

# Arlo Weekly Market Summary

13th January 2019

## US STOCKS CONTINUE STRONG START TO 2019

With the large-cap S&P 500 and small-cap Russell 2000 up 3.57 and 7.29 percent, respectively, on hopes that the US-Sino negotiations will find a resolution to the trade war. The three days of negotiations last week ended on a positive note with the White House announcing that the trade talks will likely result in a 'more balanced and reciprocal trade agreement with China'.

## US GOVERNMENT SHUTDOWN BREAKS RECORD

Becoming the longest running closure in history as it surpassed the 21-day shutdown during Bill Clinton's presidency. Friday was the first payday of 2019 which saw around 800,000 federal workers going without pay with the prospect of backpay unassured. President Trump has refused to approve a budget until the Democrats accept his request of \$5.7 billion for his Mexican border wall.

## STIRLING UP 1 PERCENT ON BREXIT NEWS

Strengthening to a 7-week high, as rebels within the Conservative party recommended the March 29th exit date be pushed out further if Theresa May's Brexit deal is rejected in Parliament. The vote is being held on the 15th and is expected to fail. UK shares welcomed the news of possible delays in Britain leaving the EU, as the large-cap FTSE 100 gained over 1 percent from the previous Friday close.

## CHINESE ASSETS BOOSTED BY TRADE TALKS

With equities and the yuan up almost 2 percent over the week, as officials met with their US counterparts to discuss a solution to the trade war that is increasingly becoming a drag on China's economy. The yuan rose to a 5-month high against the dollar, completing its best five-day run against the greenback in over 13 years. In the markets, the main large-cap CSI 300 Index rose 1.9 percent.

## OIL PRICES RALLY FOR SECOND CONSECUTIVE WEEK

With Brent and WTI crude up 6.0 and 7.5 percent respectively, as investors welcome the news that Russia agreed with OPEC to cut production by 228,000 barrels a day. Despite the strong start to the year, Friday's oil market losses broke a 9-day winning streak and highlighted some bearish sentiment, including concerns of rising inventories and a general slowdown in the global economy.

## IN OTHER FINANCIAL NEWS :

- **Global growth slowing to 2.9 percent this year**, according to the World Bank, who cited a moderation in the global economy compounded by the global trade war.
- **Brazilian equities up 2 percent for the week**, as measured by the Bovespa index, on optimism that new President Jair Bolsonaro will push ahead with pension reform.
- **Mexican shares gain on reform efforts**, with the IPC index up 2.5 percent, as the central bank announced several measures to support the country's financial system.
- **Japanese business confidence hits 6-year low**, according to a report by the Bank of Japan, with 40 percent of respondents expecting the economy to worsen this year.

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