



# Investment Digest

26 Apr 2019 – 03 May 2019



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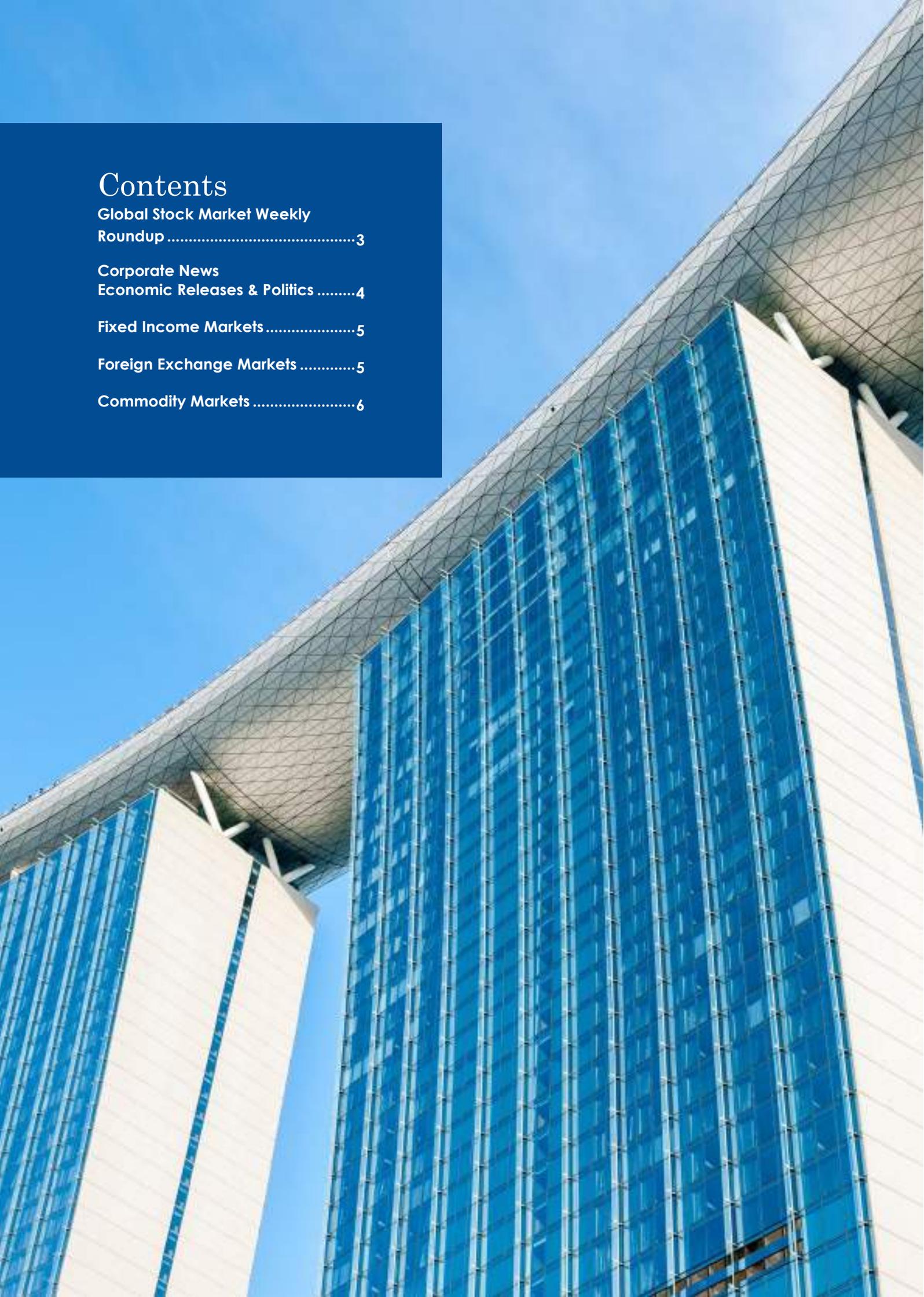
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## Global Stock Market Weekly Roundup

The Dow Jones Industrial Average index was down by 0.14 percent and closed at 26,504.95 at the end of the week. U.S. markets were overall flat. It fell for most of the week due to the Fed's comments that muted inflation was "transitory" in nature and saw no compelling reason to consider a rate cut. The market was already pricing in a more than 50 per cent probability of a rate cut before the Fed's comments. Also, the energy sector weighed on the index as oil prices fell. Losses were pared on Friday as the U.S. released robust jobs and unemployment data, pointing to the strength of the U.S. economy. The Nasdaq hit a record high again.

The Shanghai Composite Index was closed for Labour Day for most of the week. In a shortened trading week, Asian markets were up for the week on solid U.S. GDP growth data from the prior week and hopes of more China fiscal stimulus due to weaker than expected Chinese data. Asian markets also shrugged off the Fed's comments and the dip in U.S. markets.

The Euro Stoxx 50 index was slightly up by 0.06 percent for the week and closed off at 3,502.48. European markets were choppy as weak regional corporate earnings and the Fed not cutting rates weighed on European markets, but later pushed up on better than expected Eurozone economic data and a robust U.S. jobs and unemployment data.

ECONOMIC RELEASES & POLITICS	ACTUAL	EXPECTED
U.S. ISM Manufacturing PMI (Apr' 19)	<b>52.8</b>	55.0
U.S. Fed Interest Rate Decision	<b>2.5%</b>	2.5%
U.S. Nonfarm Payrolls (Apr' 19)	<b>263K</b>	185K
EUR Gross Domestic Product s.a. (YoY) (Q1' 19)	<b>1.2%</b>	1.1%
EUR Consumer Price Index - Core (YoY) (Apr' 19)	<b>1.2%</b>	1.0%
China Caixin Manufacturing PMI (Apr' 19)	<b>50.2</b>	51.0

STOCK MARKETS		26/4/2019	3/5/2019	Weekly Change (%)	YTD Change (%)
MSCI World	▲	2,173.82	2,177.77	<b>0.18%</b>	<b>15.60%</b>
S&P 500	▲	2,939.88	2,945.64	<b>0.20%</b>	<b>17.50%</b>
Dow Jones Industrial Average	▼	26,543.33	26,504.95	<b>-0.14%</b>	<b>13.62%</b>
NASDAQ	▲	8,146.40	8,164.00	<b>0.22%</b>	<b>23.04%</b>
FTSE 100	▼	7,428.19	7,380.64	<b>-0.64%</b>	<b>9.70%</b>
Euro Stoxx 50	▲	3,500.41	3,502.48	<b>0.06%</b>	<b>16.69%</b>
MSCI Asia Pacific ex Japan	▲	537.68	540.98	<b>0.61%</b>	<b>13.39%</b>
NIKKEI	-	22,200.56	22,258.73	-	<b>11.21%</b>
Hang Seng	▲	29,605.01	30,081.55	<b>1.61%</b>	<b>16.39%</b>
Shanghai Composite Index	▼	3,086.40	3,078.34	<b>-0.26%</b>	<b>23.43%</b>
Straits Times Index	▲	3,356.95	3,392.29	<b>1.05%</b>	<b>10.54%</b>
MSCI Emerging Markets	▲	1,078.06	1,082.77	<b>0.44%</b>	<b>12.11%</b>
JPM Global Aggregate Bond Index	▼	575.22	574.85	<b>-0.06%</b>	<b>1.90%</b>
WTI Oil (US\$)	▼	63.30	61.94	<b>-2.15%</b>	<b>33.18%</b>
Spot Gold (US\$)	▼	1,288.05	1,281.08	<b>-0.54%</b>	<b>-0.04%</b>

## Corporate News

Singapore is a step closer to fulfilling its aim to become an international debt restructuring hub after a landmark ruling by an English court to recognize the city-state's new moratorium law for insolvency and corporate restructuring.

## Fixed Income Markets

The 10-year U.S. Treasury yield was up by 3 basis points and closed off the week at 2.54 percent. US treasury yields rose as the Fed indicated that they would not cut rates in 2019, supporting the rise in yields.

## Foreign Exchange Markets

The U.S. Dollar Index, which tracks the U.S. currency against six major rivals, was down by 0.58 percent and closed at 97.48. The dollar was down on weaker than expected U.S. manufacturing and services data and the weaker aspects of the strong jobs data, as well as some profit-taking amidst big long dollar positions. Some losses were pared as the Fed indicated no rate cuts for 2019, which was supportive of the dollar.

Bitcoin price was up 11.21% for the week and closed off at US\$5,713.07. Bitcoin rallied to a 2019 high as the upward trend was still intact. It also moved on news that Facebook is busy developing its own cryptocurrency payments system. It is an unpredictable asset class which correlates with the direction of global stock markets randomly.

## Commodity Markets

Brent Crude price was down by 1.80 percent for the week and closed at US\$70.85 per barrel. Brent crude fell for the week on fears of oversupply, as U.S. crude oil inventories hit a record higher. The losses were partially offset by the ongoing sanctions of Iran and Venezuela, as well as a strong U.S. jobs data indicating a positive outlook for demand.

Gold price was down by 0.54 percent and closed lower this week at US\$1,281.08 an ounce. The precious yellow metal hit a four month low the past week as the Fed indicated no rate cuts for 2019, subduing demand for the non-interest bearing bullion. Some losses were pared as the dollar weakened and made the bullion cheaper for investors holding other currencies and as gold entered a technically oversold region.

### Smarter Investing

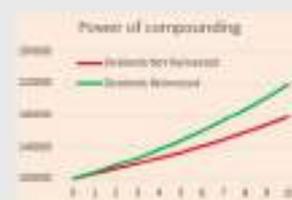
Compound interest is a simple strategy whereby interest earned by an investment is reinvested, thereby producing even more interest.

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.