

# Arlo Associates Weekly Market Summary

14th May 2017

## US INDICES GENERALLY ENDED LOWER OVER THE WEEK

Although the Nasdaq Composite index rose, as political turmoil outmuscled positive corporate earnings and stable economic data. Trump's firing of FBI Director James Comey impacted investor sentiment, as it is now unclear whether the president's market-friendly tax and regulatory reforms will ever gather the necessary consensus to pass.

## INVESTOR 'FEAR' IN THE US STOCK MARKET HITS A 23-YEAR LOW

As measured by the Chicago Board of Exchange's Volatility Index (VIX). The VIX shows market-expectations for 30-day volatility and falls when investors do not expect prices to move in the short-term. Some investors believe the VIX is now priced fairly, whereas others point to 2007 when the VIX also declined before the sub-prime mortgage crisis.

## GERMANY'S ECONOMIC GROWTH SPEEDS UP IN Q1

With GDP growing 0.6 percent compared to 0.4 percent over the last three months of 2016, as the largest economy in the Eurozone benefited from more domestic consumer and business spending. A rise of exports vs imports helped boost the economy, although the size of Germany's current account surplus has been criticised by other EU states and Donald Trump.

## CHINA AND THE US SIGNED A 10-POINT TRADE AGREEMENT

Which indicates a softening approach by the administration towards Beijing, who in the past has labelled China a 'currency manipulator'. The new agreement lifts Chinese bans on US beef and natural liquefied gas in return for the US lifting bans on Chinese chicken. It also allows Chinese banks to enter the US market through the same process as other foreign institutions.

## OIL RECORDS FIRST WEEKLY GAIN IN A MONTH

On expectations that OPEC will extend their production cut agreement at their meeting next month. However, US drillers added rigs for the 17th consecutive week, increasing concerns that US shale production will fill any gaps left by the OPEC cut. WTI finished the week at \$47.84 a barrel, with Brent crude at \$50.84.

## IN OTHER FINANCIAL NEWS :

- **Apple's market cap rose above \$800bn**, as Warren Buffett's Berkshire Hathaway disclosed they had taken a larger stake in the technology company.
- **Brazil's inflation rate fell to the lowest level in a decade**, due to a stronger real against the greenback, lower food prices and slack in the economy.
- **Moon Jae-in's victory boosts South Korean equities**, with the main index up 2 percent, and follows the ousting of Park Geun-hye over a corruption scandal.
- **Wells Fargo may have opened 3.5m unauthorised accounts**, many more than initially expected, according to lawyers seeking \$143m in damages.
- **Fiat Chrysler will recall 1.25m trucks world wide**, after a software fault was found that could disable seat-belt locking and passenger airbags if the vehicle rolled.

The information transmitted is intended for the person or entity to which it is addressed and may contain confidential, privileged or copyrighted material. If you receive this in error, please contact the sender and delete the material from any computer.

**To unsubscribe or change your details please contact your Asset Manager at Arlo Associates.**