

# Arlo Associates Weekly Market Summary

21st May 2017

## US EQUITES FINISHED THE WEEK LOWER

Although Friday's rally helped rescue most major indices from the midweek sell-off. Allegations surfaced on Tuesday evening that President Trump had asked ex-FBI director Comey to drop the investigation into ties between his campaign officials and the Russian government, which caused significant declines for most indices during Wednesday's morning session.

## THE EUROZONE EXPANDED AT AN ANNUAL RATE OF 1.7 PERCENT

During the first quarter of 2017, although this wasn't enough to support equities which fell over the week due to the political turmoil in the US. The broad STOXX Europe 600 benchmark was down over 1 percent, however a 0.6 percent rally on Friday helped recover much of the damage caused by the midweek rout.

## JAPAN'S ECONOMY GREW FOR THE FIFTH CONSECUTIVE QUARTER

Expanding at an annual rate of 2.2 percent in the first quarter of 2017, which could finally be evidence that 'Abenomics' is working – although it has taken a long-than-expected four years. This positive data could not rescue the markets, however, as the global sell-off drove the Nikkei 225 down 1.5 percent over the week.

## BRAZIL'S STOCK MARKET FELL 10 PERCENT ON THURSDAY

Triggering circuit breakers that halted trading, as new allegations of bribery surfaced against President Michel Temer. The rout nearly wiped out the market's year-to-date gains, whilst the Brazilian real fell 7 percent against the US dollar. The scandal comes at a time the country is battling record unemployment and its worst recession in history.

## OIL PRICES ROSE TO A ONE-MONTH HIGH

And finished a second consecutive week in the green, as expectations grew of OPEC and non-OPEC producers agreeing an extension to their output cut. Dragging on prices, US drillers added oil rigs for the 18th consecutive week – the second longest streak on record. For the week, WTI crude rose 5.2 percent, with Brent crude up 5.4 percent.

## IN OTHER FINANCIAL NEWS :

- **Greece fell back into recession**, the fourth time in nine years, as its economy recorded two consecutive quarters of contraction.
- **UK retail sales rose 2.3 percent in April**, higher than the 1 percent forecast and led by warm weather and pre-Easter shopping.
- **General Motors is to exit the Indian car market**, although it will maintain its Indian factory in Maharashtra, as part of global restructuring strategy.
- **UK inflation hit 2.7 percent over the last year**, the highest level in four years, due to rising air fares, energy prices and import costs.

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