



Arlo Associates Weekly Market Summary

16th October 2016

Good morning,

These were the top market stories:

US markets fell for the second week due to concerns of slowing global growth, diverging global monetary policy and weaknesses in Chinese exports. Adding to negative investor sentiment was the news that **the US budget deficit rose for the first time since 2009**, with spending already exceeding revenue by \$587 billion, compared to \$439 billion in 2015.

The British pound fell to \$1.2191 against the US dollar, on continued concerns of a 'hard-Brexit' with European Council President Donald Tusk warning it is the only option. The greenback was supported by a 66 percent collective opinion from economists for a US interest rate hike in December, with the minutes from September's meeting indicating that keeping the decision to not raise rates was a 'close call'.

Chinese exports fell 10 percent last month, compared to the same period a year ago, due to weakening global demand. The worse-than-expected data was the sixth consecutive month of declining exports, whilst imports also declined by 1.9 percent in September.

Thai equities experienced a volatile week following the death of King Bhumidol Adulyadej on Thursday. The Stock Exchange of Thailand fell over 6 percent over the first three days as news emerged of the king's worsening health. Prices recovered to finish the week only 1.8 percent down, with Friday's recovery credited to the government's decision to keep the stock market open despite the country in mourning.

After 16 years of development and a final budget of \$53 billion, **the first export of crude oil was pumped from the Kashagan oil field in the Caspian Sea**, which is estimated to hold 38 billion barrels of oil. The impact of this vast field coming online is that growth in Kazakhstan's oil production could be up to 220,000 bpd next year, adding to an already oversupplied market. Brent crude and WTI ended the week at \$51.95 and \$50.35 a barrel, respectively.

In other news:

- **London's High Court threw out a case by the Libyan Investment Authority**, who is trying to recoup \$1.2 billion lost through bad investments advised by Goldman Sachs.
- **German exports rose 5.4 percent in August**, whilst an indicator of economic sentiment strengthened to a four-month-high.
- **South African equities fell after fraud charges were filed against Pravin Gordham**, the country's finance minister, related to his previous time in office.
- The British 'flash-crash' trader, Navinder Sarao, **who contributed to a 1,000 fall in the Dow Jones index in 2010**, has lost his battle to avoid extradition to the US.

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