

# Ansbacher Weekly Market Recap

February 12, 2018



## Previous Week Market Performance

Equity Indices (Price Return)		% chg		
Americas	Value	WTD	MTD	YTD
Dow Jones Industrial Avg	24,190.90	-5.21	-7.49	-2.14
S&P 500 Index	2,619.55	-5.16	-7.23	-2.02
S&P 600 SmallCap Index	902.80	-4.31	-5.90	-3.57
Nasdaq Composite Index	6,874.49	-5.06	-7.25	-0.42
S&P/TSX Composite Index	15,034.53	-3.66	-5.75	-7.25
Brazil Ibovespa Index	80,898.70	-3.74	-4.73	5.89
Europe				
MSCI Europe	124.29	-5.06	-6.87	-5.42
Euro Stoxx 50 Price	3,325.99	-5.60	-7.85	-5.08
FTSE 100 Index	7,092.43	-4.72	-5.86	-7.74
DAX Index	12,107.48	-5.30	-8.20	-6.27
CAC 40 Index	5,079.21	-5.33	-7.35	-4.39
IBEX 35 Index	9,639.60	-5.60	-7.77	-4.03
Swiss Market Index	8,682.00	-5.84	-7.00	-7.46
Asia				
Nikkei 225	21,382.62	-8.13	-7.43	-6.07
Hang Seng Index	29,507.42	-9.49	-10.28	-1.38
CSI 300 Index	3,840.65	-10.08	-10.18	-4.72
S&P/ASX 200 Index	5,837.97	-4.63	-3.31	-3.75
Nifty 50	10,454.95	-2.84	-5.19	-0.72
Global				
MSCI World	2,050.90	-5.56	-7.33	-2.50
MSCI Emerging Markets	1,142.85	-7.15	-8.91	-1.35
MSCI EAFE	1,992.31	-6.19	-7.47	-2.85
Commodities				
WTI Crude	59.20	-9.55	-8.54	-2.05
Brent Crude	62.79	-8.44	-8.85	-5.49
NYMEX Nat Gas	2.58	-9.21	-13.72	-11.08
Gold	1,316.65	-1.26	-2.12	1.06
Silver	16.37	-1.36	-5.65	-3.38
Copper	303.35	-4.83	-5.07	-8.09
S & P GSCI Agriculture	288.56	1.22	0.92	2.28

ICE BAML Bond Indices (Total Return)		% chg				
Americas	Value	WTD	MTD	YTD		
US 1-10 Year Treasury	1,334.32	0.27	-0.01	-0.93		
US 3-5 Year Treasury	1,958.60	0.35	0.14	-0.82		
US Corporates	2,847.24	-0.49	-1.23	-2.13		
US High Yield	1,246.45	-1.43	-1.88	-1.23		
Canadian 1-10 Year Govt.	748.10	0.29	0.10	-0.44		
Europe						
Euro Govt. Index	729.32	0.08	-0.13	-0.46		
Euro High Yield	303.12	-0.66	-0.86	-0.43		
UK Gilts 1-10 Year	915.67	-0.09	-0.34	-1.45		
German 1-10 Year Govt.	506.14	0.08	-0.11	-0.95		
Asia						
Japan 1-10 Year Govt.	292.92	0.07	0.05	-0.10		
Hong Kong 1-10 Year Govt.	177.93	0.17	0.11	0.38		
China 1-10 Year Govt.	167.27	0.23	0.32	0.48		
Australia 1-10 Year Govt.	1,372.13	0.04	0.03	-0.22		
Global						
Global Broad Market	261.27	-0.38	-1.11	-0.09		
Global Emerging Markets	463.33	-1.64	-2.05	-0.81		
Currency Performance (vs. USD) & Govt. Bond Benchmark Yields						
	Spot Rate	% chg				
		WTD	MTD	YTD	2-yr	10-yr
USD					2.07	2.85
EUR	1.2252	-1.69	-1.30	2.06	-0.57	0.75
CHF	0.9386	0.77	0.78	-3.66	-0.78	0.19
GBP	1.3827	-2.06	-2.57	2.32	0.66	1.57
JPY	108.80	-1.24	-0.36	-3.45	-0.15	0.07
CAD	1.2581	1.22	2.16	0.08	1.79	2.35
AUD	0.7813	-1.49	-3.00	0.05	1.98	2.86
NZD	0.7255	-0.62	-1.49	2.21	1.85	2.95
DKK	6.0759	1.69	1.34	-2.11	-0.33	0.81
NOK	7.9622	2.97	3.29	-2.95	0.57	1.86
SEK	8.0804	2.25	2.56	-1.26	-0.74	0.94

Source: Bloomberg. Performance for the week ending February 09, 2018.

## Market Highlights

The **DOW JONES INDUSTRIAL AVERAGE** closed the first trading day of the week with its largest single session point loss in history. On Monday, the Dow closed 1,175.21 points or 4.6% lower wiping out its 2018 gains. The sharp decline preceded a major sell off in global markets, which continued throughout the week in a confusing fashion. The Dow officially entered correction territory on Thursday, losing another 1,000 points and trading down 10% from its most recent high. On Friday, the Dow closed up 300 points after being down as much as 500 points earlier in the day.

**WELLS FARGO** also opened the week sharply lower after the U.S. Federal Reserve placed limits of the bank's size in response to its consumer practices and compliance breakdowns. The Fed noted that while Wells Fargo prioritized growth since the financial crisis, the bank failed to put a proper risk management framework in place to cover key risks. Until the firm makes sufficient improvements, it will be restricted from growing beyond its asset size at the end of 2017. Wells Fargo will also be required to replace four current board members before the end of the year.

The board of U.S. semiconductor maker **QUALCOMM INC.** unanimously rejected the latest \$121 billion unsolicited buyout offer from rival Broadcom. Qualcomm said that the \$82 per share offer materially undervalued the company and fell short of satisfying regulatory commitments. The rejection could lead to a showdown at Qualcomm's next annual meeting as Broadcom says that it has significant support from Qualcomm's shareholders. Qualcomm shares closed at \$63.99 on Friday.

**AMAZON** is planning to launch a delivery service for businesses, a move that will put the online retailer in direct competition with its current delivery partners FedEx and UPS. Initially, Amazon will pick up items from its third party merchants and deliver them to consumers. If successful, the program would expand to other businesses and Amazon will likely undercut FedEx and UPS on pricing.

## Economic Updates

**BANK OF ENGLAND** policymakers voted unanimously to leave the bank rate unchanged at 0.5% but signalled that the pace of future interest rate hikes could accelerate given stronger

than expected economic growth. The policy tightening comes as inflation remains above the 2% target.

**RUSSIA'S** central bank cut its key interest rate by 25 basis points to 7.5% after inflation fell below the 4% target. The "sustainably low" inflation of 2.2% will allow the bank to reduce borrowing costs and complete its transition to a more neutral monetary policy this year. Lower rates for consumers should further solidify President Putin's chances of re-election in the upcoming March elections.

**GERMANY'S** largest trade union IG Metall reached an agreement with Suedwestmetall employers' federation that will see a 4.3% pay raise over 27 months for around 500,000 industrial workers in southwestern Germany. The agreement comes at a time when German wage growth has been stagnant. The pay raise is likely to assist the European Central Bank in getting inflation up to the 2% target.

## Political Updates

China has filed a petition with the **WORLD TRADE ORGANIZATION** challenging the U.S.'s new tariffs on solar panels and washing machines. China said that the tariffs were inconsistent with international rules and demanded talks with the U.S. no later than February 12 to discuss compensation. Under WTO rules, if the issue is not resolved within 30 days, the Chinese government has the right to file retaliatory sanctions. Taiwan, South Korea and the European Union each filed similar petitions with the WTO.

An agreement was announced to form a **GERMAN COALITION** government between Angela Merkel's Christian Democrats (CDU) and the Social Democrats (SPD). A vote by the SPD membership to approve the deal will be held in a few weeks with the result being labelled too close to call. The deal includes the SPD controlling the finance ministry, which could result in a dramatic shift in Germany's Eurozone policy.

## Upcoming Events.

**U.K. CPI** inflation will be reported on Tuesday. Headline CPI is estimated to come in at 3%.

**GERMANY** will release its first estimate of fourth quarter GDP on Wednesday. Growth is likely to have slowed from the previous quarter.

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