



Arlo Associates Weekly Market Summary

25th September 2016

Good morning,

These were the top market stories from last week:

The US Federal Reserve have kept interest rates at 0.5 percent until at least December's meeting, a move that was largely expected by the markets. Fed chair Janet Yellen noted that expectations of long-term growth have been lowered as the US enters a period of slowing productivity expansion, although she noted that conditions have improved in recent months.

US equities rallied on news of the Fed's rate hold, with the Dow Jones Industrial Average up 137.65 points (0.75%) and the S&P 500 up 25.53 points (1.18%), to bring the year-to-date performance of these indices to +4.80 and +5.91 percent, respectively.

The Bank of Japan is to overhaul its quantitative and qualitative easing program, after completing a long-awaited assessment of their monetary policy. In order to stimulate the stagnating economy, the central bank will now target purchases of bonds and avoid very long-term durations, which should steepen the yield curve and improve profitability of banks.

Chinese house prices rose 1.3 percent in August, the largest monthly gain in five years and the 17th consecutive month of increases, which has sparked concerns that loose credit is leading to speculative purchases and inevitably a bubble. In other news, for the first time Chinese foreign investment outweighed investment from abroad into China; \$145bn vs \$135.6bn.

Oil prices fell over 4 percent on Friday, as an OPEC production agreement looked months away on the news that Saudi Arabia will agree to a cut but on the condition that Iran freeze production at August's levels. WTI crude closed the week at \$44.48 a barrel, with Brent crude at \$45.89.

In other news:

- **Standard & Poor's has upgraded Hungary's government credit** to investment grade (BBB-), citing the country's stronger economy and fiscal improvements.
- **Goldman Sachs will cut 25% of investment banking jobs** from its Asia offices, excluding Japan, as the bank's equity issuance ranking plummeted this year.

- **Twitter shares rose almost 20%** on rumours that the company could be the target of a take-over bid, with Google and Salesforce.com prime suitors.
- **Yahoo has accused state sponsored hackers** of stealing information from 500 million users in 2014. Stolen data includes names, emails and unencrypted security questions.

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