

# Arlo Associates **Weekly** Market Summary

25th November 2018

## **US TECHNOLOGY STOCKS PUSH MARKETS LOWER**

After the major tech giants, Facebook, Apple, Amazon.com, Netflix and Alphabet – referred to collectively as the FAANG stocks – entered a bear market on Monday, down more than 20 percent from June highs. Despite the fall in FAANG prices, the tech-heavy Nasdaq Composite Index is the only major US index that remains in positive territory year to date, up 0.52 percent this year.

## **ITALY REFUSES TO CHANGE BUDGET DEFICIT . . .AGAIN**

After the European Commission rejected the coalition government's 2.4 percent target for 2019 that Italy say is necessary to achieve their campaign promises, such as introducing a universal basic income. The EC initiated proceedings during the week that would lead to a fine of 0.2 percent of the country's GDP but could rise to penalties worth 0.7 percent if the situation is not resolved.

## **JAPAN'S TRADE DEFICIT 9 TIMES LARGER THAN FORECAST**

With October's 19.9 percent rise in imports overshadowing an 8.2 percent increase in exports and fuelling a \$4 billion deficit. Japan has been under pressure from a series of costly natural disasters and the US-Sino trade war that has impacted the export-heavy economy. Core inflation, which excludes food and fuel prices, rose 1 percent in October, half the central bank's 2 percent target.

## **CHINESE STOCKS FALL ON TRADE FEARS**

With the Shanghai Composite index losing 2.5 percent on Friday, as markets weigh up the meeting between US President Trump and Chinese President Xi Jinping at next week's G20 summit in Argentina. Investors fear that if this meeting ends without a reconciliatory agreement, then the two nations will continue to impose sanctions on hundreds of billions of dollars' worth of goods.

## **OIL PRICES CONTINUE THEIR PLUNGE**

With Brent crude down over 6 percent on Friday whilst the US benchmark closes in on \$50 a barrel. Brent crude closed the week at \$58.80 a barrel, over 30 percent off the \$86 mark it hit just seven weeks ago. Leaders from Saudi Arabia and Russia, the two largest exporters of oil, are expected to meet next week at the G20 summit to discuss global production targets and the direction of prices in 2019.

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