



Investment Digest

12 Apr 2019 – 19 Apr 2019



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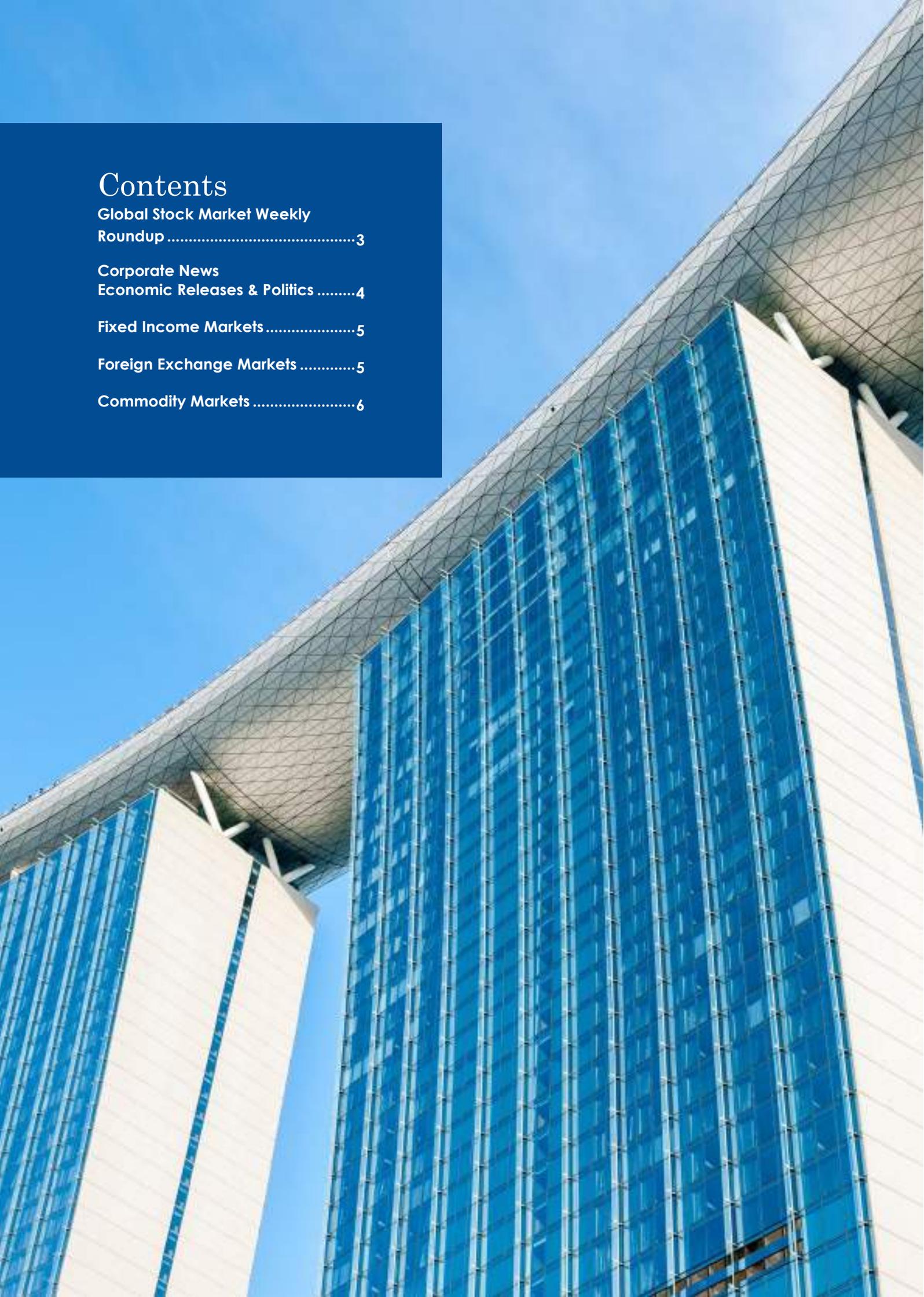
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Global Stock Market Weekly Roundup

The Dow Jones Industrial Average index was up by 0.56 percent and closed at 26,559.54 at the end of the week. This was the fourth consecutive positive week for the Dow and the Dow is now less than 3% off its previous high. In a shortened trading week, markets were choppy amidst the corporate earnings season. U.S. markets fluctuated up and down for most of the week as earnings releases were a mixed bag of positives and negatives. U.S. markets closed off the last trading day of the week positively as good retail sales data and the Initial Public Offering (IPO) of Pinterest and Zoom Video Communications boosted risk sentiment.

The Shanghai Composite Index closed at 3,270.80, marking a 2.53 percent rise this week. Asian markets were up for the week amidst a shortened trading week for certain regions. Asian markets were up as house prices rose in China, bolstering optimism about the property market, while better than expected GDP data from China boosted risk sentiment across all regions. China markets were also up on Friday amidst good retail sales data from the U.S. Some gains were pared in the Asian markets as caution reined in U.S.-China trade talks and ahead of the non-trading day on Friday for most markets.

The Euro Stoxx 50 index was up by 1.49 percent for the week and closed off at 3,499.23. In a shortened trading week, European markets, which are China-sensitive, rallied on the back of better than expected German sentiment data and China housing and trade data, shrugging off weak Eurozone PMI data.

ECONOMIC RELEASES & POLITICS	ACTUAL	EXPECTED
U.S. Retail Sales Control Group (Mar'19)	1.0%	0.4%
U.S. Initial Jobless Claims (Apr 12'19)	192K	205K
U.S. Markit Manufacturing PMI (Apr'19)	52.4	52.8
Germany ZEW Survey - Economic Sentiment (Apr'19)	3.1	0.8
Euro Markit Manufacturing PMI (Apr'19)	47.8	47.9
China Gross Domestic Product (YoY) (Q1'19)	6.4%	6.3%

STOCK MARKETS		12/4/2019	19/4/2019	Weekly Change (%)	YTD Change (%)
MSCI World	▲	2,159.39	2,160.36	0.04%	14.67%
S&P 500	▼	2,907.41	2,905.03	-0.08%	15.88%
Dow Jones Industrial Average	▲	26,412.30	26,559.54	0.56%	13.86%
NASDAQ	▲	7,984.16	7,998.06	0.17%	20.54%
FTSE 100	▲	7,437.06	7,459.88	0.31%	10.88%
Euro Stoxx 50	▲	3,447.83	3,499.23	1.49%	16.59%
MSCI Asia Pacific ex Japan	▲	542.86	543.69	0.15%	13.96%
NIKKEI	▲	21,870.56	22,200.56	1.51%	10.92%
Hang Seng	▲	29,839.45	29,963.26	0.41%	15.93%
Shanghai Composite Index	▲	3,189.96	3,270.80	2.53%	31.15%
Straits Times Index	▲	3,331.98	3,347.58	0.47%	9.09%
MSCI Emerging Markets	▲	1,089.09	1,092.52	0.31%	13.12%
JPM Global Aggregate Bond Index	▼	575.64	574.81	-0.14%	1.90%
WTI Oil (US\$)	▲	63.89	64.00	0.17%	37.60%
Spot Gold (US\$)	▼	1,292.09	1,275.75	-1.26%	-0.45%

Corporate News

CWT Pte Ltd's parent, Hong Kong listed CWT International, missed interest and fee payments to lenders of HK\$63 million, triggering a cross default under a HK\$1.4 billion loan facility. However, CWT Pte Ltd has redeemed in full its S\$100 million notes maturing on 18 April 2019. CWT Pte Ltd operates independently and is ring fenced from its parent.

Fixed Income Markets

The 10-year U.S. Treasury yield was up by 1 basis point and closed off the week at 2.57 percent. In a shortened trading week, US Treasury yields were flat amidst the upcoming holidays and sluggish equity markets.

Foreign Exchange Markets

The U.S. Dollar Index, which tracks the U.S. currency against six major rivals, was up by 0.57 percent and closed at 97.4. The U.S. dollar held steady as the better than expected retail sales and jobless data pointed to a sturdy U.S. economy while weak Eurozone PMI data weakened the Euro against the USD.

Bitcoin price was up 4.16% for the week and closed off at US\$5,282.62. Bitcoin continues to consolidate. It is an unpredictable asset class which correlates with the direction of global stock markets randomly.

Commodity Markets

Brent Crude price was up by 0.59 percent for the week and closed at US\$71.97 per barrel. Brent crude held steady for the week as it was supported by a drop in crude shipments from Saudi Arabia and a decline in U.S. oil inventories, limiting supply. Gains were limited by the strengthening dollar, which makes oil more expensive for non-U.S. buyers.

Gold price was down by 1.26 percent and closed lower this week at US\$1,275.75 an ounce. The precious yellow metal hit a four-month low as fears of a global economic slowdown eased amid better than expected economic data from the U.S. and China, dampening demand for the safe haven asset. The strengthening dollar also weighed on the precious metal; a stronger dollar makes gold more costly for investors holding other currencies.

Smarter Investing

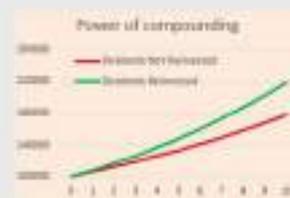
Compound interest is a simple strategy whereby interest earned by an investment is reinvested, thereby producing even more interest.

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.