



Investment Digest

24 May 2019 – 31 May 2019



Contents

Global Stock Market Weekly

Roundup3

Corporate News

Economic Releases & Politics4

Fixed Income Markets5

Foreign Exchange Markets5

Commodity Markets6





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Global Stock Market Weekly Roundup

The Dow Jones Industrial Average index was down by 3.01 percent and closed at 24,815.04 at the end of the week. In a shortened trading week, U.S. markets were down as investors remained concerned about escalating trade tensions, falling bond yields and inverted yield curve. The rhetoric between U.S. and China has intensified, with China now threatening rare earth exports, a critical component for many industries in the U.S., including the defense sector. President Trump has also threatened to impose a 5% tariffs on Mexican imports due to their illegal immigrants' issue, exacerbating the fall of the market.

The Shanghai Composite Index was up by 1.6 percent and closed at 2,898.70 at the end of the week. Asian markets overall traded mixed but held steady as investors weighed hopes on stimulus from the Chinese government and the escalating trade tensions. Weaker than expected Chinese manufacturing PMI data was also released, pointing to the effects of the U.S.-China trade war.

The Euro Stoxx 50 index was down by 2.10 percent and closed at 3,280.43 at the end of the week. European markets fell amidst escalating U.S.-China trade tensions, U.S.-Mexico trade tensions, political tensions between Italy and the European Union over Italy's debt and weaker than expected Chinese manufacturing PMI numbers. Some losses were pared on merger talks between Fiat Chrysler and Renault, buoying the automotive sector.

ECONOMIC RELEASES & POLITICS	ACTUAL	EXPECTED
U.S. S&P/Case-Shiller Home Price Indices (YoY) (Mar'19)	2.7%	2.6%
U.S. Gross Domestic Product Annualized (Q1'19)	3.1%	3.1%
U.S. Michigan Consumer Sentiment Index (May'19)	100.0	101.5
EUR Business Climate (May'19)	0.3	0.4
GER Harmonized Index of Consumer Prices (YoY) (May'19)	1.3%	1.4%
China NBS Manufacturing PMI (May)	49.4	49.9

STOCK MARKETS		24/5/2019	31/5/2019	Weekly Change (%)	YTD Change (%)
MSCI World	▼	2,095.03	2,046.25	-2.33%	8.62%
S&P 500	▼	2,826.06	2,752.06	-2.62%	9.78%
Dow Jones Industrial Average	▼	25,585.69	24,815.04	-3.01%	6.38%
NASDAQ	▼	7,637.01	7,453.15	-2.41%	12.33%
FTSE 100	▼	7,277.73	7,161.71	-1.59%	6.44%
Euro Stoxx 50	▼	3,350.70	3,280.43	-2.10%	9.30%
MSCI Asia Pacific ex Japan	▼	499.38	498.48	-0.18%	4.48%
NIKKEI	▼	21,117.22	20,601.19	-2.44%	2.93%
Hang Seng	▼	27,353.93	26,901.09	-1.66%	4.08%
Shanghai Composite Index	▲	2,853.00	2,898.70	1.60%	16.23%
Straits Times Index	▼	3,169.89	3,117.76	-1.64%	1.60%
MSCI Emerging Markets	▲	986.65	998.00	1.15%	3.34%
JPM Global Aggregate Bond Index	▲	579.86	581.42	0.27%	3.07%
WTI Oil (US\$)	▼	58.63	53.50	-8.75%	14.00%
Spot Gold (US\$)	▲	1,284.58	1,304.65	1.56%	1.80%

Corporate News

Hyflux is in talks with seven different parties for a potential cash infusion, and plans to enter into a binding term-sheet by mid-June 2019.

Fixed Income Markets

The 10-year U.S. Treasury yield was down 18 basis points and closed off the week at 2.14 percent. Yields dipped and hit a 20-month low as the ongoing trade tensions between U.S. and China, as well as the latest tension between U.S. and Mexico, weighed on risk sentiments. Growth worries were stirred and stirred speculation of a rate cut in 2019. The yield curve remains inverted.

Foreign Exchange Markets

The U.S. Dollar Index, which tracks the U.S. currency against six major rivals, was flat and closed at 97.61. Ongoing trade tensions with falling yields kept the dollar balanced and steady.

Bitcoin price was up 2.95% for the week and closed off at US\$8,349.68. Bitcoin continues to move up as the Bitcoin halvening event approaches in May 2020, where supply will be reduced by half. Traders are starting to hoard Bitcoin in anticipation of this fixed event. It is an unpredictable asset class which correlates with the direction of global stock markets randomly.

Commodity Markets

Brent Crude price was down by 6.11 percent for the week and closed at US\$64.49 per barrel. Brent crude tanked as the ongoing trade tensions dampened the outlook for demand. Some losses were pared by OPEC-led supply cuts.

Gold price was up by 1.56 percent and closed higher this week at US\$1,304.65 an ounce. The precious yellow metal climbed to a seven-week high as investors flocked to the safe haven asset on concerns about the global outlook and escalating trade tensions.

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.