

Friday 20th April

US

- **US stocks ended lower on Thursday**, with consumer staples, real estate and technology shares leading the losses.
- **Investors continued to digest a mixed bag of corporate earnings**. While results have largely come in ahead of expectations thus far, there have been some disappointments, and others haven't produced the kind of blowout results seen necessary to continue pushing shares higher from elevated levels.
- **Stocks extended their decline as Treasurys sold off**, pushing the yield on the 10-year note toward a 2018 high. Stocks closed off the lows, after a news report said that President Donald Trump was told that he is not a target of the probe being conducted by Special Counsel Robert Mueller into whether Trump's campaign team colluded with Russia in the run-up to the 2016 presidential election.
- The **Dow Jones Industrial Average** closed lower by 0.3% at 24,664.89, with the day's decline pushing the blue chip average back into negative territory for the year.
- The **S&P 500** lost 0.6%, to end at 2,693.13, with nine of the eleven primary S&P 500 sectors closing in negative territory. **Financials** and **energy** shares were the only industry groups closing in the green. Financials rallied 1.5%.
- The **Nasdaq Composite** fell 57.18 points to end at 7,238.06, a decline of 0.8%.
- First-quarter earnings reports have grabbed investors' attention this week, with **Netflix**, **Goldman Sachs** and **UnitedHealth Group** among the companies that have posted encouraging results.
- **The S&P 500 components are expected to see earnings growth of 17.3% for the period**, the fastest rate of expansion since 2011. The results have been enough to largely overshadow uncertainties such as trade policy questions and tensions over Syria.
- Shares in tobacco giant **Philip Morris International** tumbled 16%, after the company posted weaker than expected revenue, along with a stronger than anticipated adjusted profit.
- **Amazon.com** rose 1.9%, after CEO Jeff Bezos disclosed in an annual letter to shareholders that the e-commerce juggernaut's Amazon Prime subscription program has topped 100 million members world-wide.
- **Technology stocks were broadly lower, with chip makers particularly weak**. **Taiwan Semiconductor Manufacturing** gave an outlook that was below expectations, raising questions about demand for the overall industry. Its stocks fell 5.7%. Separately, reports late Wednesday noted that **Facebook** plans to design chips, providing another headwind for the sector.
- Among major chip makers, **Advanced Micro Devices** fell 2.4% and **Nvidia** was off 3.1%. Also weighing on tech was **Apple** which shed 2.8%.
- **Procter & Gamble** sank 3.3%, after the consumer products giant agreed to acquire a consumer health business from Germany's **Merck** in a \$4.2 billion deal. P&G also posted quarterly results that beat forecasts.
- **American Express** climbed 7.6% a day after reporting stronger than expected results.
- **Bank of New York Mellon** reported first-quarter earnings and revenue that topped expectations. Shares rose 5.7%, helping to support the financial sector.
- **Initial jobless claims** declined 1,000 to 232,000 in the latest week. While analyst had expected a somewhat steeper decline,

claims remain near a 45-year low.

- The **Philadelphia Federal Reserve's business conditions index** came in at 23.2 in April.

Europe

- **Most European equity markets ended modestly higher Thursday**, buoyed by oil stocks as crude prices extended a rally, while investors waded through a pile of corporate earnings reports.
- The broad **Stoxx Europe 600** ended up by less than 1 point at 381.95, but it was enough to mark a third consecutive gain. The **oil and gas, consumer services, industrial** and **financial** sectors rose, but **tech** and **consumer goods** shares slumped.
- On the national indexes, **France's CAC 40** rose 0.2% to end at 5,391.64, and the **UK's FTSE 100** picked up 0.2% to close at 7,328.92. **Spain's IBEX 35** added 0.1% to 9,868.00.
- However, **Germany's DAX 30** underperformed, losing 0.2% to close at 12,567.42. Shares of lender **Deutsche Bank** lost ground.
- **Oil prices extended gains**, trading at their highest since 2014, as supply data released Wednesday showed an unexpected drop in US crude stockpiles. In addition, traders are looking ahead to Friday's outcome of the joint Organization of the Petroleum Exporting Countries and non OPEC ministerial monitoring committee meeting.
- Elsewhere in the commodities group, **concerns about US sanctions on Moscow have lifted prices for metals**, including aluminum and nickel, which on Wednesday rallied to a 3-year high.
- **Shire** jumped 5.7%, after the drug maker rejected a \$60 billion takeover bid from Japan's **Takeda Pharmaceutical**, but said the two sides are still in talks. Separately, **Allergan** said it's in the "early stages" of a possible bid for Shire.
- **Publicis Groupe** leapt 7.4%, as the advertising firm posted first quarter organic revenue growth of 1.6%, compared with a contraction of 1.2% in the year-earlier period.
- British American Tobacco and Imperial Tobacco dropped 5.4% and 2.9%, respectively, alongside a slide in rival **Philip Morris International**, after the company's first quarter revenue fell short of expectations.
- **Industrial shares as a whole also finished higher**, putting the **Stoxx Europe 600 Industrial Goods and Services Index** up by 0.7%. There, **Weir Group** bloomed by 6.2%. The London listed engineering company said its purchasing US based **ESCO Corp.** in a \$1.05 billion deal that Weir says will strengthen its mineral and oil and gas offerings.
- **Unilever** fell 2.2%, after the maker of Dove soap and other consumer products said first-quarter revenue fell 5.2% on adverse currency movements and the impact of disposals. The company also said it's starting a share buyback program of up to 6 billion euros (\$7.43 billion).
- **Deutsche Bank** fell 0.3%, after the lender said Chief Operating Officer Kim Hammonds will leave the company next month, the latest executive to depart the embattled bank. Earlier this month, Deutsche Bank named Christian Sewing to replace John Cryan as CEO following weeks of management turmoil.
- **UK retail sales** missed forecasts, falling 1.2% month on month in March, after cold weather last month kept shoppers home. Analysts had expected sales to decline by 0.4%, according to FactSet.

Asia

- **Asia Pacific stock markets pulled this morning**, after two days of broad gains, with a downbeat outlook from **Taiwan Semiconductor** prompting declines in technology names.
- The company, one of the world's biggest chip makers, expects second-quarter sales to come in more than 10% below analysts' estimates, **citing soft demand for high end smartphones**. **TSMC** sank 6.34%, having their worst day since 2013. The drop also pushed **Taiwan's TAIEX benchmark** down 1.75% and pressured smartphone component makers elsewhere in the region.
- **AAC Technologies** also slid 8% in Hong Kong, hitting an eight month low, while lens maker **Sunny Optical** declined 5.36%. In Japan, **Tokyo Electron** fell 2%, while South Korea's **Samsung** dropped 2.2%.
- On mainland China, the **Shanghai Composite** dropped 1.31%, while in Hong Kong, the **Hang Seng** lost 0.64%.

- **Japan's Nikkei 225** which turned higher by midday thanks to a weaker yen, moved back into negative territory in afternoon trading. The Index closed lower by 0.13%. The government said **Japan's core consumer prices** rose 0.9% from a year earlier in March, versus February's reading of 1%.

Bonds

- **10yr and 30yr US treasuries** are currently trading at 2.91% and 3.10% respectively.
- **10yr UK gilts** trade with a yield of 1.52%.
- **German 10yr bund** yields trade at 0.58%.
- **10yr Italian and Spanish bond yields** trade at 1.79% and 1.29% respectively.

Commodities

- The **WTI crude oil** price is \$68.16
- **Brent crude** is \$73.76
- The **gold price** is \$1,343.64
- The **silver price** is \$17.19
- The **COMEX copper price** is \$3.15

Currency

- The **Yen** is trading at 107.5 against the **US dollar**.
- The **pound** is trading at 1.41 against the **US dollar**.
- The **pound** is trading at 1.14 against the **Euro**.

Kind Regards,

The Psigma Investment Team



Important information:

This document is prepared for general circulation and is intended to provide information only. The information contained within this document has been obtained from industry sources that we believe to be reliable and accurate at the time of writing. It is not intended to be construed as a solicitation for the sale of any particular investment nor as investment advice and does not have regard to the specific investment objectives, financial situation, capacity for loss, and particular needs of any person to whom it is presented. The investments contained in this document may not be suitable for all investors. Prospective investors should consider carefully whether any of the investments contained in this document are suitable for them in light of their circumstances and financial resources.

If you are in any doubt whether any of the investments contained in this document are suitable, you should speak to your Investment Director, or take appropriate advice from a professional adviser, such as an accountant, lawyer or Financial Adviser authorised and regulated by the Financial Conduct Authority.

Investment Risks:

- The value of investments and the income from them can fall as well as rise. An investor may not get back the amount of money that he/she invests. Past performance is not a guide to future performance.
- Foreign currency denominated investments are subject to fluctuations in exchange rates that could have a positive or adverse effect on the value of, and income from, the investment.
- Investors should consult their professional advisers on the possible tax and other consequences of their holding any of the investments contained in this publication.

©2018 Psigma Investment Management. This document has been approved and issued by Psigma Investment Management Limited. Psigma Investment Management is a trading name of Psigma Investment Management Limited. Authorised and regulated by the Financial Conduct Authority. Registered in England and Wales No. 5374633. FCA Registration No. 478840. Registered office: 11 Strand, London WC2N 5HR. A Punter Southall Group Company.