

# Arlo Associates Weekly Market Summary

29th January 2017



## US MARKETS RALLIED MID-WEEK

Boosted by better-than-expected fourth quarter earnings reports that sent the Dow Jones Industrial Average above 20,000 for the first time. Over a fifth of the S&P 500 companies released earnings, with DuPont, Boeing and Rockwell Automation all beating estimates, although Google's parent company Alphabet missed its earnings forecast which took the momentum out of the rally on Thursday.

## US GDP GROWTH SLOWED IN THE FOURTH QUARTER OF 2016

Rising at 1.9 percent on an annual basis compared to 3.5 percent in the previous quarter. Economists estimate growth to average 2 percent in the short-term, as the fiscal stimulus measures promised by President Trump take time to filter through to the economy.

## UK GROWTH IN THE FOURTH QUARTER FOR 2017 BEAT FORECASTS

Growing at 0.6 percent over the three months, as consumers continued to spend despite the risk of a 'hard' Brexit. According to Phillip Hammond, Chancellor of the Exchequer, the key factors for this growth include rising house prices, low unemployment and near-zero interest rates, and that forecasts for 2017 are now being revised upwards.

## CREDIT RATING AGENCIES WARN OF A GROWING CRISIS IN CHINA

As the country continues to rely heavily on credit-fuelled growth. S&P Global Ratings and Fitch Ratings both released research that indicated a negative outlook for the country, as policies continue to favour short-term growth at the expense of long-term macroeconomic stability. A downgrade in China's credit rating has been proposed if conditions do not improve.

## OIL PRICES WERE FLAT OVER THE WEEK

As the optimism over the output deal between global producers was matched by negative sentiment of a surge in US shale production. The major concern this year is that global producers might 'cheat' on their production quotas if they believe they will lose market share to US shale. Brent crude and WTI ended the week at \$55.52 and \$53.17 a barrel, respectively.

## IN OTHER FINANCIAL NEWS :

- **The Peruvian government has ordered Odebrecht to leave the country**, after the Brazilian construction company admitted it paid bribes to win public work contracts.
- **Alibaba will acquire US-based Money Gram for \$880m**, which after regulatory approval will give the Chinese e-commerce giant 350,000 outlets in 200 countries.
- **Ford's 56,000 US workers will receive a profit-share worth \$9,000**, as the car manufacturer recorded pre-tax profit of \$10.4 billion.
- **Google has recalled travelling staff members to the US**, in fears that Trump's executive order to restrict travel of certain nationalities could leave them stranded.

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