

Arlo Associates Weekly Market Summary

1st April 2018

US stocks posted solid gains

As fears of a trade war with China faded after President Xi's administration decided not to impose retaliatory trade tariffs on US imports, at least at this time. Whilst technology stocks underperformed, driven by Amazon's steep drop on threats by Trump to curb the company's power, the tech-heavy Nasdaq remains the only major US index in positive territory year-to-date.

German employment rate hits record low

Falling to 5.3 percent in March, the lowest level since the country reunified in 1990. This data will boost already positive consumer sentiment, as German citizens will become less concerned with job security and are more likely to spend more. German inflation came in at 1.5 percent for the latest 12-month period, lower than the 1.6 percent forecast by economists.

FTSE 100 has worst quarter in seven years

Losing 8.2 percent since the start of the year, following Trump instigating an international trade war and a global sell-off of technology shares. The blue-chip benchmark fell 2.3 percent in March, its third consecutive monthly decline. Moving in the opposite direction, the British Pound had its best quarter in over a year, gaining 3.8 percent against the greenback.

Bank of Japan reaches record ETF purchases

Hitting 831 billion yen in March, the highest level since September 2016. This record is no surprise to some, as the stock market has been in decline since February and the BOJ often steps in when the market is weak. The central bank now owns 23 trillion yen of Japanese equities, accounting for 3 percent of the Tokyo Stock Exchange's first section that could lead to price distortion.

Oil markets ended lower

With WTI's May contract finishing 1.43 percent down, as bulls and bears exchanged momentum throughout the week. Prices rose initially on hopes that OPEC will extend production cuts into 2019 before the market lost support on fears of rising US production and short-selling by hedge funds. WTI and Brent crude closed the week at \$64.94 and \$69.34 a barrel, respectively.

IN OTHER FINANCIAL NEWS :

- **South Africa's credit rating kept at Baa3**, one notch above junk bond status, a clear show of confidence by Moody's in the new Ramaphosa administration
- **Egyptian stocks rally 13 percent in March**, the best month since November 2016, as investors forecast president Abdel-Fattah El-Sisi's re-election.
- **Barclays to pay the US government \$2 billion**, to settle a lawsuit that accuses the bank of misleading investors who bought mortgage-backed securities.
- **150 million accounts hacked at MyFitnessPal**, an Under Armour owned fitness software, including customer usernames, passwords and email addresses.
- **GKN sold to Melrose Industries for \$8 billion**, with 52% of Britain's oldest engineering firm's shareholders voting in support of the buy-out.

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