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# **Weekly Report 24.9.2018**



# Weekly Trading Information – Markets update

As China responded with a 60bn \$ tariffs plan on US imports, but with a lower than initially feared percentage (5-10%), markets saw that as a reconciliatory move and that the two sides will soon start negotiations. Equity markets rallied further, with the US major indices reaching new highs and Europe touching significant resistance levels, being up almost 5% in two weeks. Emerging Markets and China also rallied during the week. However, China's decision over the weekend to halt talks with the US has again soured the sentiment and it seems that not much will be resolved until early November, when the US mid-term elections take place. Interestingly, the Technology sector and the Small caps had a negative week, which however did not hinder the ascend of the S&P500 to a new record. Defensive sectors such as Telecoms and Healthcare took the baton and moved the US markets higher. This is on one hand a good sign, as for the markets to move higher new leaders should emerge, but on the flip side, when leadership changes it usually coincides with market peaks.

In Europe, Brexit talks have also (temporarily ?) collapsed after the EU rejected Prime Minister's May proposal for the Irish border. As the October deadline is getting closer, which will give time to prepare all necessary procedures for the final March exit, it does seem that the two sides will leave it to the last minute to reach (or not) a deal. Voices about a second referendum are getting louder. The UK inflation data showed increased pressures on the consumer, as CPI for August reached 2.1% on a yearly basis, higher than the 1.8% forecast. As the week starts, markets are keenly awaiting the submission of the Italian budget as well as the FED decision on Wednesday on interest rates, which is a certainty that they will be raised by 25bps.

As expected, Banks continued their outperformance (BNP +6%, Societe +6%, UBS +6%, CS +6%) returning from the abyss, while Materials/Miners also had an exceptional week (BHP +9%, Wacker Chemie +8%) as Commodities rallied hard from their recent lows. The auto-related sector also showed signs of life (Valeo +9%) as the market is starting to see the extreme low valuations as good entry points. On the negative side, the Pharma sector had a negative week (Sanofi -1%, Roche -1%) but could see some relief if tensions reemerge between China and the US and/or Technology keeps underperforming.

The bond markets are going to be in focus this week, as the FED meeting finds the 10year US treasury yield above the 3% level and closer to the important 3.10-3.12% region. For now the break of the 3% did not produce any turmoil in the equity markets as these focused on the trade war developments, but we are getting close to an inflection point. The 10 year German Bund yield also reached its recent high at 0.50%, but fell to close the week at 0.46%

Gold had a very volatile Friday, as at some point 1bn \$ worth of futures contracts were sold in less than one minute, causing the metal to drop almost 10\$ because of this. It then recovered but damage was done, and it finished the week at the recent low of 1195\$. The coming FED meeting will test its current support at these levels.

The EUR tried to break out of its recent range, touching 1.1800, only to come back closer to 1.1700, as the US-China situation is still influencing its trajectory while the Italian budget discussions are also attracting traders' attention. The GBP rallied at the start of the week as Brexit discussions were showing signs of an imminent deal, but broke down together with the discussions. Overall it finished the week almost unchanged vs the USD at 1.3070. The JPY fell to its lowest level since July (at 113 vs the USD) but since then it has moved higher. These levels appear again attractive for investors wishing to hedge exposure to financial markets, as the JPY is the true hedge in times of financial stress.

	Level	YTD %	Weekly %	52 week high	52 week low
DOW JONES	26743.5	8.2	2.3	26769.2	22219.1
S&P500	2929.7	9.6	0.8	2940.9	2488.0
NASDAQ	7987.0	15.7	-0.3	8133.3	6344.0
RUSSELL SMALL CAP	1712.3	11.5	-0.5	1742.1	1436.4
EUROPE STOXX50	3067.4	-3.5	2.0	3283.2	2884.5
EUROSTOXX 50	3430.8	-2.1	2.6	3708.8	3261.9
GERMANY DAX	12430.9	-3.8	2.5	13596.9	11726.6
FRANCE CAC40	5494.2	3.4	2.6	5657.4	5038.1
SWISS SMI	8995.4	-4.1	0.3	9616.4	8372.9
UK FTSE 100	7490.2	-2.6	2.5	7903.5	6866.9
ITALY FTSE 100 MIB	21536.7	-1.4	3.1	24544.3	20236.3
ATHENS GENERAL	698.7	-12.9	2.5	895.6	675.8
JAPAN TOPIX	1804.0	-0.7	4.4	1911.3	1645.2
CHINA CSI300	3410.5	-15.4	5.2	4403.3	3191.4
HONG KONG	27590.4	-6.6	2.4	33484.1	26219.6
EMERGING MARKETS	1051.4	-9.2	2.2	1273.1	1003.3
WORLD	2200.0	4.6	1.5	2249.7	1980.6

Certificates	Price	Weekly %	YTD
KENDRA HIGH CONVICTION	101.5	+2.5%	+0.4%
KENDRA HIGH INCOME	96.8	+2.1%	-0.2%

Currencies	Price
EURUSD	1.1740
EURCHF	1.1270
GBPUSD	1.3070
EURJPY	132.2
USDJPY	112.60

Commodities	Price
Gold USD	1195
Gold EUR	1019
Silver USD	14.20
Oil (Crude USD)	71.9
Oil (Brent USD)	80.2





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