

Ansbacher Weekly Market Recap

February 5, 2018



Previous Week Market Performance

Equity Indices (Price Return)		% chg		
Americas	Value	WTD	MTD	YTD
Dow Jones Industrial Avg	25,520.96	-4.12	-2.40	3.24
S&P 500 Index	2,762.13	-3.85	-2.18	3.31
S&P 600 SmallCap Index	943.49	-3.68	-1.66	0.77
Nasdaq Composite Index	7,240.95	-3.53	-2.30	4.89
S&P/TSX Composite Index	15,606.03	-3.90	-2.17	-3.72
Brazil Ibovespa Index	84,041.34	-1.74	-1.03	10.00
Europe				
MSCI Europe	130.91	-3.17	-1.91	-0.38
Euro Stoxx 50 Price	3,523.28	-3.40	-2.38	0.55
FTSE 100 Index	7,443.43	-2.90	-1.20	-3.18
DAX Index	12,785.16	-4.16	-3.07	-1.03
CAC 40 Index	5,364.98	-2.97	-2.13	0.99
IBEX 35 Index	10,211.20	-3.63	-2.30	1.67
Swiss Market Index	9,220.69	-3.10	-1.23	-1.72
Asia				
Nikkei 225	23,274.53	-1.51	0.76	2.24
Hang Seng Index	32,601.78	-1.67	-0.87	8.97
CSI 300 Index	4,271.23	-2.51	-0.11	5.96
S&P/ASX 200 Index	6,121.39	1.18	1.39	0.93
Nifty 50	10,760.60	-2.79	-2.42	2.18
Global				
MSCI World	2,171.54	-3.44	-1.88	3.24
MSCI Emerging Markets	1,230.84	-3.32	-1.89	6.25
MSCI EAFE	2,123.82	-2.78	-1.36	3.56
Commodities				
WTI Crude	65.45	-1.04	1.11	8.29
Brent Crude	68.58	-2.24	-0.45	3.22
NYMEX Nat Gas	2.85	-10.36	-4.97	-2.06
Gold	1,333.39	-1.17	-0.87	2.35
Silver	16.59	-4.69	-4.35	-2.05
Copper	318.75	-0.36	-0.25	-3.42
S & P GSCI Agriculture	285.09	0.46	-0.29	1.04

ICE BAML Bond Indices (Total Return)		% chg		
Americas	Value	WTD	MTD	YTD
US 1-10 Year Treasury	1,330.74	-0.43	-0.27	-1.19
US 3-5 Year Treasury	1,951.75	-0.38	-0.21	-1.16
US Corporates	2,861.30	-0.91	-0.74	-1.65
US High Yield	1,264.47	-0.75	-0.46	0.19
Canadian 1-10 Year Govt.	745.94	-0.26	-0.19	-0.73
Europe				
Euro Govt. Index	728.72	-0.39	-0.21	-0.55
Euro High Yield	305.15	-0.47	-0.19	0.24
UK Gilts 1-10 Year	916.46	-0.38	-0.25	-1.36
German 1-10 Year Govt.	505.76	-0.39	-0.19	-1.03
Asia				
Japan 1-10 Year Govt.	292.72	-0.04	-0.02	-0.17
Hong Kong 1-10 Year Govt.	177.63	-0.03	-0.06	0.21
China 1-10 Year Govt.	166.88	0.20	0.08	0.25
Australia 1-10 Year Govt.	1,371.57	0.23	-0.01	-0.26
Global				
Global Broad Market	262.27	-0.91	-0.73	0.30
Global Emerging Markets	471.05	-0.63	-0.42	0.84

Currency Performance (vs. USD) & Govt. Bond Benchmark Yields						
	Spot Rate	% chg			2-yr	10-yr
		WTD	MTD	YTD		
USD					2.14	2.84
EUR	1.2463	0.29	0.39	3.82	-0.54	0.77
CHF	0.9314	-0.11	0.01	-4.40	-0.77	0.17
GBP	1.4118	-0.30	-0.51	4.48	0.67	1.58
JPY	110.17	1.46	0.90	-2.24	-0.13	0.09
CAD	1.2429	0.98	0.93	-1.13	1.85	2.36
AUD	0.7931	-2.21	-1.54	1.56	2.01	2.83
NZD	0.7300	-0.68	-0.88	2.85	1.93	2.95
DKK	5.9749	-0.25	-0.34	-3.74	-0.34	0.79
NOK	7.7329	0.55	0.31	-5.74	0.59	1.89
SEK	7.9028	0.44	0.30	-3.43	-0.74	1.00

Source: Bloomberg. Performance for the week ending February 02, 2018.

Market Highlights

AMAZON, BERKSHIRE HATHAWAY and **JPMORGAN CHASE** are teaming up to form a healthcare company to service their U.S. employees. The independent non-profit company will use technology to provide simplified and high quality healthcare at a reasonable cost. Healthcare costs in the U.S. are rising faster than the rate of inflation and are becoming a burden for many companies that sponsor employee insurance plans. The announcement drove U.S. healthcare stocks sharply lower.

German conglomerate **JAB HOLDING COMPANY** announced that it would acquire Dr Pepper Snapple Group for US\$18.7 billion in cash. The soft drinks company will be combined with JAB's Keurig Green Mountain coffee business. The deal represents a switch for JAB, who has been aggressively purchasing U.S. coffee retailers over the past five years. Dr Pepper shareholders will receive a special cash dividend of \$103.75 per share and retain about 13% of the combined company.

SANOFI AG announced its second deal in less than two weeks, the acquisition of Belgian biotech company Ablynx NV. Under the terms of the all-cash deal, Sanofi will pay €45 per share for all outstanding shares of Ablynx, for a total value of €3.9 billion. The acquisition is meant to complement Sanofi's purchase of haemophilia drug maker Bioverativ, which was announced last week.

APPLE reported revenues that exceeded expectations, despite falling short on iPhone unit sales with 77.3 million units sold versus expectations of 80 million units. Prior to the results, the company announced that it would slash first quarter 2018 production for the iPhone X in half given lacklustre demand. Meanwhile, rival **SAMSUNG** also reported strong profits as revenues from its semi-conductor business continue to reach record levels. As a result, Samsung surpassed Intel as the world's largest chipmaker by revenue in 2017.

Economic Updates

Preliminary estimates by Eurostat show that GDP in the **EUROZONE** grew by 2.5% in 2017, the fastest growth since 2007. This growth was partly boosted by an acceleration of the **FRENCH ECONOMY** where GDP increased by 1.7% for 2017, the strongest expansion in six years. Growth in France was fuelled by increased record business investment and rising

exports. **SPAIN** also released GDP figures, reporting growth of 3.1% in 2017, a slowdown from the previous year when the economy expanded by 3.3%.

U.S. NONFARM PAYROLLS grew by 200,000 jobs in January with the unemployment rate holding steady at 4.1%. A further positive sign comes from the 0.3% increase in wages, taking annualized wage gains to 2.9%. The positive employment data pushed the U.S. 10-year treasury yield higher as robust data could lead to increased inflation and faster rate hikes.

In a mixed signal, **CHINA'S** manufacturing purchasing managers index missed expectations and slipped to an eight-month low of 51.3 in January down from 51.6 in the prior month. However, the Caixin/Markit purchasing managers index, which tracks small and mid-size manufacturing, came in at 51.5 versus expectations 51.3. The mixed data provides uncertainty surrounding the effects of recent government policies to purge pollution and reduce excessive borrowing.

Political Updates

In relation to alleged **RUSSIAN MEDDLING** in the 2016 presidential elections, the U.S. released a list of Russian individuals including oligarchs with a net worth over \$1 billion and senior political figures. However, to the anger of many U.S. lawmakers the Trump administration held off on imposing any new sanctions on Russia. The list was published as required by the U.S.'s "Countering America's Adversaries Through Sanctions Act", which was passed last summer to punish Russia for election interference. Russian President Vladimir Putin called the list an "unfriendly act".

A leaked U.K. government analysis on **BREXIT** shows that the U.K. will be worse off under every exit scenario. The report, titled "EU Exit Analysis – Cross Whitehall Briefing", outlines what would happen if Britain leaves the EU under a free trade deal, with single market access or with no deal at all. In all scenarios, growth would be lower than if the U.K. remained in the EU. A government representative downplayed the report, saying that it was in the preliminary stages.

Upcoming Events

The **BANK OF ENGLAND** is set to meet on February 8 to discuss policy rates. It is likely that the official bank rate will remain unchanged at 0.5%.

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