



Arlo Associates Weekly Market Summary

24th April 2017

US EQUITY MARKETS ENDED HIGHER AFTER A VOLATILE WEEK

As investors begin to digest first quarter earnings. The S&P 500 index finished 0.85 percent up on anticipation this earnings session will be the strongest for corporates in several years. However, the release of the Fed's Beige Book, an informal summary of economic conditions, suggests that US firms will be impacted by the cost of wage inflation in the future.

UK PRIME MINISTER THERESA MAY CALLED A SNAP GENERAL ELECTION

To be held in June, in the hopes that the outcome will "guarantee certainty and stability for the years ahead". Sterling rose to its highest level in 6 months against the dollar, whilst stocks reacted negatively, with the FTSE100 index down almost 2.5 percent. Equity markets are likely to be volatile due to the uncertainty leading up to the June election.

CHINESE GROWTH HIT 6.9 PERCENT IN THE FIRST QUARTER

Up from 6.8 percent in the previous quarter, and will provide a positive foundation for the next meeting of the Communist Party Congress in November. However, this growth has been fuelled by the government's increased infrastructure spending and a booming housing market, once again demonstrating the need for credit-fuelled investment in real estate.

PRESIDENT ERDOGAN NARROWLY WON THE TURKISH REFERENDUM

Which now gives him sweeping powers over parliament, government ministries and the judiciary, and essentially ends democracy in the country. Whilst the long-term impact is yet to play out, the short-term stability was well received by investors and helped push the Turkish benchmark index to its highest close in almost four years.

WTI CRUDE OIL FELL BELOW \$50 A BARREL

For the first time in two weeks, due to concerns that US oversupply will overcome OPEC's attempts to boost prices through the global output cut agreement. At \$49.62 a barrel, the US benchmark has fallen almost 10 percent in the last ten trading days over fears that the global oil glut will last longer than expected. Brent crude fell to \$51.96.

IN OTHER FINANCIAL NEWS :

- **UK taxpayers received back the full £20.4bn from Lloyds Bank,** nine years after the government rescued the company by buying 43.4 percent of its shares.
- **El Salvador's credit was downgraded to "selective default",** after the country failed to make payments on specific debt, but still intends to meet other obligations.
- **Malaysia will pay Abu Dhabi \$2.5bn,** to partially settle debt related to the embattled Malaysian government fund 1MDB.
- **Saudi Arabia's King has reinstated civil servant bonuses,** which were part of the country's austerity measures, in force since September, due to low oil prices.
- **Electric car-maker Tesla recalls 53,000 cars,** after it was discovered that 2 percent of these Model S and Model X vehicles had parking brake issues.

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