

Friday 23rd February

US

- **The Dow and the S&P 500 closed higher on Thursday** following upbeat data on the labour market which may have momentarily offset investor jitters over climbing inflation and rising bond yields. However, stocks ended the session well off their intraday highs as **financial** and **healthcare** shares slid into negative territory in the afternoon.
- The **Dow Jones Industrial Average** rose 0.7%, to 24,962.48, after being up more than 300 points earlier in the session. The **S&P 500** added 0.1%, to 2,703.96. The **Nasdaq Composite** was the lone loser, falling 0.1%, to 7,210.09.
- **St. Louis Fed President James Bullard** tried to tamp down the growing expectations of economists that the US central bank will engineer four quarter point rate increases this year. “The idea that we have to go 100 basis points in 2018, that seems like a lot to me,” Bullard said in an interview on CNBC.
- **Initial US jobless claims** fell by 7,000 to 222,000 in the seven days ended Feb. 17, marking the second lowest level since the end of the 2007-2009 recession.
- **Roku** plunged 18% in heavy trading, after the streaming media company issued a disappointing outlook late Wednesday, along with better-than-expected quarterly earnings.
- **Pandora Media** shed 7.2%, after the music service late Wednesday posted stronger than expected quarterly revenue, although the adjusted net loss was wider than consensus estimates.
- **Cheesecake Factory** finished 3.7% higher even as its results late Wednesday revealed weaker than expected quarterly revenue.
- **Chesapeake Energy** surged 22%, after the company topped earnings estimates for the fourth quarter. The stock was one of the biggest boosts to the energy sector, which rose more than 2% as one of the best-performing industries of the day on a percentage basis.

Europe

- **European stocks closed slightly lower on Thursday**, after paring losses into close as U.S. stocks rebounded after upbeat data on the labor market.
- The **Stoxx Europe 600** fell 0.2% to close at 380.34, after trading as low as 376.92 earlier in the day.
- **Germany’s DAX 30** dropped 0.1% to 12,461.91, while the **UK’s FTSE 100** slid 0.4% to 7,252.39. **France’s CAC 40** ended 0.1% higher at 5,309.23.
- Minutes from the European Central Bank’s January meeting showed officials **thought it was “premature”** to change its forward guidance as inflation remained too far from the ECB’s target of just below 2%. However, the account also showed that the ECB could revisit its forward guidance on quantitative easing “early this year”.
- The Ifo survey out earlier in the session showed **German businesses were less enthusiastic about current conditions**, although that particular indicator still notched its second highest level since 1991. The business climate index fell to 115.4 points in February, below the 117.0 points expected from a FactSet consensus poll

of analysts.

- The UK's Office for National Statistics revised its estimate of **UK GDP growth in the fourth quarter down to 1.4%**, from 1.5%, year on year. The shutdown of a major oil field for repairs in December hit oil and gas production harder than first believed, the ONS said.
 - **Barclays** surged 3%, after the bank said it would more than double its dividend next year even as the bank swung to a full-year loss of £1.9 billion (\$2.64 billion).
 - Topping the Stoxx 600, **Genmab A/S** soared 18%, as the Danish biotech firm posted a 30% rise in 2017 revenue, mainly driven by higher royalties of its Darzalex blood cancer drug.
 - **Anglo American** posted 2017 net profit of \$3.17 billion, missing the \$3.25 billion consensus estimate from FactSet. Stocks traded lower earlier in the day, but ended 0.2% higher.
 - **British American Tobacco** fell 2.2%. The maker of Lucky Strike and Dunhill cigarettes said its pretax profit increased more than fourfold in 2017, on gains related to the acquisition of Reynolds American Inc. and credits related to US tax reform. Volume of sales of cigarette and tobacco heated products fell 2.6%.
 - **Moneysupermarket.com Group** tumbled 14%, leading losses on the Stoxx 600, after the price-comparison company warned that while pretax profit for 2017 rose on higher revenue that it expects to grow more slowly in 2018 than anticipated.
- Rovio Entertainment** tanked 50%, after the "Angry Birds" maker warned revenue would be flat or lower in 2018 as it struggles to bring in and hold on to new players.

Asia

- **Asian stocks advanced in trading Friday**, rebounding from broad selling a day earlier, after the Dow Jones Industrial Average reversed some of its midweek pullback.
- Rebounds are a broad theme across asset classes as the week comes to an end. **Oil prices rose about 1.5% Thursday**, helping Asian energy stocks Friday, while the yen gained momentum yesterday following its own recent pause.
- The Japanese currency's strength limited the **Nikkei Stock Average's** gains to 0.7%, trailing advances elsewhere in the region.
- **South Korea's Kospi** climbed 1.5%, as **Samsung Electronics** rebounded 1% having dropped every day this week. The **Taiwan TAIEX** added 1.24% and **Singapore's main index** gained 1%.
- **Australia's benchmark** gained 0.8% on strength in commodities stocks. In Hong Kong, the **Hang Seng** added 1%.

Bonds

- **10yr and 30yr US treasuries** are currently trading at 2.91% and 3.20% respectively.
- **10yr UK gilts** trade with a yield of 1.53%.
- **German 10yr bund** yields trade at 0.68%.
- **10yr Italian and Spanish bond yields** trade at 2.09% and 1.62% respectively.

Commodities

- The **WTI crude oil** price is \$62.73
- **Brent crude** is \$66.36
- The **gold price** is \$1,327.70
- The **silver price** is \$16.61

- The **COMEX copper price** is \$3.24

Currency

- The **Yen** is trading at 106.93 against the **US dollar**.
- The **pound** is trading at 1.39 against the **US dollar**.
- The **pound** is trading at 1.13 against the **Euro**.

Kind Regards,

The Psigma Investment Team

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