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Weekly Report 11.6.2018



Weekly Trading Information – Markets update

Politics dominated the markets last week, with the first inaugural speech of the new Italian Prime Minister spooking again European markets as he did not refrain from showing the coalition's intentions to challenge the EU rules on deficits and spending. However, most European equity markets managed to recover from steep losses, with the exception of the Italian market which finished deep in the red. In the UK, Prime Minister May is facing a revolt by various lawmakers of her party, who seem to be siding with the Labor Party in order to pass a softer Brexit bill than the one she would wish to have. She faces a critical vote this week on the final bill, which includes amendments such as a possible membership to the EEA (European Economic Area, ie the "Norwegian model") as well as the parliament having the last word on the final deal, reducing thus the Prime Minister's decision powers. In the US, the strength of the Technology tilted Nasdaq index which traded to a new historic high, made local markets a clear winner last week. Europe's turmoil is turning assets again towards the US even as President Trump is increasingly making investors nervous again with his rhetoric against basically the whole world, when it comes to world trade. It was no surprise that the G-7 meeting over the weekend gave him the opportunity again to attack Canada and the European Union for their trade tactics, while it was a positive surprise to see him warming up on Russia. And of course the world awaits his meeting with the North Korean leader tomorrow in Singapore.

As Q1 earnings results have broadly finished and little corporate news are surfacing, markets are turning their attention again to the Central banks. We have a busy week ahead, with the meetings of the FED, the ECB and the BoJ. Although the FED meeting, which is expected to produce another interest rate hike would have been the focus of the week, it has turned out that the ECB meeting on Thursday will be the closest monitored event. Given the chaos in Italian markets, many have been expecting the ECB to acknowledge this development and provide reassuring words including a potential continuation of the bond buying program, which until recently was expected to end in September. However, we should caution against such an assumption, as the ECB does not wish to be seen as panicking. On the contrary, most probably it will refrain from getting itself involved in the Italian situation and chose a "wait and see" stance until the July 26th meeting, when it is expected to announce the end of the QE (bond buying program). The rhetoric of senior ECB officials last week, who chose to refrain from any comments on Italy and stuck to the ongoing process of normalization of interest rates is perhaps a prelude of what to expect.

The upcoming FED and ECB meetings made bond traders nervous again and chose to sell the government bonds, expecting "hawkish" meetings. The 10 year US Treasury yield rose to 2.98% from 2.93% and the move was more pronounced in the 10 year German Bund yield which rose to 0.48% from 0.37%.

Gold seems to be stuck in its recent range of 1'295-1'305, with traders awaiting the important central bank meetings of the week.

The EUR rose against most currencies as the market is coming to the realization that the ECB is probably not going to come to the rescue of Italy, at least for now, as this would signal a panic move. It managed to break above resistance at 1.1750 vs the USD and all eyes will be on the ECB as well as the Italian situation.

	Level	YTD %	Weekly %	52 week high	52 week low
DJ INDU AVERAGE	25316.5	2.4	2.8	26616.7	21159.5
S&P 500 INDEX/d	2779.0	3.9	1.6	2872.9	2405.7
NASDAQ COMPOSI/d	7645.5	10.8	1.2	7697.4	6082.0
RUSSELL 2000 I/d	1672.5	8.9	1.5	1680.0	1349.4
XETRA DAX PF/d	12766.6	-1.2	0.3	13596.9	11726.6
CAC 40 INDEX/d	5450.2	2.6	-0.3	5657.4	4995.1
ESTX 50 PR/d	3447.3	-1.6	-0.2	3708.8	3261.9
SMI PR/d	8512.1	-9.3	-1.2	9616.4	8454.3
FTSE 100 INDEX/d	7681.1	-0.1	-0.3	7903.5	6866.9
FTSE MIB/d	21356.0	-2.3	-3.4	24544.3	20537.4
AT COM SHR PR /d	773.1	-3.7	-0.5	895.6	700.1
TOPIX INDEX	1781.4	-2.0	1.8	1911.3	1578.7
SSE COMPOSITE/d	3067.1	-7.3	-0.3	3587.0	3041.0
HANG SENG INDE/d	30958.2	3.5	1.5	33484.1	25199.9
MSCI-EM	1135.4	-2.0	0.5	1273.1	1002.5
WORLD INDEX PR/d	2137.7	1.6	1.4	2249.7	1905.3

Certificates	Price	Weekly %	YTD
KENDRA HIGH CONVICTION	100.13	-0.5	-0.5
KENDRA HIGH INCOME	98.99	-0.9	-1.0



High Conviction Portfolio

Chart of the Week

	YTD %	Weekly %	DIV YIELD	CURRENCY	SECTOR
Siemens	-2.0	0.7	3.3	EUR	Industrials
Roche Holding AG	-15.7	-3.8	4.0	CHF	Health Care
Sanofi	-7.5	0.1	4.6	EUR	Health Care
Deutsche Telekom	-9.9	0.8	4.8	EUR	Telecom Services
Lloyds	-7.6	-0.7	4.8	GBp	Financials
Danone	-8.1	-2.5	3.0	EUR	Consumer Staples
Vodafone	-20.2	-3.8	7.0	GBp	Telecom Services
AB Inbev	-14.0	-0.2	4.5	EUR	Consumer Staples
BNP Paribas	-13.7	-0.4	5.6	EUR	Financials
Vonovia	-1.8	1.9	3.3	EUR	Real Estate
Carrefour SA	-17.0	-2.9	3.0	EUR	Consumer Staples
Telefonica	-6.7	-0.6	5.2	EUR	Telecom Services
Imperial Brands	-18.4	-4.7	6.8	GBp	Consumer Staples
IBM	-4.7	3.0	4.3	USD	Information Technology
UCB.SA	0.0	-2.4	1.8	EUR	Health Care
Societe Generale	-13.5	-0.8	5.9	EUR	Financials
Biogen	-4.8	2.1	0.0	USD	Health Care
Travis Perkins	-9.7	2.2	3.2	GBp	Industrials
Vivendi	-4.2	-1.1	2.1	EUR	Consumer Discretionary
SUEZ	-22.0	-2.0	5.7	EUR	Utilities
Barclays	-2.0	-1.4	1.5	GBp	Financials
GlaxoSmithkline	15.5	0.3	5.3	GBp	Health Care
Arkema	1.7	-1.4	2.2	EUR	Materials
Dufry	-5.6	0.7	2.7	CHF	Consumer Discretionary
Straumann	0.4	4.7	0.7	CHF	Health Care
Valeo	-13.2	-2.1	2.3	EUR	Consumer Discretionary
Altran Technologies	2.3	-1.6	1.8	EUR	Information Technology
Spotify	NULL	7.7	0.0	USD	Information Technology
Adient	-27.6	5.9	1.9	USD	Consumer Discretionary

Among the various serious events taking place this week globally, one should not forget the commencement of the 2018 World Cup in Russia !! Below are the favorites to win the cup and the odds, as these are provided by the bookmakers.

Country	Odds
Brazil	4 : 1
Germany	5 : 1
Spain	6 : 1
France	6 : 1
Argentina	9 : 1
Belgium	11 : 1
England	16 : 1
Portugal	25 : 1
Uruguay	28 : 1
Croatia	33 : 1

YTD: year to date return,
Weekly %: weekly return



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