



Investment Digest



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15 Feb 2019 – 22 Feb 2019

Investment Digest

Global Stock Market Weekly Roundup

The Dow Jones Industrial Average index went up by 0.57 percent to close at 26,031.81 at the end of the week. U.S. stocks are on track for their ninth consecutive weeks of gains. In a week of trading where volume was thin, U.S. markets crept up as optimism in the trade developments between the U.S. and China boosted risk sentiment. Also, the January 2019 Fed minutes confirmed that the Fed would be patient in raising rates. Some gains were pared as U.S. existing home sales data disappointed.

The Shanghai Composite Index closed at 2,804.23, marking a 4.54 percent rise this week. Asian markets were up for the week over optimism on a U.S.-China trade deal and a confirmation of a patient Fed in raising rates. Investors' sentiments were generally positive for the week.

The Euro Stoxx 50 index was up by 0.90 percent for the week and closed off at 3,270.55. European markets were up for the week over optimism in the U.S.-China trade talks. However, there was some turbulence during the week over weaker than expected Eurozone economic data and the possibility of U.S. tariffs on European car imports.

ECONOMIC RELEASES & POLITICS	ACTUAL	EXPECTED
U.S. Nondefense Capital Goods Orders ex Aircraft (Dec 2018)	-0.7%	-
U.S. Preliminary Market Manufacturing PMI (Feb 2019)	53.7	54.7
U.S. Existing Home Sales (MoM) (Jan 2019)	4.94M	5.00M
Euro Preliminary Market PMI Composite (Feb 2019)	51.4	51.1
Euro Consumer Price Index - Core (YoY) (Jan 2019)	1.1%	1.1%
China House Price Index (Jan 2019)	10.0%	-

STOCK MARKETS		15/2/2019	22/2/2019	Weekly Change (%)	YTD Change (%)
MSCI World	▲	2,066.59	2,086.97	0.99%	10.78%
S&P 500	▲	2,775.60	2,792.67	0.62%	11.40%
Dow Jones Industrial Average	▲	25,883.25	26,031.81	0.57%	11.59%
NASDAQ	▲	7,472.41	7,527.55	0.74%	13.45%
FTSE 100	▼	7,236.68	7,178.60	-0.80%	6.70%
Euro Stoxx 50	▲	3,241.25	3,270.55	0.90%	8.97%
MSCI Asia Pacific ex Japan	▲	509.59	524.52	2.93%	9.94%
NIKKEI	▲	20,900.63	21,425.51	2.51%	7.05%
Hang Seng	▲	27,900.84	28,816.30	3.28%	11.49%
Shanghai Composite Index	▲	2,682.39	2,804.23	4.54%	12.44%
Straits Times Index	▲	3,239.74	3,269.90	0.93%	6.55%
MSCI Emerging Markets	▲	1,030.64	1,058.65	2.72%	9.63%
JPM Global Aggregate Bond Index	▲	567.91	569.17	0.22%	0.90%
WTI Oil (US\$)	▲	54.41	56.96	4.69%	25.43%
Spot Gold (US\$)	▲	1,322.49	1,323.63	0.09%	3.21%

Corporate News

Keppel Corporation's and Singapore Press Holdings joint offer for telco M1 has received valid acceptances for more than 50 percent of the maximum potential share capital.

Fixed Income Markets

The 10-year U.S. Treasury yield was roughly flat for the week and closed off at 2.6518 percent. US Treasury yields swung up and down throughout the week over sentiments on the U.S.-China trade talks, soft economic data and discussion over how the Fed would execute their balance sheet runoff.

Foreign Exchange Markets

The U.S. Dollar Index which tracks the U.S. currency against six major rivals was down by 0.4 percent for the week and closed at 96.49. The dollar was down for the week as optimism over the U.S.-China trade talks reduced demand for a safe haven currency. The dollar's weakening was mitigated by dollar strengthening drivers; the soft economic data and the expectation of at least one rate hike this year by the Fed due to its minutes which indicated a strong labour market.

Bitcoin price was up 10.5% for the week and closed off at US\$3,930.24. Bitcoin rallied as positive news such as confirmation of Samsung's latest crypto-wallet supporting phone, tech billionaires talking bitcoin up, approaching network upgrades and J.P. Morgan creating its own cryptocurrency led to bullish sentiments on the cryptocurrency. It is close to breaking out of its range of consolidation. However, it continues to remain an unpredictable asset class which correlates with the direction of global stock markets randomly.

Commodity Markets

Brent Crude price were up by 1.31 percent for the week and closed at US\$67.12 per barrel. Brent crude prices were on a three-month high over optimism on the U.S. China trade talks and production cuts by the Organization of the Petroleum Exporting Countries (OPEC) and allies led by Russia. Some gains were pared on reports of swelling U.S. oil inventories and a likely record U.S. oil production for March 2019.

Gold price went up by 0.09 percent to close higher this week at US\$1,323.63 an ounce. The precious yellow metal is on track for its second consecutive weekly gain. Soft economic data and a weakening dollar held the precious yellow metal steady throughout the week.

Smarter Investing

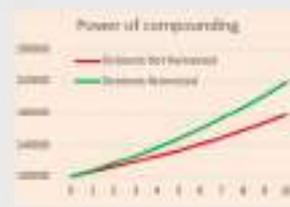
Compound interest is a simple strategy whereby interest earned by an investment is reinvested, thereby producing even more interest.

To illustrate the power of it, let's look at the example below. We will assume that the investor invested \$100,000 in the S&P 500 10 years ago. The table then shows the value of the portfolio and the additional return if the investor reinvests those dividends.

Dividends Not Reinvested:
0 Years | 10 Years
\$100,000 | \$177,733

Dividends Reinvested:
0 Years | 10 Years
\$100,000 | \$219,277

Difference:
0.0% | +23.4%



As such, an investor who does not need the dividend/interest should consider reinvesting them to earn a higher return. An investor who is invested in unit trust can consider opting for the accumulated shared class whereby the dividends get reinvested automatically.