

Arlo Associates Weekly Market Summary

2nd April 2017

US EQUITIES RECORDED HEALTHY GAINS FOR Q1

With the S&P 500 and Nasdaq Composite indices up 6.0 percent and 8.9 percent, respectively, in the first three months of 2017. Investors appear to have shrugged off Trump's health care bill defeat the previous week and are focusing on his tax reforms, although these are expected to be watered down significantly if they have a chance of passing through Congress.

THE FTSE 100 ROSE 2.5 PERCENT IN THE FIRST QUARTER

Its fourth straight quarterly rise and longest winning streak since 2011, as UK equities continue to benefit from a weakened currency and a recovery in oil prices. During the week, Prime Minister Theresa May officially triggered Article 50 of the Lisbon Treaty, which begins two years of negotiations for the UK to exit the EU.

EUROZONE INFLATION FELL TO 1.5 PERCENT IN MARCH

Down 0.5 percent from February, and was caused by slower food inflation and lower oil prices. With this reading comfortably below the ECB's target of 2 percent, it eases pressure on president Mario Draghi to taper back his monetary easing program earlier than expected. In the markets, Eurozone bonds and equities rallied.

JAPANESE EQUITIES WERE IN NEGATIVE TERRITORY YEAR-TO-DATE

With the benchmark Nikkei 225 index down 1.8 percent over the week and 1.1 percent lower for 2017. Consumer spending data also disappoints, with retail sales up 0.2 percent in February from January and rose only 0.1 percent over the previous 12-months, both figures were below economist expectations.

OIL PRICES REBOUNDED AFTER FALLING TO 2017 LOWS

As OPEC discussed renewing their output cut, whilst the current global agreement reached 95 percent compliance. Outages in Libya, Canada and Iraq also offset growing production in US shale. WTI and Brent crude prices finished over 5 percent higher at \$50.60 and \$53.53 a barrel, respectively.

IN OTHER FINANCIAL NEWS :

- **Canada's economy grew at an annual rate of 2.3 percent in January**, beating economist estimates, and was driven by the goods- and services- sectors.
- **The South African rand fell 7.5 percent against the dollar**, as President Zuma replaced 10 of his 35 ministers, including Finance Minister Pravin Gordhan.
- **Mexico's central bank raised rates for the fifth policy meeting in a row**, as inflation rose to its highest level since the 2009 recession.
- **Google's UK tax bill last year was £36.4m**, on over £6bn in sales, however Google 'booked' most of its UK revenue through Ireland, which has a lower tax rate.
- **The UK savings ratio fell to a 50-year low**, a worrying sign that household spending continues to outstrip the growth in disposable income.

The information transmitted is intended for the person or entity to which it is addressed and may contain confidential, privileged or copyrighted material. If you receive this in error, please contact the sender and delete the material from any computer.

To unsubscribe or change your details please contact your Asset Manager at Arlo Associates.