

Macroeconomic Overview

U.S. Markets

Index	Weekly % Change	YTD % Change
S&P 500	-1.35%	+0.18%
Dow Jones Industrial	-1.21%	+0.87%
NASDAQ Composite	-1.30%	-3.13%
Russell 2000	-2.00%	-3.59%
VIX	+17.25%	-15.65%

U.S. equities indexes followed a bearish trend this week, stopping the firm rally that began in February. Indeed, markets experienced their worst week since February. The S&P 500 started the week by losing 1.01% on Monday, but it erased this loss on Tuesday thanks to a rally in oil prices and a good ISM Non-Manufacturing PMI March report at 54.5, beating the consensus of 54.0. On Thursday, The Federal Open Market Committee released its meeting minutes allowing investors to gain insights on the committee's perspectives after a 3 week lag. Even if the committee was not unanimous, a hike rate in April is very unlikely. The Federal Reserve still worries about the global financial and economic developments, such as a weaker growth in China, that could impact the inflation target rate and the domestic economic growth. In addition, the increasing volatility of the market – the VIX recorded a weekly gain of 17.25% - support the FOMC's conclusions that consider that hiking rates in April "would signal a sense of urgency they did not think appropriate." The Federal Reserve Chair also stated that the US economy is still recovering from the crisis,



S&P 500, DJIA, NASDAQ Composite, Russell 2000 5-day chart.

driving the S&P 500 index on a 5 days loss of 1.35% at 2,047.60 level, while the Dow Jones Industrial decreased to 17,576.96 for a 1.21% weekly loss. The NASDAQ Composite, the technological index, finished the week on 1.30% loss at 4,850.68 level, increasing its year to date loss to 3.13%. As usual, the Russell 2000, the small cap index, suffered more broadly from the general bearish trend with a weekly drop of 2.00%, extending its year to date loss to 3.59%. In the meantime, oil prices have followed a relative upward trend over the week. The West Texas Intermediate oil futures for delivery in May began the week around a price of \$36.40 a barrel and end it at \$39.50/barrel, while Brent contracts attained a level of \$39.60/barrel, for a rise of 1.18% over the week. Regarding the precious metals market, gold finished the week at \$1240.69/ounce with a 2.08% weekly gain while silver ended the week on a 3.04% gain at \$15.37/ounce. The major event in corporate news this week was the termination of the \$160 billion merger between Pfizer and Allergan. On Monday, the Treasury Department issued new regulations to prevent US firms from using inversions techniques, which consists in US companies moving from the American tax environment to a more favorable foreign taxation environment. Allergan being an Irish based company, the deal was terminated, and Pfizer will have to pay a \$400 million fee. Next week, investors will look closely at retail sales and crude oil inventories report on Wednesday and core CPI report on Thursday.

International Markets

Index	Weekly % Change	YTD % Change
BE 500	-0.44%	-9.50%
Stoxx Europe 600	-0.39%	-9.28%
DAX	-1.76%	-10.43%
FTSE 100	+0.95%	-0.61%
CAC 40	-0.44%	-7.20%
Nikkei 225	-2.12%	-16.88%
Shanghai Composite	+0.63%	-15.66%
Shenzhen Composite	+0.11%	-17.09%

International equity markets showed mixed performance last week but remained quiet stable. The Stoxx Europe 600 stayed almost flat with a slight decrease of -0.39% amid concerns about global growth. Despite a disappointing manufacturing production (MoM) report on Friday, which was at -1.1% compared with a consensus

at -0.2%, U.K's FTSE 100 Index finished the week with a gain of 0.95% at its highest level since the beginning of the year at 6,204.41 points. The French CAC 40 index, ended the week on a nearly flat performance of -0.44% at 4303.12 points. The Bank of France increased its growth estimate for the fourth quarter while the industrial production (MoM) was down by 1.0% with a consensus at -0.4%. At the same time, the German DAX was down by 1.76% despite the European Central Bank Chief, Mario Draghi, comments that the ECB will do "whatever is needed" to lift inflation. The Bloomberg European 500 also stayed quiet stable with a -0.4% loss. In Asia, Japan's Nikkei 225 kept following its downward trend with a drop of 2.12% over the week. The Japanese Manufacturing PMI went below 49.1 march, a level which has not been attained since April 2015. Chinese markets secured little gain over the week with the Shanghai Composite and Shenzhen Composite increasing by 0.63% and 0.11% respectively. Next week, China will release its consumer price index on Monday and its retail sales, GDP and industrial production on Friday. The bank of England monetary policy will meet on Thursday and year to year CPI date will be released on Tuesday. The Eurozone will also release its CPI (YoY) on Thursday.