

Ansbacher Weekly Market Recap

May 7, 2018



Previous Week Market Performance

Equity Indices (Price Return)		% chg		
Americas	Value	WTD	MTD	YTD
Dow Jones Industrial Avg	24,262.51	-0.20	0.41	-1.85
S&P 500 Index	2,663.42	-0.24	0.58	-0.38
S&P 600 SmallCap Index	958.92	0.29	1.20	2.42
Nasdaq Composite Index	7,209.62	1.26	2.03	4.44
S&P/TSX Composite Index	15,729.40	0.39	0.78	-2.96
Brazil Ibovespa Index	83,118.03	-3.85	-3.48	8.79
Europe				
MSCI Europe	130.58	0.61	0.41	-0.63
Euro Stoxx 50 Price	3,550.59	0.90	0.40	1.33
FTSE 100 Index	7,567.14	0.87	0.77	-1.57
DAX Index	12,819.60	1.90	1.65	-0.76
CAC 40 Index	5,516.05	0.60	-0.08	3.83
IBEX 35 Index	10,104.10	1.80	1.24	0.60
Swiss Market Index	8,903.83	0.69	0.20	-5.10
Asia				
Nikkei 225	22,472.78	0.02	0.02	-1.28
Hang Seng Index	29,926.50	-1.17	-2.86	0.02
CSI 300 Index	3,774.60	0.47	0.47	-6.36
S&P/ASX 200 Index	6,062.89	1.83	1.34	-0.04
Nifty 50	10,618.25	-0.69	-1.13	0.83
Global				
MSCI World	2,089.44	-0.32	0.14	-0.67
MSCI Emerging Markets	1,136.17	-1.74	-2.43	-1.92
MSCI EAFE	2,031.20	-0.57	-0.61	-0.96
Commodities				
WTI Crude	69.72	2.38	1.68	16.08
Brent Crude	74.87	1.46	0.24	14.34
NYMEX Nat Gas	2.71	-2.17	-1.88	-2.24
Gold	1,314.50	-0.72	-0.07	0.90
Silver	16.53	0.12	1.22	-2.40
Copper	306.55	0.64	0.43	-7.12
S & P GSCI Agriculture	312.02	1.76	1.11	10.59

ICE BAML Bond Indices (Total Return)		% chg				
Americas	Value	WTD	MTD	YTD		
US 1-10 Year Treasury	1,330.48	0.08	0.03	-1.21		
US 3-5 Year Treasury	1,949.23	0.07	0.03	-1.29		
US Corporates	2,812.60	-0.20	-0.31	-3.32		
US High Yield	1,258.13	-0.05	-0.07	-0.31		
Canadian 1-10 Year Govt.	750.32	0.00	-0.05	-0.15		
Europe						
Euro Govt. Index	740.29	-0.10	-0.03	1.03		
Euro High Yield	304.52	-0.09	-0.13	0.03		
UK Gilts 1-10 Year	922.34	0.19	0.04	-0.73		
German 1-10 Year Govt.	509.98	0.10	0.06	-0.21		
Asia						
Japan 1-10 Year Govt.	293.27	0.05	0.05	0.02		
Hong Kong 1-10 Year Govt.	176.49	-0.21	-0.24	-0.43		
China 1-10 Year Govt.	171.47	-0.02	-0.05	3.01		
Australia 1-10 Year Govt.	1,381.15	0.29	0.04	0.44		
Global						
Global Broad Market	259.54	-0.43	-0.41	-0.75		
Global Emerging Markets	460.89	-0.78	-0.76	-1.33		
Currency Performance (vs. USD) & Govt. Bond Benchmark Yields						
	Spot Rate	% chg				
		WTD	MTD	YTD	2-yr	10-yr
USD					2.50	2.95
EUR	1.1960	-1.40	-0.98	-0.37	-0.58	0.54
CHF	1.0000	1.25	0.92	2.64	-0.74	0.05
GBP	1.3531	-1.81	-1.69	0.13	0.78	1.40
JPY	109.12	0.06	-0.20	-3.17	-0.13	0.05
CAD	1.2846	0.14	0.02	2.19	1.91	2.33
AUD	0.7539	-0.55	0.12	-3.46	2.02	2.77
NZD	0.7020	-0.92	-0.21	-1.10	1.89	2.78
DKK	6.2284	1.40	0.97	0.35	-0.46	0.56
NOK	8.0621	1.26	0.58	-1.73	0.80	1.85
SEK	8.8066	1.71	0.66	7.62	-0.51	0.69

Source: Bloomberg. Performance for the week ending May 04, 2018.

Market Highlights

WALMART will sell its British subsidiary Asda to rival J Sainsbury, a transaction that could create the U.K.'s largest grocer. Under the terms of the deal, Walmart will get 42% in the combined company and £3 billion in cash for a total value of around £7.3 billion. The deal is likely to face intense regulatory scrutiny as it will result in the combination of the second and third largest U.K. food retailers in a market concentrated with four major players.

MARATHON PETROLEUM, the U.S.'s second largest oil refiner, will buy rival Andeavor in a cash and stock deal worth about \$23 billion. Once complete, the acquisition will create the largest crude oil processor in the U.S. with the capacity to process about 3.1 million barrels per day. The deal comes amid rising oil prices and growing global demand for fuel, which has resulted in greater confidence in the industry.

T-MOBILE & SPRINT announced that they had reached an agreement to merge in a deal that could reduce the U.S. wireless market to three major providers. If the merger is approved, the combined company would have a network of over 100 million subscribers and be in a better position to contend with current market leaders Verizon and AT&T. T-Mobile has a market value of \$55 billion and will pay \$26 billion for Sprint. This is the third time in four years that the companies have attempted to merge.

APPLE reported a 25% increase in profit to \$13.8 billion for its fiscal second quarter ending March, despite weaker than expected iPhone sales. Record high prices resulted in a 14% increase in iPhone revenues to \$38 billion, even though unit sales grew at a tepid 3%. The company's services segment, which grew 31% year over year, saw revenues of \$9.2 billion during the quarter. Apple also announced a \$100 billion stock buyback plan as well as a near 16% increase in its quarterly dividends.

Economic Updates

The **EUROZONE ECONOMY** expanded at the slowest pace in 18 months as a strong euro and temporary factors likely weighed on first quarter growth. A preliminary estimate from Eurostat showed that the GDP grew by 0.4% in the

three months ending March, down from 0.7% in the previous quarter and at the lowest level since 2016. Weak monthly data had signalled a loss of economic momentum in the zone, which has seen 20 consecutive quarters of growth. A separate release showed that **INFLATION** for the region unexpectedly fell in April from the previous month, coming in at 1.2% compared to 1.3% in March. The drop was primarily due to a fall in service prices.

The **U.S. UNEMPLOYMENT RATE** fell to the lowest level in 17 years confirming that the U.S. labour market continues to tighten. After holding steady at 4.1% for six months, the jobless rate in the fell to 3.9% in April. The economy also added 164,000 jobs last month compared to an upwardly revised 135,000 in March. However, wage growth remained subdued; average hourly earnings grew by 2.6% year over year, the same as the previous month.

CHINA'S official manufacturing Purchasing Managers' Index (PMI) eased in April reflecting a slowdown in export orders. The index fell slightly to 51.4 from 51.5 in March. Despite the fall, the figure marked 21 straight months of expansion, measured as any reading over 50. The official services PMI continued to improve, rising from 54.6 in March to 54.8 in April.

Political Updates

U.S. President Donald Trump delayed a decision to impose **STEEL AND ALUMINUM TARIFFS** on the EU, Canada and Mexico for another 30 days. The 25% tariffs were announced in March and due to take effect on May 1 for the three nations who were given a temporary exemption. The extension would give the three allies more time to negotiate trade terms with the U.S. however, the EU said the delay would prolong market uncertainty. Canada and the EU are the biggest exporters of steel to the U.S. The U.S. reached agreements for permanent exemptions with Argentina, Australia and Brazil.

Upcoming Events

BANK OF ENGLAND policymakers will meet on May 10. Rates are expected to remain unchanged.

U.S. CPI data for April will be reported on May 10.

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