



# Investment Digest

2 August 2019 – 9 August 2019





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## Global Stock Market Weekly Roundup

The Dow Jones Industrial Average index was down by 0.75 percent and closed at 26,287.44 at the end of the week. U.S. market had its largest one-day fall on Monday as trade tensions escalated and bond yields tanked; the U.S. labelled China a currency manipulator, after the yuan was allowed to depreciate past 7 against the USD. Losses were pared in the following days as the yuan stabilized, bond yields rebounded and trade data out of China was better than expected, though it fell again on Friday as Trump commented that he was not ready to strike a trade deal with China.

The Shanghai Composite Index declined by 3.25 percent and closed at 2,774.75 at the end of the week. Asian markets fell as U.S.-China trade tensions escalated into a currency war with China labelled as a currency manipulator, while the crisis in Hong Kong continued to weigh on Asian markets. Some losses were pared on better than expected China trade data.

The Euro Stoxx 50 index was down by 1.26 percent and closed at 3,333.74 at the end of the week. European markets fell as U.S.-China trade tensions weighed and Italy's coalition government declared the arrangement unworkable and called for fresh general elections. Some losses were pared on better than expected China trade data and stabilizing bond yields.

ECONOMIC RELEASES & POLITICS	ACTUAL	EXPECTED
U.S. ISM Non-Manufacturing PMI (Jul'19)	<b>53.7</b>	55.5
U.S. Initial Jobless Claims (Aug 2'19)	<b>209K</b>	215K
U.S. Producer Price Index ex Food & Energy (YoY) (Jul'19)	<b>2.1%</b>	2.4%
EUR Markit PMI Composite (Jul'19)	<b>51.5</b>	51.5
GER Industrial Production s.a. (MoM) (Jun'19)	<b>-1.5%</b>	-0.4%
GER Trade Balance s.a. (Jun'19)	<b>€ 18.1B</b>	€ 18.6B
CNY Exports (YoY) (Jul'19)	<b>3.3%</b>	-2.0%
CNY Consumer Price Index (YoY) (Jul'19)	<b>2.8%</b>	2.7%

STOCK MARKETS		2/8/2019	9/8/2019	Weekly Change (%)	YTD Change (%)
MSCI World	▼	2,149.99	2,135.34	<b>-0.68%</b>	<b>13.35%</b>
S&P 500	▼	2,932.05	2,918.65	<b>-0.46%</b>	<b>16.43%</b>
Dow Jones Industrial Average	▼	26,485.01	26,287.44	<b>-0.75%</b>	<b>12.69%</b>
NASDAQ	▼	8,004.07	7,959.14	<b>-0.56%</b>	<b>19.95%</b>
FTSE 100	▼	7,407.06	7,253.85	<b>-2.07%</b>	<b>7.81%</b>
Euro Stoxx 50	▼	3,376.12	3,333.74	<b>-1.26%</b>	<b>11.07%</b>
MSCI Asia Pacific ex Japan	▼	504.19	490.34	<b>-2.75%</b>	<b>2.78%</b>
NIKKEI	▼	21,087.16	20,684.82	<b>-1.91%</b>	<b>3.35%</b>
Hang Seng	▼	26,918.58	25,939.30	<b>-3.64%</b>	<b>0.36%</b>
Shanghai Composite Index	▼	2,867.84	2,774.75	<b>-3.25%</b>	<b>11.26%</b>
Straits Times Index	▼	3,261.11	3,168.94	<b>-2.83%</b>	<b>3.26%</b>
MSCI Emerging Markets	▼	1,003.76	981.19	<b>-2.25%</b>	<b>1.60%</b>
JPM Global Aggregate Bond Index	▲	600.08	605.15	<b>0.84%</b>	<b>7.28%</b>
WTI Oil (US\$)	▼	55.66	54.50	<b>-2.08%</b>	<b>14.50%</b>
Spot Gold (US\$)	▲	1,446.99	1,500.05	<b>3.67%</b>	<b>17.05%</b>

## Corporate News

Starhub saw earnings fall again by double-digits in the second quarter of 2019 on weaker operating profits and higher finance costs.

## Fixed Income Markets

The 10-year U.S. Treasury yield fell by 12 basis points and closed off the week at 1.74 percent. Treasury yields fell and again hit its lowest since 2016 as a global economic slowdown, a protracted trade dispute between U.S. and China and a muted inflation print fueled investor appetite for safe haven.

## Foreign Exchange Markets

The U.S. Dollar Index, which tracks the U.S. currency against six major rivals, was down by 0.59 percent and closed at 97.491. The dollar fell as U.S. bond yields came under pressure.

Bitcoin price was up by 14.09% for the week and closed off at US\$11,864.63. Bitcoin rose on global uncertainty, as some investors used the cryptocurrency as a "safe haven" and a form of disaster hedge.

## Commodity Markets

Brent Crude price was down by 5.43 percent for the week and closed at US\$58.53 per barrel. Oil prices tanked as U.S.-China trade and currency tensions weighed on the demand outlook. Some losses were pared as the yuan stabilized, European crude inventories fell and expectations of more Organization of the Petroleum Exporting Countries (OPEC) output cuts.

Gold price was up by 3.67 percent and closed at US\$1,500.05. Gold had its best week in over three years as negative yielding debt around the globe, dovish central banks and escalating U.S.-China trade tensions lent strength to the safe haven precious metal.

### Smarter Investing

While investment frauds are far from rare, the allure of quick and easy money is often irresistible for many investors. To ensure you don't become the next scam victim, here are some things to consider before sticking your neck out for any high-return investments that come your way.

#### *Perform Due Diligence on the Company:*

The fact that a firm is legally registered in Singapore does not immediately qualify it as a trustworthy company. Investors are advised to deal only with companies that are regulated by the Monetary Authority of Singapore (MAS) and should also stay away from firms that are relatively new and unheard of, even if they are already regulated by the authorities.

#### *Assessment of Investment Strategy:*

Investors should also do a comprehensive evaluation of a company's investment strategy and assess the sustainability of the high returns and the track record of the company, before making any investment decisions.

#### *Evaluate your Risk Appetite:*

Even if an investment scheme is legitimate and does not undertake excessive risks to achieve its investment objectives, investors should evaluate their risk profile and long-term financial goals and determine if a particular investment scheme fits into their portfolios. As high-return investment schemes usually carry a high degree of risk, they should only be included in the supplementary portion of a portfolio, should investors decide to plough money into them.

#### *Diversification:*

Diversification is key to ensure that risk is not concentrated on one single entity.