

# Arlo Associates Weekly Market Summary

18th February 2018

## US stocks surged back into positive territory

Recording their best week in over 5 years. The rally came as investors shrugged off fresh inflation concerns, with the subsequent fears of a more aggressive rate hike strategy by the Fed, after January's core consumer rate (excluding volatile food and energy prices) rose 1.8 percent from a year earlier – this is close to a 6-year high and above the 1.7 percent forecast.

## EU growth hits 10-year high in 2017

Up 2.5 percent from a year earlier, after strong fourth quarter growth. The key economies of Germany and France grew by 0.6 percent in the three months up to the end of the year, whilst Spain's growth was slightly stronger at 0.7 percent. Although there are a number of global and regional factors supporting growth, headwinds include a stronger euro and higher energy prices.

## The UK recorded its slowest growth since 2012

Rising 1.8 percent in 2017, another sign that the economy is lagging behind the European Union. Adding to market woes, UK retail sales in January grew by 0.1 percent, a large drop from the 1.4 percent figure in December and in line with the Office of National Statistics forecast that retail sales will be weaker for the first six months of 2018.

## China's central bank drains \$216bn from markets

An unusual move right before the Chinese Lunar New Year holiday but a key signal that the government is cracking down on the readily available money that has led to excessive risk-taking. The People's Bank of China halted its money-market operation for 15 days, allowing loans to commercial lenders to expire, effectively reducing the money supply by 1.37 trillion yuan.

## Oil prices up over 4 percent

Driven by a weakening dollar and suggestions that OPEC and non-OPEC nations could form a permanent 'super group' to control long-term oil prices. The rise came even after US drillers added rigs for a fourth consecutive week, the total active units now at 798, according to the weekly Baker Hughes report. WTI and Brent crude closed the week at \$61.68 and \$64.84 a barrel, respectively.

## IN OTHER FINANCIAL NEWS :

- **South Africa's rand approached a 3-year high**, following the resignation of embattled President Jacob Zuma due to intense pressure from his ANC party.
- **Lebanon's debt-to-GDP could hit 180 percent by 2023**, according to the IMF who recommend the country takes immediate steps to tackle its fiscal deficit.
- **Egypt is planning a 1-1.5bn euro-denominated bond**, following the successful raising of \$4bn last week, as the government attempts to fill the budget deficit.
- **Egypt's central bank cuts rates by 1 percent**, the first rate cut since floating the currency in 2016, after inflation eased for a sixth consecutive month in January.
- **Punjab National Bank uncovers \$1.8bn fraud**, almost a third of the India state-run bank's market value, linked to billionaire jeweler Nirav Modi.

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.