

Arlo Associates Weekly Market Summary

19th November 2018

US STOCKS MARGINALLY LOWER BY FRIDAY

With growth-orientated sectors underperforming for a third consecutive week, on uncertainty over trade between the US and China. Early in the week, stocks declined on news that the US was planning tariffs against all Chinese imports from January, however investor sentiment improved later in the week after President Trump said that he thinks a deal can be agreed at the upcoming G20 summit.

POUND TUMBLES 1.7 PERCENT ON THURSDAY

Its largest 1-day fall against the US dollar in two-years, after the release of a draft Brexit agreement led to a series of high-profile resignations from Theresa May's cabinet. Critics argue that the agreement will give unreasonable powers to Brussels when the country exits the EU and will diminish the integrity of the UK by creating a separate regulatory regime for Northern Island.

ITALY IGNORES EUROPEAN COMMISSION

Maintaining 2.4 percent budget deficit and 1.9 percent growth targets for 2019. The EC demanded that Italy revise their budget to tackle high debt levels and to reduce its growth estimate to 1.2 percent, otherwise the country is on track for a budget deficit over the next two years of 2.9 and 3.1 percent, respectively. The EC are expected to announce action against the Italian government this week.

JAPAN'S ECONOMY CONTRACTS BY 1.2 PERCENT

Measured at an annualised rate over the third quarter of 2018, which is worse than the 1 percent forecast and the first quarterly contraction this year. Growth was hit by weak domestic consumption, a decline in exports and a series of natural disasters, including a heatwave, flooding, a typhoon and an earthquake. Exports over the period fell 1.8 percent, the largest fall in over three years.

US CRUDE FALLS 6.2 PERCENT

Its sixth consecutive weekly loss, on concerns that the global market remains oversupplied despite fresh sanctions on Iran. The market expects to have 1 million barrels a day less Iranian oil, but other producers will more than fill the shortfall. Prices had some support at the end of the week on expectations of further production cuts when OPEC members and other major oil producers meet next month.

IN OTHER FINANCIAL NEWS :

- **Argentinian shares surge**, with the Merval index up 4 percent, as the government passes its 2019 budget that includes measures to satisfy the IMF's bailout package.
- **Mexican stocks tumble**, with the IPC index down 4 percent, as investors show a lack of confidence in the policies of President-elect, Andres Manuel Lopez Obrador.
- **Uber announces \$1billion quarterly loss**, more than \$891m the previous quarter, as the firm comes under pressure to prove profitability before its IPO next year.
- **Alibaba breaks 'Singles Days' record**, with the Chinese online retailer processing \$30.8 billion worth of sales during the annual, one-day shopping festival.

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