

# Arlo Associates Weekly Market Summary

19th February 2017



## US STOCKS POSTED MODERATE WEEKLY GAINS

With large-cap companies outperforming and the S&P 500 index extending its record-breaking streak without a daily 1 percent move either up or down. Financials rose on the expectation of improved margins by summer following Fed Chair Janet Yellen's hawkish speech that economists interpreted as a rate hike in June's meeting.

## UK RETAIL SALES IN JANUARY CAME IN WELL BELOW EXPECTATIONS

Falling 0.3 percent compared to a forecast 0.9% rise, and according to the Office for National Statistics indicates a significant change in the underlying trend. Rising fuel and food prices were the main causes of the fall, and economists suggest that consumers are cautious of spending at a time of higher inflation and slow wage growth.

## IN A FLASHBACK TO THE 2015 'GREXIT' CRISIS

Citizens have withdrawn €3bn from Greek banks as a deal between the government and international creditors appears uncertain. A decision on the €86 bailout program at next week's Eurogroup meeting is now unlikely, due to frictions between the IMF and EU, and a decision is unlikely to be reached until April at the earliest.

## CHINA'S SOCIAL FINANCING ROSE TO \$545BN LAST MONTH

The highest level of combined bank loans and non-bank financing on record. There has been a concerning trend showing debt outpacing the economy since the financial crisis and some economists believe that debt levels in China are reaching dangerously unsustainable levels.

## OIL PRICES FELL OVER THE WEEK

As reports the OPEC are likely to exercise an option to extend the oil production cut for another six months is outmuscled by a larger-than-expected increase in US shale stocks. Over the week, WTI crude fell 0.9 percent to settle at \$53.40 a barrel whilst Brent crude was down at \$55.81.

## IN OTHER FINANCIAL NEWS :

- **Abu Dhabi's \$125bn sovereign wealth fund will start in May**, called Mubadala Investment Co., it will focus on energy, infrastructure, technology and aerospace.
- **The Egyptian pound rose 9 percent against the US dollar**, as international investors are drawn back to the country following promising structural reforms.
- **Unilever rejected a \$143bn takeover bid from Kraft Heinz**, with the maker of Hellman's Mayonnaise stating the offer 'fundamentally undervalues' the company.
- **Several banks in South African are accused of rigging the rand**, and the country's watchdog has called for penalties worth 10 percent of annual turnover.
- **The heir to the Samsung Group has been arrested**, under charges of bribing officials, in a case linked to the impeachment of President Park Geun-hye.

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