



Arlo Associates Weekly Market Summary

16th July 2017



THE S&P 500 AND DOW JONES HIT INTRADAY HIGHS MID-WEEK

Pushing both indices up almost 10 percent year-to-date, as investors anticipated another strong earnings reporting season. Dovish comments by the Chair of the Federal Reserve, Janet Yellen, also supported the markets, as she indicated that interest rates might not need to rise much more to hit the central bank's 'neutral' level.

UK REAL WAGES DECLINED BY 0.7 PERCENT

The largest fall in over 3 years, during the three-month period ending in May. Nominal wage growth, including bonuses, rose 2.2 percent over the period, however inflation accelerated to 2.9 percent and drove wages lower in real terms. The employment rate rose to the highest level since 1971, with 74.9 percent of qualifying 16 to 64 year olds in employment.

THE BANK OF CANADA RAISED RATES FOR THE FIRST TIME IN 7 YEARS

Up 25 basis points to 0.75 percent, in a sign that the world's developed economies are entering a tightening cycle. BoC Governor Stepehn Poloz cited the economy reaching full capacity as a key driver in the decision, however inflation in June remained below the bank's 2 percent target at 1.3 percent, the lowest rate in a year.

CHINA'S JUNE EXPORTS AND IMPORTS ROSE 11.3 AND 17.2 PERCENT

Respectively, beating economist expectations and indicating a resurgent global economy. China's trade surplus hit \$42.8bn over the month, driven by strong US and European demand for Chinese goods, even whilst policymakers introduce measures to curb debt and continue to tighten policy.

OIL PRICES ROSE 5 PERCENT OVER THE WEEK

Due to falling US crude stocks, rising Chinese import growth, and reports from the International Energy Agency of accelerating global demand. Chinese oil imports were 14 percent higher during the first half of 2017, compared to the same period in 2016, whilst US crude inventories had their greatest weekly drop in over 10 months.

IN OTHER FINANCIAL NEWS :

- **Brazil's stock market rallied on Wednesday,** up almost 3 percent, following the news that former president Luiz Inacio Lula de Silva was convicted of corruption.
- **The IMF has approved Egypt's second loan tranche,** valued at \$1.25bn, after reviewing the country's economic reforms and predicting them to yield results.
- **US bank JPMorgan earned \$26.5bn in profit last year,** the most by any bank in history, and was driven by commercial banking and wealth management divisions.
- **Easyjet has selected Austria as its new EU base after Brexit,** as airlines that fly between member states must have an operator certificate from an EU country.

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