



# Investment Digest



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01 Mar 2019 – 08 Mar 2019

# Investment Digest

## Global Stock Market Weekly Roundup

The Dow Jones Industrial Average index was down by 2.21 percent and closed at 25,450.24 at the end of the week. U.S. markets were down for the second consecutive week. The U.S. market was weighed down by concerns about slowing global growth on weak U.S. construction and jobs data, weak China trade data, the European Central Bank (ECB) and Organisation for Economic Co-operation and Development (OECD) cutting growth forecasts and fading optimism on a U.S-China trade deal.

The Shanghai Composite Index closed at 2,969.86, marking a 0.81 percent fall this week. Asian markets rallied at the start of the week as China introduced more fiscal stimulus by cutting taxes and increasing public expenditure and lending, as well as optimism over a trade deal. Asian markets tanked towards the end of the week on slowing growth concerns as the Organization for Economic Co-Operation & Development (OECD) cut global growth forecasts; and much weaker than expected trade data from China.

The Euro Stoxx 50 index was down by 0.86 percent for the week and closed off at 3,283.60. European markets were down for the week on poor sentiments led by the weak auto sector, weak U.S and China economic data and the ECB cutting growth forecasts and adopting a dovish stance.

ECONOMIC RELEASES & POLITICS	ACTUAL	EXPECTED
U.S. Initial Jobless Claims (Feb 25'19)	223K	2.3%
U.S. ISM Non-Manufacturing PMI (Feb'19)	59.7	57.3
U.S. Nonfarm Payrolls (Feb'19)	20K	180K
Euro ECB Interest Rate Decision	0%	0%
Euro Gross Domestic Product s.a. (YoY) (Q4'19)	1.1%	1.2%
China Exports (YoY) (Feb'19)	-20.7%	-4.8%

STOCK MARKETS		01/3/2019	08/3/2019	Weekly Change (%)	YTD Change (%)
MSCI World	▼	2,096.35	2,051.12	-2.16%	8.88%
S&P 500	▼	2,803.69	2,743.07	-2.16%	9.42%
Dow Jones Industrial Average	▼	26,026.32	25,450.24	-2.21%	9.10%
NASDAQ	▼	7,595.35	7,408.14	-2.46%	11.65%
FTSE 100	▼	7,106.73	7,104.31	-0.03%	5.59%
Euro Stoxx 50	▼	3,312.10	3,283.60	-0.86%	9.40%
MSCI Asia Pacific ex Japan	▼	524.41	514.68	-1.86%	7.88%
NIKKEI	▼	21,602.69	21,025.56	-2.67%	5.05%
Hang Seng	▼	28,812.17	28,228.42	-2.03%	9.22%
Shanghai Composite Index	▼	2,994.01	2,969.86	-0.81%	19.09%
Straits Times Index	▼	3,220.40	3,195.87	-0.76%	4.14%
MSCI Emerging Markets	▼	1,051.54	1,030.13	-2.04%	6.68%
JPM Global Aggregate Bond Index	▲	567.97	569.54	0.28%	0.96%
WTI Oil (US\$)	▲	55.80	56.07	0.48%	23.48%
Spot Gold (US\$)	▼	1,298.55	1,298.15	-0.03%	1.22%

## Corporate News

Keppel Corporation and Singapore Press Holdings will exercise their right to compulsorily acquire all the remaining shares they do not already own in telco M1, after which they will delist the company.

## Fixed Income Markets

The 10-year U.S. Treasury yield was down by 0.14 percent and closed off the week at 2.62 percent. US Treasury yields fell for the week amid weakness in the equity markets and weak economic data which led to concerns about global growth.

## Foreign Exchange Markets

The U.S. Dollar Index which tracks the U.S. currency against six major rivals was up by 0.95 percent and closed at 97.36. The dollar went up as uncertainty reigned in the markets the past week – the concerns about slowing global growth as weak economic data was released and global growth forecasts were cut by the EBC and OECD. Also, the ECB's dovish stance made the Euro weaken against the dollar.

Bitcoin price was up 1.87% for the week and closed off at US\$3,886.81. Bitcoin is still in its consolidation range. It continues to remain an unpredictable asset class which correlates with the direction of global stock markets randomly.

## Commodity Markets

Brent Crude price was up 1.03 percent for the week and closed at US\$65.74 per barrel. Brent crude prices were up for the week on production cuts and Venezuela sanctions. Gains were capped by rising inventory and weakness in global economic data which weighed on the demand outlook.

Gold price was flat this week and closed at US\$1,298.15 an ounce. The precious yellow metal was steady for the week on weakness in the equity markets, as well as a gloomy global outlook on the back of weak global economic data.

### 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.