

Market Recap 29/04/2018

US

This week, US equities have shown an increase in volatility: on Tuesday 24th, following the breakthrough of the psychological barrier of 3% in the yield of 10y US treasuries, the most important US indexes S&P 500/DOW JONES 30 and Nasdaq 100 have lost about 2% each. On the same day, the VIX, the index measuring the implied volatility of the S&P 500, increased from a minimum of 15.75 to a maximum of 19.21, with a daily increase of 22%.

The main actors of the week are the big High-tech companies with quarterly results exceeding expectations: Facebook opened the week at \$167, it touched a low of \$156, but it went above the \$176 mark after earnings announcement, closing at \$173.59 for a weekly gain of 3.8%. By the same token, Amazon opened at \$1547, fell to \$1415 and flew just above the \$1634 mark with earnings announcement exceeding twofold the expectation of analysts, but market quickly adjusted to close on Friday at \$1,572.62 with a weekly gain of 1.6%.

Europe

DAX closed at 12,580.87 on Friday up by 0.64% daily and up by 0.31% on a weekly basis. Milan's FTSE MIB closed at 23,927.61 down by 0.47% on the day but it gained 0.41% on the week. CAC 40 closed at 5,483.19 on Friday up by 0.54% daily and gained 1.31% week-to-week. Stoxx 50 covering all Eurozone closed at 3,518.43 after it gained 0.74% on the week. Most of the exchanges were trading in negative territories mid-week but managed to cover the losses and close slightly higher on Friday.

Germany's 10yr Bund yields at 0.573% while a week ago it was at 0.607%. The Italian 10yr bond yields at 1.744% versus 1.778% last Friday.

The EUR/USD parity closed at 1.2131 versus 1.2288 last Friday after it lost almost 1.3%.

Most important announcements of next week include Eurozone's M3 Money Supply 10:00 am on Monday, Germany's inflation rate YoY 02:00pm on Monday, Eurozone's monthly Unemployment rate 11:00 am on Wednesday as well as Eurozone's YoY and QoQ GDP Growth Rate 11:00 am on Wednesday.

UK

Britain's economy is losing momentum as quarterly growth falls to just 0.1%, the weakest since 2012 with the pound hitting an eight-week low. The reaction of the stock market was an increase to the highest level of the last three months due to the slide in the pound that both increased the value of exporters (as their overseas earnings are more valuable) as well as lowered the price of UK shares in foreign currency. If anything, the May hike whose probability was already halved to a coin-toss by Carney's speech is now even more uncertain.

The FTSE100 closed the week at 7,502.21, up from last Friday 7,368.17 with a weekly gain of 1.82%, 10-year Gilt yield is down to 1.45% while two-year Gilt yield has fallen 3 bps to 0.80%.

The GBP/USD closed the week at 1.3780 with a weakly loss of 1.64%. The GBP/EUR closed on Friday at 1.134 down from 1.14092

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RoW

North Korean leader Kim Jong Un and South Korean President Moon Jae-in declared to finally put an end to the 70-year war on Friday, it symbolizes a new era for the Korean Peninsula. Investors saw Friday's deal easing risks. The cost of insuring South Korea's sovereign bonds against non-payment fell 1.75 basis points to 44.75 basis points as of 6:10 p.m. in Seoul, Barclays Plc prices showed.

Regarding weekly performance of major Asian equity indexes we would like to underline: the Hong Kong Hang Seng Index closed at 30,280.67 recording a negative weekly performance of -0.612%; the Shanghai Composite index closed with no change over the week at 3,082.23. Japan's Nikkei 225 closed on Friday 1.379% higher at 22,467.87 and India's Sensex 30 closed 1.61% higher at 34,969.70. Also, Brazil's Bovespa index climbed 0.85% over the week to 86,280.32.

The MSCI Emerging Market ETF increased 19 bps while the MSCI AC Asia Pacific Index decreased from last Friday's 173.83 to 171.87.

The Energy Information Administration, EIA, in the weekly storage report, has communicated that Crude inventories rose 2.17 million barrels compared to an expected decrease of 1.6 million barrels; gasoline inventories increased by 840 thousand barrels compared to a forecast of 1.6 million barrels decrease. The price of WTI fell, in line with the movements of the equity market of the 24th from a level of \$69.20 to \$67.70, for then returning over the \$68 mark in the following 2 days. The price of Crude ended the week without experiencing a sharp movement. The intra-week volatility has been caused by president Trump's tweet on: "Crude price is artificially very high".

At the same time Gold spot price decreased to 1324.60 USD/oz from 1335.58.

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