



Investment Digest

14 June 2019 – 21 June 2019



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Global Stock Market Weekly Roundup

The Dow Jones Industrial Average index was up by 2.41 percent and closed at 26,719.13 at the end of the week. U.S. markets rallied the past week and the S&P 500 hit a record high. U.S. markets rallied on U.S-China trade optimism as President Trump announced that he would have a meeting with President Xi at the upcoming G20 summit. Markets were further supported by the Fed's dovish tilt; the Fed indicated that they were ready to cut rates and markets price in a 100% probability of a rate cut in July 2019. Some gains were pared on U.S-Iran tensions over the destruction of a U.S. drone by Iran over the Strait of Hormuz.

The Shanghai Composite Index was up by 4.16 percent and closed at 3,001.98 at the end of the week. Asian markets were up on U.S-China trade optimism and the dovish tilt of the Fed and the European Central Bank (ECB).

The Euro Stoxx 50 index was up by 2.60 percent and closed at 3,466.92 at the end of the week. European markets rose as ECB president Draghi hinted at stimulus measures if inflation did not pick up, U.S.-China trade optimism and the Fed's dovish tilt. Some gains were pared on geopolitical tensions between U.S. and Iran.

ECONOMIC RELEASES & POLITICS	ACTUAL	EXPECTED
U.S. Fed Interest Rate Decision	2.5%	2.5%
U.S. Philadelphia Fed Manufacturing Survey (Jun'19)	0.3	11.0
U.S. Markit Manufacturing PMI (Jun'19)	50.1	50.4
EUR Consumer Price Index - Core (YoY) (May'19)	0.8%	0.8%
EUR Markit PMI Composite (Jun'19)	52.1	51.8
China House Price Index (May'19)	10.7%	-

STOCK MARKETS		14/6/2019	21/6/2019	Weekly Change (%)	YTD Change (%)
MSCI World	▲	2,130.95	2,178.16	2.22%	15.62%
S&P 500	▲	2,886.98	2,950.46	2.20%	17.70%
Dow Jones Industrial Average	▲	26,089.61	26,719.13	2.41%	14.54%
NASDAQ	▲	7,796.66	8,031.71	3.01%	21.05%
FTSE 100	▲	7,345.78	7,407.50	0.84%	10.10%
Euro Stoxx 50	▲	3,379.19	3,466.92	2.60%	15.51%
MSCI Asia Pacific ex Japan	▲	506.24	524.73	3.65%	9.99%
NIKKEI	▲	21,116.89	21,258.64	0.67%	6.21%
Hang Seng	▲	27,118.35	28,473.71	5.00%	10.17%
Shanghai Composite Index	▲	2,881.97	3,001.98	4.16%	20.37%
Straits Times Index	▲	3,222.63	3,321.40	3.06%	8.23%
MSCI Emerging Markets	▲	1,015.08	1,053.22	3.76%	9.05%
JPM Global Aggregate Bond Index	▲	589.55	595.70	1.04%	5.60%
WTI Oil (US\$)	▲	52.77	57.43	8.83%	20.65%
Spot Gold (US\$)	▲	1,347.19	1,394.31	3.50%	8.80%

Corporate News

Keppel Land, a unit of mainboard-listed Keppel Corp, has secured its first green loan facility via its subsidiary of Keppel LandChina, for the Phase 1 development of Seasons City in the Sino-Singapore Tianjin Eco-City.

Fixed Income Markets

The 10-year U.S. Treasury yield was down 2 basis points and closed off the week at 2.07 percent. Yields fell on the Fed's dovish comments, signaling their willingness to cut rates. Markets have already fully priced in a July 2019 rate cut. During intraday trading during the week, yields went below 2% for the first time since 2016.

Foreign Exchange Markets

The U.S. Dollar Index, which tracks the U.S. currency against six major rivals, was down by 1.39 percent and closed at 96.22. The dollar came under pressure as the Fed's dovish comments weighed on the greenback.

Bitcoin price was up by 16.52% for the week and closed off at US\$9,804.43. Bitcoin rallied as Facebook announced that it was working on its own digital currency, which lent support to digital currencies. It is an unpredictable asset class which correlates with the direction of global stock markets randomly.

Commodity Markets

Brent Crude price was up by 5.14 percent for the week and closed at US\$65.20 per barrel. Brent crude rose on U.S.-Iran geopolitical tensions, which would potentially disrupt a fifth of the Middle East oil supply. The equity markets rally also bolstered the demand outlook for oil.

Gold price was up by 3.50 percent and closed higher this week at US\$1,394.31 an ounce. The precious yellow metal hit a 6 year high as yields fell on a dovish ECB and Fed. Lower interest rates boost gold by reducing the opportunity cost of holding the metal.

Smarter Investing

While it is tempting to follow the newest investment trends in the market, investors should always keep the long-term view in mind.

Trend-Chasing Distracts Us From Our Long-term Goals:

Short-term market trends are often a distraction from an investor's long-term financial goals. It can be easy to feel fearful during market downturns, especially when watching carefully vested monies diminish in value. Some investors may be tempted to trim their positions and get out of the market entirely. On the other hand, when herding behaviour drives the prices of certain assets off the roof, investors chase after the market and pile increasingly larger sums of money into these 'hot investment opportunities' in the hopes of hitting the big jackpot.

While it is tempting to follow the newest investment trends in the market, it is at such times that investors should keep the long-term view in mind. Long-term investors, as opposed to short-term speculators, are more likely to gain from the tendency for the economy and share prices to grow over time.

Compounding also works to the advantage of long-term investors, as small amounts invested now can add up to big sums down the road. Hence, investors would do well to remain on course and stick to their long-term financial plans, rather than chasing market trends or making knee-jerk reactions that usually do not work out well as intended.