

Ansbacher Weekly Market Recap

November 20, 2017



Previous Week Market Performance

Equity Indices (Price Return)		% chg		
Americas	Value	WTD	MTD	YTD
Dow Jones Industrial Avg	23,358.24	-0.27	4.25	18.19
S&P 500 Index	2,578.85	-0.13	2.36	15.19
S&P 600 SmallCap Index	908.91	1.69	0.55	8.47
Nasdaq Composite Index	6,782.79	0.47	4.42	26.00
S&P/TSX Composite Index	15,998.57	-0.25	2.33	4.65
Brazil Ibovespa Index	73,437.28	1.76	-1.15	21.93
Europe				
MSCI Europe	129.55	-1.35	-1.11	5.76
Euro Stoxx 50 Price	3,547.46	-1.29	-1.32	7.81
FTSE 100 Index	7,380.68	-0.70	0.11	3.33
DAX Index	12,993.73	-1.02	1.29	13.18
CAC 40 Index	5,319.17	-1.14	-0.20	9.40
IBEX 35 Index	10,010.40	-0.82	-3.57	7.04
Swiss Market Index	9,183.61	0.54	0.29	11.72
Asia				
Nikkei 225	22,396.80	-1.25	10.02	17.17
Hang Seng Index	29,199.04	0.27	5.97	32.72
CSI 300 Index	4,120.85	0.22	7.41	24.49
S&P/ASX 200 Index	5,957.25	-1.20	4.85	5.14
Nifty 50	10,283.60	-0.37	5.06	25.63
Global				
MSCI World	2,033.18	-0.35	1.63	16.10
MSCI Emerging Markets	1,136.45	0.71	5.06	31.80
MSCI EAFE	1,986.15	-0.67	0.63	17.94
Commodities				
WTI Crude	56.55	-0.33	8.85	-0.89
Brent Crude	62.72	-1.26	10.83	6.90
NYMEX Nat Gas	3.10	-3.61	-2.64	-16.37
Gold	1,292.42	1.36	0.99	12.63
Silver	17.31	2.53	3.94	8.68
Copper	306.70	-0.29	3.79	22.41
S & P GSCI Agriculture	284.84	0.00	1.26	-2.11

BAML Bond Indices (Total Return)		% chg				
Americas	Value	WTD	MTD	YTD		
US 1-10 Year Treasury	1,349.18	0.01	-0.22	1.25		
US 3-5 Year Treasury	1,979.94	-0.05	-0.31	1.21		
US Corporates	2,883.91	0.31	0.23	5.54		
US High Yield	1,252.17	0.04	-0.37	6.63		
Canadian 1-10 Year Govt.	754.91	0.07	0.70	-0.35		
Europe						
Euro Govt. Index	736.59	0.30	1.07	0.65		
Euro High Yield	303.95	-0.24	0.59	6.58		
UK Gilts 1-10 Year	925.65	0.11	0.15	-0.07		
German 1-10 Year Govt.	513.88	0.11	0.30	-0.43		
Asia						
Japan 1-10 Year Govt.	293.48	0.04	0.18	0.07		
Hong Kong 1-10 Year Govt.	178.12	0.10	-0.20	1.53		
China 1-10 Year Broad	166.28	-0.19	-0.80	-0.60		
Australia 1-10 Year Govt.	1,380.24	0.17	1.38	2.90		
Global						
Global Broad Market	259.44	0.54	0.19	6.10		
Global Emerging Markets	461.94	0.26	-0.30	9.28		
Currency Performance (vs. USD) & Govt. Bond Benchmark Yields						
	Spot Rate	% chg				
		WTD	MTD	YTD	2-yr	10-yr
USD					1.72	2.34
EUR	1.1790	1.07	-0.20	12.10	-0.71	0.36
CHF	0.9891	-0.70	2.15	-2.93	-0.88	-0.12
GBP	1.3215	0.14	-1.37	7.09	0.48	1.29
JPY	112.10	-1.26	-0.36	-4.16	-0.20	0.04
CAD	1.2763	0.64	2.33	-5.04	1.46	1.94
AUD	0.7564	-1.27	-3.45	4.94	1.78	2.57
NZD	0.6809	-1.85	-5.55	-1.80	2.00	2.86
DKK	6.3104	-1.08	0.18	-10.72	-0.60	0.45
NOK	8.2402	1.31	3.49	-4.63	0.52	1.53
SEK	8.4277	0.89	3.43	-7.45	-0.87	0.73

Source: Bloomberg. Performance for the week ending November 17, 2017.

Market Highlights

GENERAL ELECTRIC announced a 50% dividend cut on Monday, sending shares down 7% to its worst day since 2009. The company plans to reduce the board size and focus on power, aviation and healthcare equipment while exiting lighting and locomotives. Moody's cut the long-term debt rating on GE to A2 from A1 citing "extreme deterioration" in its energy business.

CHINA'S CENTRAL BANK announced new asset management guidelines for local institutions. Highlights of the new guidelines include restrictions on asset management products for investing in commercial banks' credit assets and a requirement for financial institutions to provision 10% of their management fee income from asset management products as risk reserves.

MOODY'S upgraded India's local and foreign currency issuer rating to Baa2 from Baa3 with a positive outlook. Expectations of high growth and a stable financing base for government debt, driven by progress on economic and institutional reforms, underpinned the decision.

STANDARD & POOR'S downgraded Venezuela's sovereign debt to "selective default." This indicates that the country has skipped a payment on a specific bond but remains committed to honouring its international debts. Russia has agreed to restructure \$3.15bln in Venezuelan debt, which would allow minimal repayments over the next six years.

Economic Updates

GERMAN GDP GROWTH accelerated in the third quarter, growing 0.8% versus 0.6% in the second quarter. This represented a 2.8% rise on a yearly calendar-adjusted basis, beating expectations of 2.3%. Germany's Council of Economic experts warned that the economy is at risk of overheating as the ECB refuses to tighten monetary policy.

JAPAN posted its seventh consecutive quarter of GDP growth as fiscal stimulus and monetary easing under Prime Minister Shinzo Abe continued to drive the economy. GDP grew at an annualized rate of 1.4% in the third quarter, with net exports contributing 0.5% and business spending rising 0.2%, offsetting the 0.5% fall in consumer spending.

U.S. CORE INFLATION gained 0.1% in October, lifting the year-on-year increase to 1.8%. The slight monthly pickup in inflation could provide comfort to FED officials who are set to meet in December for the policy rate meeting.

U.S. CAPACITY UTILIZATION reached 77% in October, rising from 76.4% in September, pointing to continued recovery in output following Hurricanes Harvey and Irma. Industrial Production also increased 0.9% in October, exceeding forecasts of 0.5% while manufacturing production posted a 1.3% monthly gain versus expectations of 0.6%.

Political Updates

NORWAY'S wealth fund is reviewing a proposal to remove energy stocks from its fund in response to increasing scrutiny from a public that aims to be a climate leader. The country simultaneously seeks to reduce the exposure of the fund to volatility in oil prices, with oil and gas accounting for 20% of economic output. The measure would see the fund dumping as much as \$40bln in energy shares including Exxon Mobil and Royal Dutch Shell.

The **U.S. HOUSE OF REPRESENTATIVES** approved a package of tax cuts, moving Republicans one-step closer to the goal of overhauling the tax code. The debate now shifts to the U.S. Senate, where Republicans hold a small majority and can only afford to lose two votes. Decisive Senate action is not expected prior to next week's Thanksgiving holiday.

ZIMBABWE'S military seized power on Wednesday, ending the dominance of the country by President Robert Mugabe. The crisis initially began when Mugabe fired his Vice President and presumed successor last week, fueling speculation that he was preparing to hand over the government to his wife. A deal was reportedly reached between Mugabe and the ZANU-PF party for the announcement of his resignation with full immunity. However, the deadline passed without a public statement.

Upcoming Events

THE **EUROZONE** manufacturing and services purchasing managers index will be released on November 23. Forecasts are for a slight downtick in manufacturing but an uptick in services as the economy continues to expand.

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