

# Ansbacher Weekly Market Recap

May 14, 2018



## Previous Week Market Performance

Equity Indices (Price Return)		% chg		
Americas	Value	WTD	MTD	YTD
Dow Jones Industrial Avg	24,831.17	2.34	2.76	0.45
S&P 500 Index	2,727.72	2.41	3.01	2.02
S&P 600 SmallCap Index	986.87	2.91	4.15	5.41
Nasdaq Composite Index	7,402.88	2.68	4.76	7.24
S&P/TSX Composite Index	15,983.32	1.61	2.41	-1.39
Brazil Ibovespa Index	85,220.23	2.53	-1.04	11.54
Europe				
MSCI Europe	132.37	1.37	1.79	0.73
Euro Stoxx 50 Price	3,565.52	0.42	0.82	1.76
FTSE 100 Index	7,724.55	2.08	2.87	0.48
DAX Index	13,001.24	1.42	3.09	0.65
CAC 40 Index	5,541.94	0.47	0.39	4.32
IBEX 35 Index	10,271.40	1.66	2.91	2.27
Swiss Market Index	8,993.51	1.01	1.21	-4.14
Asia				
Nikkei 225	22,758.48	1.27	1.29	-0.03
Hang Seng Index	31,122.06	3.99	1.02	4.02
CSI 300 Index	3,872.84	2.60	3.09	-3.92
S&P/ASX 200 Index	6,116.19	0.88	2.23	0.84
Nifty 50	10,806.50	1.77	0.63	2.62
Global				
MSCI World	2,131.96	2.03	2.18	1.36
MSCI Emerging Markets	1,164.49	2.49	0.00	0.52
MSCI EAFE	2,059.94	1.41	0.80	0.45
Commodities				
WTI Crude	70.70	1.41	3.11	17.72
Brent Crude	77.12	3.01	3.25	17.78
NYMEX Nat Gas	2.81	3.50	1.56	1.19
Gold	1,319.30	0.37	0.30	1.27
Silver	16.67	0.84	2.06	-1.59
Copper	309.50	0.96	1.39	-6.23
S & P GSCI Agriculture	301.48	-3.38	-2.31	6.85

ICE BAML Bond Indices (Total Return)		% chg				
Americas	Value	WTD	MTD	YTD		
US 1-10 Year Treasury	1,328.78	-0.13	-0.10	-1.34		
US 3-5 Year Treasury	1,946.16	-0.16	-0.13	-1.45		
US Corporates	2,815.27	0.09	-0.22	-3.23		
US High Yield	1,261.62	0.28	0.21	-0.03		
Canadian 1-10 Year Govt.	749.04	-0.17	-0.22	-0.32		
Europe						
Euro Govt. Index	739.12	-0.16	-0.19	0.87		
Euro High Yield	304.76	0.08	-0.05	0.11		
UK Gilts 1-10 Year	921.13	-0.13	-0.09	-0.86		
German 1-10 Year Govt.	509.64	-0.07	0.00	-0.27		
Asia						
Japan 1-10 Year Govt.	293.23	-0.02	0.03	0.01		
Hong Kong 1-10 Year Govt.	176.79	0.17	-0.07	-0.27		
China 1-10 Year Govt.	171.43	-0.02	-0.07	2.99		
Australia 1-10 Year Govt.	1,382.20	0.08	0.12	0.52		
Global						
Global Broad Market	259.39	-0.06	-0.47	-0.80		
Global Emerging Markets	461.59	0.15	-0.61	-1.19		
Currency Performance (vs. USD) & Govt. Bond Benchmark Yields						
	Spot Rate	% chg				
		WTD	MTD	YTD	2-yr	10-yr
USD					2.53	2.97
EUR	1.1943	-0.14	-1.12	-0.52	-0.58	0.56
CHF	0.9998	-0.02	0.90	2.62	-0.72	0.07
GBP	1.3542	0.08	-1.61	0.21	0.79	1.44
JPY	109.39	0.25	0.05	-2.93	-0.13	0.05
CAD	1.2795	-0.40	-0.37	1.78	1.97	2.38
AUD	0.7543	0.05	0.17	-3.41	2.01	2.78
NZD	0.6969	-0.73	-0.94	-1.82	1.84	2.73
DKK	6.2380	0.15	1.13	0.50	-0.45	0.58
NOK	8.0028	-0.74	-0.16	-2.45	0.80	1.93
SEK	8.6016	-2.33	-1.69	5.11	-0.47	0.73

Source: Bloomberg. Performance for the week ending May 11, 2018.

## Market Highlights

**NESTLÉ** will pay \$7.15 billion in cash for the exclusive rights to market, sell and distribute **STARBUCKS** products globally. The deal is expected to give Nestlé a boost in the U.S. market, where Nestlé products including Nespresso and Nescafé have struggled. In addition to the cash payment, Starbucks will also receive royalties and revenues from product sales. Under the terms of the agreement, about 500 Starbucks employees will join Nestlé.

U.S. retailer **WALMART** confirmed on Wednesday that it will pay \$16 billion for a majority stake in Flipkart, India's largest e-commerce company. The acquisition is the largest ever for Walmart and will allow the company to grow in the Indian market where rival Amazon has already begun to make headway. Walmart's stock closed down 3% on the day as investors expressed skepticism about the deal.

After six weeks and five proposals, Japan's **TAKEDA PHARMACEUTICAL** reached an agreement to buy larger rival **SHIRE PLC** for \$62 billion. The takeover is the largest overseas acquisition by a Japanese company and will create the world's eighth largest drugmaker. Takeda will pay \$30.33 in cash and 0.839 Takeda shares for each Shire share. The deal is pending approval by both Shire and Takeda shareholders.

## Economic Updates

**GERMAN INDUSTRIAL PRODUCTION** rebounded in March rising by 1% month over month after a revised 1.7% decline in February. March's gain, the largest since November, exceeded expectations of a 0.8% increase and follows a series of disappointing economic data, which had pointed to a slowdown in Europe's largest economy. Production of capital and consumer goods rose by 2.6% and 1.1% respectively while energy output increased by 1.4%. German exports also rose in March, up 1.7% month over month compared to a 3.1% decline in February. Imports declined by 0.9%. The trade surplus widened to a seasonally adjusted €22 billion from €19.4 billion.

A report by the British Retail Consortium (BRC) showed that total **U.K. RETAIL SALES** decreased by 3.1% year over

year in April. This marks the sharpest decline since the survey began in 1995 and follows a 2.3% increase in the previous month. Same store sales fell by 4.2%. The fall was mostly a result of the timing of the Easter holidays, which fell in March this year unlike last year when they fell in April. However, the BRC warned of a downward trend in sales growth.

In order to stabilize its economy and avoid another crisis, **ARGENTINA** began talks with the IMF for US\$30 billion in financing. The move comes after the central bank increased interest rates to 40%, the third hike within one week, in an effort to control inflation and boost the peso, which has weakened significantly against the USD over the past year. The decision is a stark reversal for the country, which severed ties with the IMF in 2006; five years after economic policies overseen by the Fund resulted in a currency devaluation and a default on \$100 billion in debt.

## Political Updates

As expected, U.S. President Donald Trump withdrew from the **IRAN NUCLEAR DEAL** and immediately restored sanctions suspended under the agreement. In 2015, the U.S. along with China, France, Germany, Iran, Russia and the U.K. signed the accord, which saw Iran agree to limit its nuclear program for 15 years in exchange for an easing of oil and financial sanctions, which had crippled the country economically. Iran stated that it would abide by the agreement for now, with talks on how to save the deal expected over the coming weeks.

Later in the week, President Trump announced that a summit with North Korean leader **KIM JONG UN** would take place on June 12 in Singapore. The announcement came hours after three American detainees were released by North Korea. The meeting would be the first ever between a sitting U.S. President and a North Korean leader.

## Upcoming Events

**EUROZONE GDP DATA** for the first quarter will be released on May 15.

The **CENTRAL BANK OF BRAZIL** will hold its monetary policy meeting with its rate decision on May 16.

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