



KENDRA
SECURITIES
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Weekly Report 5.11.2018



Weekly Trading Information – Markets update

Global equities rebounded strongly last week as China seems to be strongly committed to boosting its economy again, by announcing further fiscal stimulus in the forms of lower taxes and significant infrastructure spending. The, unexpected, tweet by President Trump on Thursday, that discussions with China on trade are proceeding well provided further fuel to an already improving equity sentiment. Emerging markets had one of their best week in recent memory, while Europe also managed to perform better than the US in this environment. The mood soured a bit on late Friday, as the results by Apple made the stock fall by more than 6% and hence influence the US indices (on which it carries a big arithmetic weight). Comments by Trump's advisors who tried to play down the improvement in China-US relations, by saying that no imminent deal is under way, did not help either. The event of the week of course is the US mid term elections tomorrow Tuesday, where according to the polls Democrats are poised to win back the House, but Republicans to maintain the Senate majority. Overall, volatility in markets is going to be the name of the game for the whole week.

Besides the good news from China, it was a week of overall positive news. The US employment data were strong for the month of October, with non farm payrolls at 250'000 by far exceeding expectations (185'000) but also wages posting their biggest year-on-year positive change since 2009 (+3.1%). In Europe, the GDP numbers were soft however, with GDP growth for Q3 being announced at a mere +0.2% against the previous quarter. However, the Brexit discussions seem to be in their final stages for a positive outcome which is helping sentiment in the region.

China's announcement of a potential lowering of the purchase of imported automobiles led the auto related stocks to a strong rebound from the abyss they had fallen (Valeo +22%) and helped stocks with China exposure post big gains (Wacker Chemie +17% , BHP Billiton +7%, Arkema +7%). Credit Suisse (+4%) announced results in line with expectations and showing that it is on track to meet its cost reduction plans and improve significantly its Return on Equity. The Communications sector continues to attract investor interest (Telefonica +7%) after recent results show improvement in profitability metrics, despite fierce competition among market players. On the negative side, IBM (-7%) announced an expensive acquisition (Red Hat, software/cloud provider) in an attempt to buy market share in the cloud business, which investors did not like. With a 5.5% dividend yield and a P/E of 9 being invested in the stock pays nicely someone to wait for a potential transformation. Shares of Apple slumped by 6% after the company announced lower sales of iPhones than expected, but higher overall profits.

Government bonds fell as equities improved and especially after the strong numbers out of the US labor market on Friday. The yield of the 10year US Treasury reached a high of 3.2%, up from 3.1% last week but failed to break out of the recent high of 3.25%. Such a move if it happens shortly, it will cause yet again turmoil in equities. The German equivalent yield rose to 0.42% from 0.35% last week.

Gold found resistance at 1'240 and fell to 1'215 as the USD rallied and equities improved, only to jump higher again and finish the week at 1'235 as news broke out for an imminent deal between the US and China. As already mentioned, Gold is currently not a clear safe heaven but its moves are primarily driven by the USD (to which it is negatively correlated). As the USD fell on the news about China, Gold jumped higher, despite the rally in equity markets.

The EUR fell to a low of 1.1310 , the low boundary of a new range of 1.13-1.15 which has been created, and jumped higher to 1.1400. With the midterm elections in the US around the corner, it will be a volatile week for the USD. The GBP should be in focus this week as there are signs that the UK and the E.U. are finally nearing an agreement, which could come as soon as tomorrow, Tuesday. Prime Minister May has called for a parliament meeting for tomorrow, with no agenda announced, sparking speculation that the meeting will be about an agreement with the EU.

	Level	YTD %	Weekly %	52 week high	52 week low
DOW JONES	25270.8	2.2	2.4	26951.8	23242.8
S&P500	2723.1	1.8	2.4	2940.9	2532.7
NASDAQ	7357.0	6.6	2.6	8133.3	6630.7
RUSSELL SMALL CAP	1548.0	0.8	4.3	1742.1	1436.4
EUROPE STOXX50	2945.6	-7.3	2.4	3283.2	2839.3
EUROSTOXX 50	3214.4	-8.3	2.5	3695.3	3090.9
GERMANY DAX	11519.0	-10.8	2.8	13596.9	11051.0
FRANCE CAC40	5102.1	-4.0	2.7	5657.4	4896.8
SWISS SMI	8992.3	-4.2	3.8	9616.4	8372.9
UK FTSE 100	7094.1	-7.7	2.2	7903.5	6851.6
ITALY FTSE 100 MIB	19390.3	-11.3	3.8	24544.3	18411.4
ATHENS GENERAL	619.4	-22.8	-2.2	895.6	610.5
JAPAN TOPIX	1640.4	-8.7	3.9	1911.3	1581.6
CHINA CSI300	3262.4	-18.4	3.7	4403.3	3009.5
HONG KONG	25905.8	-11.5	7.2	33484.1	24540.6
EMERGING MARKETS	996.7	-14.0	6.1	1273.1	934.8
WORLD	2036.7	-3.2	2.8	2249.7	1958.3

Certificates	Price	Weekly %	YTD
KENDRA HIGH CONVICTION	95.3	+5.0	-5.3%
KENDRA HIGH INCOME	92.2	+2.4	-4.8%

Currencies	Price
EURUSD	1.1390
EURCHF	1.1435
GBPUSD	1.3000
EURJPY	129.05
USDJPY	113.25

Commodities	Price
Gold USD	1'235
Gold EUR	1'081
Silver USD	14.72
Oil (Crude USD)	62.9
Oil (Brent USD)	72.6



High Conviction Portfolio

Chart of the Week

	YTD %	Weekly %	CURRENCY	SECTOR
Carrefour SA	-3.4	4.7	EUR	Consumer Staples
IBM	-24.6	-7.3	USD	Information Technology
Siemens	-11.6	2.6	EUR	Industrials
Deutsche Telekom	-2.7	1.3	EUR	Communication Services
Lloyds	-12.6	4.7	GBP	Financials
Vodafone	-35.9	4.5	GBP	Communication Services
Sanofi	8.2	4.4	EUR	Health Care
Societe Generale	-23.0	2.3	EUR	Financials
BHP Billiton	5.8	6.1	GBP	Materials
BNP Paribas	-25.1	-0.6	EUR	Financials
Barclays	-13.5	4.6	GBP	Financials
Valeo	-53.8	21.9	EUR	Consumer Discretionary
Newmont Mining	-13.6	8.1	USD	Materials
Imperial Brands	-17.3	-2.9	GBP	Consumer Staples
Telefonica	-9.5	7.4	EUR	Communication Services
AB Inbev	-28.4	1.1	EUR	Consumer Staples
Vivendi	-2.5	2.9	EUR	Communication Services
Credit Suisse	-25.4	4.0	CHF	Financials
UBS	-20.2	8.9	CHF	Financials
Arkema	-5.8	7.1	EUR	Materials
Altran Technologies	-31.7	7.8	EUR	Information Technology
Travis Perkins	-26.1	16.1	GBP	Industrials
UCB.SA	9.8	1.9	EUR	Health Care
Wacker Chemie	-43.9	17.5	EUR	Materials
AT&T	-21.5	4.9	USD	Communication Services
Walt Disney	7.1	1.8	USD	Communication Services
Dufry	-21.1	6.4	CHF	Consumer Discretionary
Biogen	-1.8	4.2	USD	Health Care
Eurofins Scientific	-12.9	4.7	EUR	Health Care
Straumann	2.0	10.9	CHF	Health Care
Adient	-59.0	8.7	USD	Consumer Discretionary

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

This "Chart of the Week" is the tweet made by President Trump which sparked a rally on Thursday.

With the midterm elections happening tomorrow, one should expect a bombardment of tweets by the President in the coming days and subsequent volatility in financial markets across the world, regardless of the outcome of the elections





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