

Arlo Associates Weekly Market Summary

6th May 2018

The US economy added 164,000 jobs in April

Less than the 190,000 forecast, whilst unemployment fell to 3.9 percent - the first time it has dropped below 4 percent in 17 years. Despite the tight jobs market, wages appear reluctant to rise significantly as hourly pay increased by 0.1 percent in April and remained at 2.6 percent over 12-months. This data will support a cautious approach to hiking interest rates from the Fed.

US markets ended mixed over the week

With the large cap Dow Jones and S&P 500 declining, whilst the technology heavy Nasdaq and small-cap Russell 2000 gained. The Nasdaq index rise was driven by Apple shares, which hit a record high after Warren Buffett's Berkshire Hathaway increased its stake in the world's most valuable company to 240 million shares. This brought Apple's market value to \$933 billion.

Italian stocks hit highest level since 2009

With the benchmark FTSE MIB Stock Index outperforming its European peers during the week. The index has risen over 12 percent in the last year due to the aggressive monetary easing policy by the European Central Bank, which lowered interest rates thereby making equities more attractive over bonds, coupled with increased economic growth and improving business confidence.

Nikkei 225 advances for sixth consecutive week

Although the benchmark remains 1.3 percent down year-to-date, as economic data indicates a recovery in growth following a slow-down in the first quarter. April's Nikkei-Markit PMI index rose to 53.8, up from 53.1 in March, despite a stronger yen putting pressure on demand for exports. The central bank increased its 2018 fiscal year GDP growth forecast to 1.6 percent.

Oil prices hit highest level since November 2014

With Brent crude briefly rising above \$75 on the back of Iranian sanctions and Venezuelan production. Donald Trump is expected to make a decision by May 12th on whether he will waive Iranian sanctions, whilst Venezuelan production continues to fall as the country declines into disarray. WTI and Brent crude closed the week at \$69.79 and \$74.87 a barrel, respectively.

IN OTHER FINANCIAL NEWS :

- **Argentina raises interest rates to 40 percent**, up from 27.25 percent a week earlier, as the government attempts to halt rising inflation and a crashing peso.
- **Alibaba's first quarter revenue hit \$9.9bn**, a 61 percent year-on-year rise, as the Chinese firm had better-than-expected growth in its core e-commerce business.
- **Norwegian Air rejects takeover bids from IAG**, the owner of British Airways and Iberia, sending the low-cost airline's shares down 10 percent on the Oslo exchange.
- **Air France-KLM's CEO Jean-Marc Janailac resigns**, just two years into the job, after the rejection of a staff pay deal designed to halt strikes by French employees.

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