



Investment Digest

9 August 2019 – 16 August 2019



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Global Stock Market Weekly Roundup

The Dow Jones Industrial Average index fell by 1.53 percent and closed at 25,886.01 at the end of the week. U.S. markets initially rose at the start of the week after the U.S. postponed a 10% tariff some Chinese goods, but fell sharply on Wednesday as the yield curve inverted when the 2-year rate rose above the 10-year rate, stoking fears of a recession; weak economic data releases from China and Germany also weighed on U.S. markets. Some losses were pared on Thursday and Friday as bond yields rose and stabilized.

The Shanghai Composite Index rose by 1.77 percent and closed at 2,823.82 at the end of the week. Asian markets overall fell as investors worried about trade tensions, a weak global economic outlook and the U.S. yield curve inversion, though China was up on better than expected earnings in the retail sector and hopes of stimulus.

The Euro Stoxx 50 index was down by 0.14 percent and closed at 3,329.08 at the end of the week. European markets were flat as weak economic data from China and Germany and the selloff in U.S. markets was offset by expectations of a new European Central Bank quantitative easing programme this year.

ECONOMIC RELEASES & POLITICS	ACTUAL	EXPECTED
U.S. Consumer Price Index ex Food & Energy (YoY) (Jul'19)	2.2%	2.1%
U.S. Retail Sales Control Group (Jul'19)	1.0%	0.3%
U.S. Michigan Consumer Sentiment Index (Aug'19)	92.1	97.2
EUR Gross Domestic Product s.a. (YoY) (Q2'19)	1.1%	1.1%
EUR ZEW Survey - Economic Sentiment (Aug'19)	-43.6	-21.7
GER Gross Domestic Product (QoQ) (Q2'19)	-0.1%	-0.1%
CNY Retail Sales (YoY) (Jul'19)	7.6%	8.6%
CNY Industrial Production (YoY) (Jul'19)	4.8%	5.8%

STOCK MARKETS		9/8/2019	16/8/2019	Weekly Change (%)	YTD Change (%)
MSCI World	▼	2,135.34	2,108.50	-1.26%	11.92%
S&P 500	▼	2,918.65	2,888.68	-1.03%	15.23%
Dow Jones Industrial Average	▼	26,287.44	25,886.01	-1.53%	10.97%
NASDAQ	▼	7,959.14	7,895.99	-0.79%	19.00%
FTSE 100	▼	7,253.85	7,117.15	-1.88%	5.78%
Euro Stoxx 50	▼	3,333.74	3,329.08	-0.14%	10.92%
MSCI Asia Pacific ex Japan	▼	490.34	487.85	-0.51%	2.26%
NIKKEI	▼	20,684.82	20,418.81	-1.29%	2.02%
Hang Seng	▼	25,939.30	25,734.22	-0.79%	-0.43%
Shanghai Composite Index	▲	2,774.75	2,823.82	1.77%	13.23%
Straits Times Index	▼	3,168.94	3,115.03	-1.70%	1.51%
MSCI Emerging Markets	▼	981.19	970.27	-1.11%	0.46%
JPM Global Aggregate Bond Index	▲	605.15	610.07	0.81%	8.15%
WTI Oil (US\$)	▲	54.50	54.87	0.68%	15.27%
Spot Gold (US\$)	▲	1,500.05	1,513.03	0.87%	18.06%

Corporate News

Agri giant Wilmar International's net profit for the second quarter fell by 52 percent on the back of lower soybean crush margins and higher finance costs.

Fixed Income Markets

The 10-year U.S. Treasury yield fell by 19 basis points and closed off the week at 1.55 percent. Treasury yields fell sharply as investors remained concerned on global growth and trade tensions. The 10-year treasury yield briefly fell below the 2-year yield during the week, stoking concerns of a recession again. 30-year treasury yields also fell below 2 percent for the first time in history.

Foreign Exchange Markets

The U.S. Dollar Index, which tracks the U.S. currency against six major rivals, was up by 0.67 percent and closed at 98.142. The dollar appreciated on better than expected U.S. economic data, in contrast with the weak economic data from the rest of the world.

Bitcoin price was down by 12.38% for the week and closed off at US\$10,395.4. Bitcoin fell as China stated their own digital currency is "almost ready", a serious rival to Bitcoin.

Commodity Markets

Brent Crude price was up by 0.19 percent for the week and closed at US\$58.64 per barrel. Oil prices initially rose at the start of the week as the U.S. delayed tariffs on some Chinese goods but gave up gains during the latter part of the week as the demand outlook was diminished with weak China and Germany economic data.

Gold price was up by 0.87 percent and closed at US\$1,513.03. Gold rose as investors flocked to safe haven on heightened risk aversion stemming from trade tensions, weak economic data and the yield curve inversion.

Smarter Investing

The Perils of Chasing Short-Term Trends

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.