, driven by a weaker currency and buyers rushing to beat the introduction of new tariffs.
- **Mexican stocks fall on bank sector sell-off**, after a proposal to eliminate fees was introduced to the Senate, although President-elect denied a change to banking laws.

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