



## Arlo Associates Weekly Market Summary

23<sup>rd</sup> October 2016

Good morning,

These were the top market stories:

**US equities ended the week marginally higher with minimal volatility**, despite a busy week for corporate third-quarter earnings reports, the third US presidential debate, and the latest monetary policy meeting in the Eurozone. The tech-heavy Nasdaq index outperformed, gaining 0.83 percent over the week, led by Microsoft setting a new high in its share price, whilst the Dow Jones Industrial Average and S&P 500 indices rose 0.04 and 0.38 percent, respectively.

**The European Central Bank has kept the benchmark interest rates at zero**, and will continue its quantitative easing program at €80bn a month. ECB President, Mario Draghi, hinted at further stimulus being agreed in the December meeting, as inflation in the Eurozone was experiencing a short-term boost, aided by higher energy prices, however there was still little indication of a resilient recovery in the long-term inflation trend.

**The UK jobless rate remained at 4.9 percent in the three months leading up to August**; the figure is close to the 11-year low and shows continued confidence in the economy and resilience in the job market. Another welcome statistic is that the number of women either employed or actively seeking work rose to 73.4 percent, the highest level since records began in 1971.

**The Chinese economy grew at an annualised rate of 6.7 percent between June and August**, the same as the previous two quarters and is a welcome sign of stabilising growth. The growth rate is still the slowest in 25 years, however these latest figures will bring confidence to the nation's markets and currency, impacting both local and global investor sentiment.

**Crude oil held above \$50 a barrel**, as investors wait on a deal between Russia and OPEC to freeze production. Some traders remain pessimistic, as Russia's output is soon to hit post-Soviet era highs and Saudi Arabia maintain record output. In the US, the Baker Hughes rig count recorded a double-digit gain, putting further pressure on oil prices. Brent crude and WTI ended the week at \$51.78 and \$50.85 a barrel, respectively.

In other news:

- **Saudi Arabia's sovereign bond sale raised \$17.5 billion**, the largest ever from an emerging market nation, as it seeks to secure the economy following the rout in oil.
- **Brazil has cut its benchmark lending rate by 0.25 basis points to 14 percent.** The move was widely expected and forms part of the central banks gradual easing cycle.
- **The Mexican peso hit a 6-week high** following the presidential debate on Wednesday evening, as polls show Trump is falling further behind Hillary Clinton.
- **US telecoms giant AT&T will buy Time Warner for \$86 billion**, in a deal that must first be approved by US regulators and which Donald Trump said he would block if elected.
- **The world's wine output is predicted to fall 5 percent this year**, as bad weather has caused production in Argentina and Chile to fall by 35 and 21 percent, respectively.

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