

Arlo Associates Weekly Market Summary

8th April 2018

US considers additional \$100bn in Chinese tariffs

Hours after the Chinese released a retaliatory \$50 billion list of US imports that could face a punitive 25 percent tariff, in an escalating trade war between the two nations that has knocked confidence in global markets. Adding fuel to the fire was the release of data showing that the US trade deficit in February widened to \$57.6 billion, the largest monthly imbalance since 2008.

The US economy added 103,000 jobs last month

Lower than forecast, due in part to the outsized 326,000 increase in February and cold weather in March that impacted recruitment. However, this year the economy has added over 200,000 new jobs a month on average, beating last year's figures. Unemployment remains at 4.1 percent, the lowest level since 2000, whilst average hourly wages rose 2.7 percent year-on-year.

EU unemployment hits lowest level in a decade

Falling to 8.5 percent in February across the 19 countries that use the euro whilst the rate across the wider European Union fell to 7.1 percent. There continues to be a large disparity between the best and worst performing nations, with the Czech Republic and Germany at 2.4 and 3.5 percent unemployment, respectively, whilst Greece suffers from a jobless rate of 20.8 percent.

China releases list of 106 US products to tariff

Worth \$50 billion and includes key exports such as soya beans, cars and aircraft. It is unlikely that either side will implement the full tariffs as threatened, however China will certainly be leading the de-escalation negotiations as they currently operate a trade surplus in goods with the US of \$347 billion – meaning they have more to lose from a trade war.

US oil drillers add more production capacity

Increasing active rigs by 11 over the week and 80 since the start of the year. US production has contained oil prices since the global production agreement was brokered by OPEC in 2016 and together with fears of a US-China trade war helped send prices 4 percent lower over the week. WTI and Brent crude closed the week at \$62.06 and \$67.11 a barrel, respectively.

IN OTHER FINANCIAL NEWS :

- **1,500 UK firms fail to report gender pay gap**, breaking a law introduced last year, meaning they could now face legal action as well as 'naming and shaming'.
- **Libya's investment fund sues JPMorgan**, with the sovereign wealth fund filing in London for commercial fraud - this follows a \$1.15 billion settlement by SocGen
- **India's military to order 110 fighter jets**, the world's largest such deal at \$15 billion, as they boost their defense resources as tensions with Pakistan increase.
- **Blackrock to offer gun-free investment funds**, with such companies as Walmart being excluded, as the global asset manager responds to consumer demand.

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