



# Investment Digest

29 Mar 2019 – 5 Apr 2019



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## Global Stock Market Weekly Roundup

The Dow Jones Industrial Average index was up by 1.91 percent and closed at 26,424.99 at the end of the week. This was the second consecutive positive week for the Dow. U.S. markets were up on the back of positive manufacturing data from China (Manufacturing PMI above 50), optimism on a U.S.-China trade deal and positive jobs data from the U.S.

The Shanghai Composite Index closed at 3,246.57, marking a 5.04 percent rise this week. Asian markets were up on positive China manufacturing data from China and U.S.-China trade optimism. Shanghai and Hong Kong were closed on Friday for a holiday.

The Euro Stoxx 50 index was up by 2.86 percent for the week and closed off at 3,447.47. European markets were up for the week on positive manufacturing data from China, trade deal optimism between the U.S and China, and positive U.S. jobs data. Gains were pared on Brexit uncertainty, weak industrial data from Germany and Italy's lowered GDP growth forecast.

ECONOMIC RELEASES & POLITICS	ACTUAL	EXPECTED
U.S. ISM Manufacturing PMI (Mar'19)	55.3	54.5
U.S. Nondefense Capital Goods Orders ex Aircraft (Feb'19)	-0.1%	0.0%
U.S. Nonfarm Payrolls (Mar'19)	196K	180K
Euro Consumer Price Index - Core (YoY) (Mar'19)	0.8%	0.9%
Euro Retail Sales (YoY) (Feb'19)	2.8%	2.3%
China Caixin Manufacturing PMI (Mar'19)	50.8	49.9

STOCK MARKETS		29/3/2019	5/4/2019	Weekly Change (%)	YTD Change (%)
MSCI World	▲	2,107.74	2,149.85	2.00%	14.12%
S&P 500	▲	2,834.40	2,892.74	2.06%	15.39%
Dow Jones Industrial Average	▲	25,928.68	26,424.99	1.91%	13.28%
NASDAQ	▲	7,729.32	7,938.69	2.71%	19.64%
FTSE 100	▲	7,279.19	7,446.87	2.30%	10.68%
Euro Stoxx 50	▲	3,351.71	3,447.47	2.86%	14.86%
MSCI Asia Pacific ex Japan	▲	529.22	539.62	1.96%	13.11%
NIKKEI	▲	21,205.81	21,807.50	2.84%	8.96%
Hang Seng	▲	29,051.36	29,936.32	3.05%	15.83%
Shanghai Composite Index	▲	3,090.76	3,246.57	5.04%	30.18%
Straits Times Index	▲	3,212.88	3,322.64	3.42%	8.27%
MSCI Emerging Markets	▲	1,058.13	1,085.14	2.55%	12.36%
JPM Global Aggregate Bond Index	▼	577.25	574.75	-0.43%	1.89%
WTI Oil (US\$)	▲	60.14	63.08	4.89%	35.63%
Spot Gold (US\$)	▼	1,293.42	1,291.71	-0.13%	0.79%

## Corporate News

Hyflux on Thursday (April 4 2019) cancelled a restructuring agreement with the Salim-Medco consortium SM Investments (SMI), saying it has "no confidence" the Indonesian investor will complete the deal.

## Fixed Income Markets

The 10-year U.S. Treasury yield was up by 9 basis points and closed off the week at 2.50 percent. US Treasury yields broke its four-week downtrend and rose in the last week. Yields were up on the back of the equity market rally as positive China manufacturing data, U.S.-China trade deal optimism and positive U.S. jobs data dampened demand for safe haven assets.

## Foreign Exchange Markets

The U.S. Dollar Index, which tracks the U.S. currency against six major rivals, was up by 0.15 percent and closed at 97.36. The dollar was up as yields went up, while positive economic data increased the probability of a rate hike, which was positive for the dollar.

Bitcoin price was up 22.3% for the week and closed off at US\$4,988.45. Bitcoin's rally over the past week was sparked by a large trade order from a mysterious buyer, which set off a wave of algorithmic buying as computer programs scrambled to place orders of their own and not miss out on the sudden price surge. The bullish outlook for bitcoin was also contributed by news flow such as online payments giant PayPal joining a funding round for a blockchain company and positive technical data as bitcoin closed above its 200-day moving average for the first time in more than a year, which could lead to a near 200% increase in the bitcoin price. However, 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 by 4.08 percent for the week and closed at US\$70.34 per barrel. Brent crude rallied over the past week as positive economic data from China and U.S. led to a positive demand outlook, while oil production cuts, sanctions and decreasing crude inventory continued to limit the oil supply.

Gold price was down by 0.13 percent and closed lower this week at US\$1,291.71 an ounce. The precious yellow metal was down for the week as the bullish outlook of the market dampened demand for the safe haven asset, while rising yields weighed on the non-yielding bullion.

### Smarter Investing

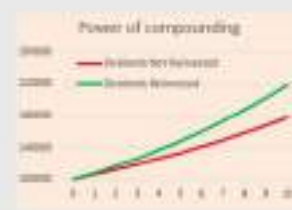
Compound interest is a simple strategy whereby interest earned by an investment is reinvested, thereby producing even more interest.

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.