

Macroeconomic Overview

U.S. Markets

Index	Weekly % Change	YTD % Change
S&P 500	-1.26%	+1.05%
Dow Jones Industrial	-1.28%	+2.00%
NASDAQ Composite	-2.67%	-4.63%
Russell 2000	-1.38%	-0.44%
VIX	+18.76%	-13.78%

Markets saw a lot of economic data releases this week as well as many earnings reports for the first quarter. One third of the S&P 500 reported their earnings so far. The trend in the U.S markets was mostly flat until late

Thursday. On Monday, New Home Sales was released under consensus, which stood at 520,000, at 511,000 sales. On Tuesday, Core Durable Goods (MoM) order dropped by -0.2% for a consensus estimate at 0.5%. The Conference Board Consumer Confidence report also fell under consensus at 94.2 for a 96.0 forecast. On Wednesday, Pending Home Sales (MoM) were recorded at 1.4%, which was better than last month, and Crude Oil Inventories were below expectations of 2.366M barrels at 1.999M. The same day, the Fed delivered its decision regarding interest rates. The Federal Reserve Open Market Committee decided not to increase the rates yet, and deleted a paragraph that showed its concerns regarding foreign economic and financial prospects. This was considered as a hawkish sign by most investors, and the market is still expecting the next hike rates in June. On Thursday, markets entered a bearish trend that saw selloff until the closing on Friday. The S&P 500 and the Dow Jones Industrial were on the same path and lost 1.26% and 1.28% over the week, and they finished



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

the week at 2,065.30 and 17,773.64 points respectively. The VIX increased by 18.76% from a level of 13.95 to 15.70 by Friday afternoon. These movements were mostly due by the announcement of a slowdown in the American economy, with a GDP report for the first quarter at 0.5% against a consensus of 0.7%. Despite a good Initial Jobless Claims down by 3,000 claims at 257,000, markets stayed focus on GDP slowdown, and the NASDAQ Composite finished the week with a 2.67% loss for a year to date change of -4.63%. In the same time, the

Russell 2000 was slightly less affected and gave in 1.38% weekly for an almost flat performance year to date. Oil markets were not far from recording their best weekly gain in seven years. WTI contracts for delivery in June increased by 7.69% and finished the week at \$45.92/barrel while Brent contracts were up by 6.69% at \$48.13/barrel. As volatility increased, gold and silver increased by 5.19% at \$1293.53/ounce and by 5.18% at \$17.84/ounce respectively. In the corporate news, DreamWorks Animation was bought by NBCUniversal for \$3.8 billion, which values the company almost 50% above its trading price prior to announcement. Next week, Manufacturing PMI, employment data and retail sales will be release.

International Markets

Index	Weekly % Change	YTD % Change
BE 500	-1.78%	-6.81%
Stoxx Europe 600	-2.00%	-6.65%
DAX	-3.22%	-6.55%
FTSE 100	-1.09%	-0.01%
CAC 40	-3.08%	-4.49%
Nikkei 225	-4.02%	-12.44%
Shanghai Composite	-0.71%	-16.98%
Shenzhen Composite	+0.34%	-18.84%

International equity markets dropped this week. Despite a European Q1 GDP report at 0.6%, above the 0.4% expectations, the Core CPI was at -0.2% for a -0.1% consensus. The European banks also reported disappointing earnings this week, and the Stoxx Europe 600 fell by 2.00%, for a year to date loss of 6.65%. The

Bloomberg European 500 index also followed a bearish trend with a weekly drop of 1.78% and year to date performance almost reaching a negative 7.0% at 6.81%. On Monday, the German Ifo Business Climate index came out below expectations at 106.6, and despite improvement in the job market, with German unemployment report at 2.700M against 2.800M expected, the DAX finished the week at 10,038.97 points for a loss of 3.22%. The CAC 40 also followed the same trend and finished the week at -3.08% for a year to date performance of -4.49%. In the U.K, the Q1 GDP growth was up by 2.1% year over year, but the FTSE 100 finished the week on a 1.09% loss amid concerns about the Brexit referendum.

In Asia, the Bank of Japan surprised investors this week as it announced no extension of its monetary stimulus. Paired up with disappointing earnings and yen strengthening, the Nikkei 225 ended the week with a 4.02% loss. Meanwhile in China, the Shanghai Composite and the Shenzhen Composite ended the week with a drop of 0.71% and an increase of 0.34% respectively. The Central Bank of China increased the yuan peg by 0.56% on Friday, and global markets remain concerned about the credit growth and many defaults of Chinese companies. Next week, Chinese CPI will be reported on Monday, U.K's manufacturing production on Wednesday, Interest rate decision of the Bank of England is expected for Thursday while Germany will release Q1 GDP on Friday.