

Thursday 14th June

US

- U.S. stock markets dropped yesterday **as the Federal Reserve completed its second increase to benchmark interest rates in 2018**, as expected, but signaled a slightly more aggressive plan to tighten monetary policy this year than had previously been projected.
- **The S&P 500 fell 11.22 points, or 0.4%, at 2,775.63**, with only one of the benchmark's 11 sectors finishing in positive territory. Meanwhile, the **Dow Jones Industrial Average slumped 119.53 points, or 0.5%, to 25,201.20**. **The Nasdaq Composite Index meanwhile, shed 8.09 points, or 0.1%, at 7,695.70**.
- **The Federal Reserve voted to raise its benchmark federal-funds rate by a quarter of a percentage point to a range of 1.75% to 2%**. Eight of 15 Fed officials now expect at least four rate hikes will be needed this year, up from seven at the March meeting. The Fed's dot plot, a projection by the members of the central bank's expectations for rates in the future, shows the policy-setting Federal Open Market Committee penciling in two additional rate increases in 2018 for a total of four increases in the year.
- In terms of share price action yesterday, **AT&T shares dropped by 6.2%**, representing its largest percentage fall since Nov. 5, 2008, following a federal judge's Tuesday ruling that paved the way for the \$85.4 billion merger with Time Warner Inc. **Time Warner shares rose by 1.8%**. **The deal also helped to deliver a boost to a number of media-related stocks, including shares of 21st Century Fox Inc., +7.48% and Walt Disney, +1.90%**.
- **Netflix was up 4.43% yesterday, which takes the year-to-date return to 97.92%**.
- Shares of **H&R Block were 17.94% lower** even as the tax-prep company posted better-than-expected earnings late on Tuesday, after it said it expects margins to shrink. H&R block was the worst performing stock in the S&P 500 index.
- Today sees the release of US retail sales data, import price data as well as jobless claims data.

Europe

- UK stocks were fairly flat yesterday, with the **FTSE 100 ending down by just 0.10 points at 7,703.71**, with the mid-cap **FTSE 250 index down just 0.04% at 21,232.87**.
- European stocks were fairly solid, with the **benchmark Stoxx 600 up 0.19% or 0.72 points higher at 388.25**, alongside an advance of **0.44% or 96.42 points for the Italian FTSE Mibtel to 22,216.18**. The **German Dax meanwhile was up by 0.38% or 48.28 points to 12,890.58**.
- **UK consumer price inflation was unchanged at 2.4% in May**. This was in line with expectations. **Retail Price Inflation (RPI) nudged down 0.1% to 3.3%** which was a touch lower than what was expected.
- **Shares of Dixons Carphone dropped by 2.76%** after revealing that the card data of 5.9m of its customers has been accessed by hackers, with records on 1.2m customers containing non-financial personal data also accessed.
- **Just Eat fell by 4.71%** and was the biggest faller in the FTSE 100, after rival Deliveroo said it will allow restaurants to use their own riders for orders made through its takeaway food app, upping its available outlets by 50%. Until now, only restaurants that agreed to use Deliveroo's riders could be listed on the app.

- **Glencore rose by 3.75%** and was the best performing stock in the FTSE 100 after saying that its Katanga Mining subsidiary has settled a legal dispute with its state-owned joint venture partner in Democratic Republic of the Congo that threatened to dissolve Katanga's DRC operating subsidiary Kamoto Copper Company.
- **Stobart Group was the best performing stock in the FTSE 250, up 11.21%**, as it said Ryanair will open a new base at its London Southend airport.
- **Superdry was the worst performing stock in the FTSE 250, down 6.48%**.
- On the economic data front today we have UK retail sales due out this morning, but the key watch-point for markets will be the ECB meeting at 1245 today followed by Mario Draghi's press conference. There is wide expectation that there will be some indication of when the current QE program will end.

Asia

- Asian markets declined on Thursday after the Federal Reserve raised interest rates and indicated two more rate hikes were likely in 2018.
- **In Japan, the Nikkei 225 slipped 0.99%, with the Topix down 0.92% and the Nikkei 400 down 0.95%.**
- **Hong Kong's Hang Seng Index shed 1.13%, with the consumer goods and materials sectors leading losses. On the mainland, the Shanghai composite fell by 0.07%, with the Shenzhen composite down 0.42%.**
- Chinese economic data was somewhat weaker overnight, with retail sales coming in at a rate of 8.5% (vs expectations of 9.6%) and industrial production and fixed asset investment numbers also coming in lower than expectations.
- In Australia, the S&P/ASX 200 sank below the flat line once more, trading lower by 0.14%. Gains in materials and telecommunications were offset by declines in the financials sub-index. Utilities stocks fell more than 1% after jumping in the previous session.
- In Korea, **the Kospi fell 1.84%**, lagging other major markets in the region.

Bonds

- **10yr and 30yr US treasuries** are currently trading at 2.96% and 3.08% respectively.
- **10yr UK gilts** trade with a yield of 1.36%.
- **German 10yr bund** yields trade at 0.49%.
- **10yr Italian and Spanish bond yields** trade at 2.82% and 1.41% respectively.

Commodities

- The **WTI crude oil** price is \$66.59
- **Brent crude** is \$76.40
- The **gold price** is \$1,301.83
- The **silver price** is \$17.09
- The **COMEX copper price** is \$3.25

Currency

- The **Yen** is trading at 110.03 against the **US dollar**.
- The **pound** is trading at 1.34 against the **US dollar**.
- The **pound** is trading at 1.13 against the **Euro**.

Kind Regards,

The Psigma Investment Team



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