



FOR RETAIL INVESTORS

# WEEKLY MARKET ROUND-UP

## STOCK MARKETS EYE OIL PRICE

WEEK ENDING 23 JUNE 2017



### STOCKS PRESS FORWARD DESPITE WEAKER OIL PRICE

Stock markets mostly edged ahead, several indices touching new highs early in the week, before weakening on worries about the fall in the oil price (see below). A lower oil price is a burden for the energy sector, and sometimes seen as a sign of softening economic growth. A more positive view is that a lower oil price could restrain inflation and help consumers, who benefit from cheaper petrol prices. Elsewhere, healthcare stocks raced ahead: the latest version of pending US healthcare legislation threatens them less. Bond markets and gold were mostly quiet during the week.



### OIL SLIPS AMID OPEC DOUBTS

Oil prices slid to a seven-month trough last week, with Brent crude dropping to US\$45 per barrel. The decline came as investors continued to doubt whether cuts to supply by major producers will succeed in curbing a glut of oil worldwide. Oil has fallen more than 20% from its 2017 high of US\$57 on 6 January; while its 2011-2014 price of above US\$100 is but a distant memory. Among those disgruntled by the lower oil price is Saudi Arabia, which is hoping to bring Aramco, its state-owned oil company, to market in an initial public offering next year.



### ARGENTINA: HOME OF STEAK, MARADONA... AND 100-YEAR BONDS

'I kept my promise, don't keep your distance' echoed the words of the song, *Don't cry for me Argentina*. Investors have certainly not stayed away from the South American nation this week: they gobbled up US\$2.75bn of US dollar-denominated bonds maturing in 100 years, lured by the market-friendly reform agenda advanced by the country's president, Mauricio Macri. Such bonds are a rarity in debt markets, due to their long maturities. The move reinforces the rehabilitation of Argentina, which defaulted on US\$100bn of debt in 2001 – its eighth default since independence in 1816.



### INDIA ON THE FRONT FOOT

The Sensex index of Indian companies has returned a mouth-watering 24.4% in US dollar terms year to date, more than double that of either the MSCI World (11.3%) or the S&P 500 (9.8%). A favourable monsoon season has helped agriculture, and the Indian economy seems to have rebounded after the disastrous effects of the withdrawal of large-denomination currency notes at the end of 2016. India's GDP growth in 2017 is expected by the World Bank to be 7.2%, better than China's 6.5%. And if UN estimates are to be believed, India is on track to overtake China as the world's most populous nation by 2028.



### CLOONEY CASHES IN ON TEQUILA ENTERPRISE

Not just a pretty face... George Clooney has proved himself a smart businessman, as the tequila company he co-founded was snapped up by drinks giant Diageo. Film star Clooney founded Casamigos - Spanish for house of friends - with friends Rande Gerber (who is married to supermodel Cindy Crawford) and Mike Meldman (a real estate tycoon). Diageo is to pay US\$700m initially, with a further US\$300 over ten years, linked to performance. Diageo's shares were unchanged on the week.

## ON THE RADAR: CHINA A-SHARES

The inclusion of **China's A-shares** in the **MSCI Emerging Markets Index** marks an historic milestone.

FROM  
**MAY 2018**  
**222 A-share**



large company  
stocks will be  
added to the index...

... **obliging**  
INVESTORS who  
track it to buy  
the stocks.

THESE TRACKER FUNDS  
**TOTAL**  
**US\$1.6**  
TRILLION

The move is aimed at  
**improving liquidity.** China's  
stock market is the second  
largest in the world, yet foreign  
investors hold less than **2%.**



Source: Bloomberg.

## MARKET DATA – % CHANGE IN WEEK ENDING 23/06/2017

### EQUITIES

	LAST VALUE	% CHANGE
FTSE All-Share (UK)	4,051	-0.81%*
MSCI All Country World	466	+0.95%*
S&P 500 (US)	2,435	+1.00%*
Stoxx 600 (Europe)	387	-0.28%*
Topix (Japan)	1,611	+0.96%*
MSCI Asia ex Japan	627	+2.14%*
MSCI Emerging Markets	1,009	+1.64%*

### FIXED INCOME

Bloomberg Barclays Global Aggregate bond index, GBP-hedged – total return	616	+1.00%
10-year Gilt yield	1.04%	+0.02%**
10-year US Treasury yield	2.16%	+0.01%**
10-year Bund yield	0.26%	-0.02%**
10-year Japanese government bond yield	0.06%	0.00%**

### COMMODITIES

Gold (US\$, per troy ounce)	1,257	+0.28%
Brent Crude (US\$, per barrel)	45.31	-4.35%

### CURRENCIES

GBP/USD	1.27	-0.36%
GBP/EUR	1.14	-0.06%

Source: All data sourced from Bloomberg as at 12.00pm, 23 June 2017. \*In GBP terms. \*\*Yields move inversely to prices.

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