



# Arlo Associates Weekly Market Summary

22nd January 2017

## US EQUITIES FELL MODESTLY OVER THE WEEK

As investors cautiously wait on changes coming from the new Trump administration. Some analysts believe the 'Trump trade' will now unwind, as they doubt the new president can deliver on the promises that sent the S&P 500 up almost 10 percent since the US election. Financials underperformed whilst defensive sectors, utilities and consumer staples, posted solid returns.

## THE BRITISH POUND BROKE THROUGH \$1.23 ON TUESDAY

Its best one-day rally since 2008 against the greenback, as UK Prime Minister Theresa May announced that parliament will vote on the deal to leave the EU. UK equities fell on the strengthening currency, as the FTSE 100 index suffers its worst week since November, falling 1.94 percent to finish at 7,198.

## THE EUROPEAN CENTRAL BANK HAS KEPT ITS BENCHMARK RATE AT ZERO

And its €80bn-a-month quantitative easing program unchanged, in a widely anticipated move. ECB president Mario Draghi said that while deflation risks have disappeared and that economic data is positive, that they cannot become displacement and that further monetary easing measures could be implemented if necessary.

## INDIA'S GROWTH FORECAST HAS BEEN CUT TO 6.7 PERCENT

From a previous estimate of 7.6 percent. The IMF cited that the economic shock caused by the government's demonetization policy, which removed 90 percent of currency from circulation, led to the reduction.

## CHINA'S ECONOMY GREW BY 6.7 PERCENT LAST YEAR

The slowest rate since 1990, but is in line with Beijing's 6.5-7.0 percent target. However, some analysts believe that China's GDP figures have been inflated for years, and that the real growth rate is closer to 4 percent. This theory was supported earlier in the week by a provincial governor who confirmed that his province doctored economic data between 2011 and 2014.

## OIL PRICES ROSE 2 PERCENT ON FRIDAY

As global producers meet in Vienna to monitor the compliance of the agreed output cut. They will attempt to verify that the 24 signatories have removed 1.8 million barrels of oil per day from the market, and finally end the 3-year oversupply that has depressed prices.

## IN OTHER FINANCIAL NEWS :

- **Kuwait's \$590 billion sovereign wealth fund**, the world's fifth largest, plans to recall up to \$35 billion in assets from external managers to be managed internally.
- **Demand was high for Argentina's 2nd bond issuance in 10 months**, worth \$7 billion, which follows its 15-year absence from the market after 2001's debt default.
- **UK retail sales fell 1.9 percent in December**, the worst month-on-month decline in over 4 years, as real UK incomes are being squeezed by higher inflation
- **Ride-sharing service Uber is to pay its drivers \$20 million**, which will settle claims that it intentionally misled candidates on potential hourly rates.
- **Apple is suing Qualcomm for \$1 billion**, stating that the chip maker failed to pay rebates because Apple spoke to the South Korean anti-trust regulator.

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