

RockCreek

AFTERNOON | MARKET UPDATE

GLOBAL MARKET SNAPSHOT

Equity Markets:

Markets finished lower heading into the weekend. Italian stocks were the notable laggard today as Italian Prime Minister Matteo Salvini may call for snap elections as early as this weekend as tensions between coalition partners have been on the rise. U.S. stocks were caught in the crosscurrent between better than expected earnings and New York Fed President Williams walking back his dovish comments from yesterday. Williams mentioned after the close last night that his earlier comments weren't meant to be interpreted as policy recommendations for the upcoming Fed meeting but were general academic findings. Only industrials and energy stocks were able to post gains while the laggards were utilities. Looking ahead to next week, we will receive the highly anticipated earnings reports from tech giants such as Facebook, Amazon and Google.

Developed	1-Day Return	MTD Return	YTD Return	Emerging	1-Day Return	MTD Return	YTD Return
DJIA	-0.2%	2.2%	17.9%	Mexico IPC	0.0%	-3.4%	2.0%
S&P 500	-0.6%	1.3%	20.1%	Bovespa	-1.2%	2.5%	17.7%
Nasdaq	-0.7%	1.8%	23.5%	Chile IPSA	0.2%	-0.4%	-1.0%
Russell 2000	-0.5%	-1.2%	15.6%	Colombia IGBC	1.0%	3.2%	19.9%
EuroStoxx 50	-0.1%	0.3%	19.5%	Warsaw WIG	1.2%	1.2%	5.6%
DAX	0.3%	-1.1%	16.1%	MICEX	-0.1%	0.3%	20.3%
CAC	0.0%	0.3%	20.8%	JSE Africa	0.7%	0.1%	12.3%
FTSE 100	0.2%	1.1%	14.4%	Borsa Istanbul	0.3%	5.6%	15.4%
FTSE MIB	-2.0%	1.9%	22.2%	Hang Seng	1.1%	1.2%	14.1%
IBEX	-0.6%	0.1%	10.5%	Shanghai Comp	0.8%	-1.0%	19.7%
PSI (Portugal)	-0.4%	1.3%	14.6%	KOSPI	1.3%	-1.7%	2.8%
ASE	-0.3%	0.5%	43.8%	Sensex	-1.4%	-2.5%	7.1%
Nikkei	2.0%	0.9%	8.5%	Jakarta Comp	0.8%	1.7%	6.5%
ASX 300	0.8%	1.3%	22.2%	Thai SET	0.7%	0.3%	13.1%

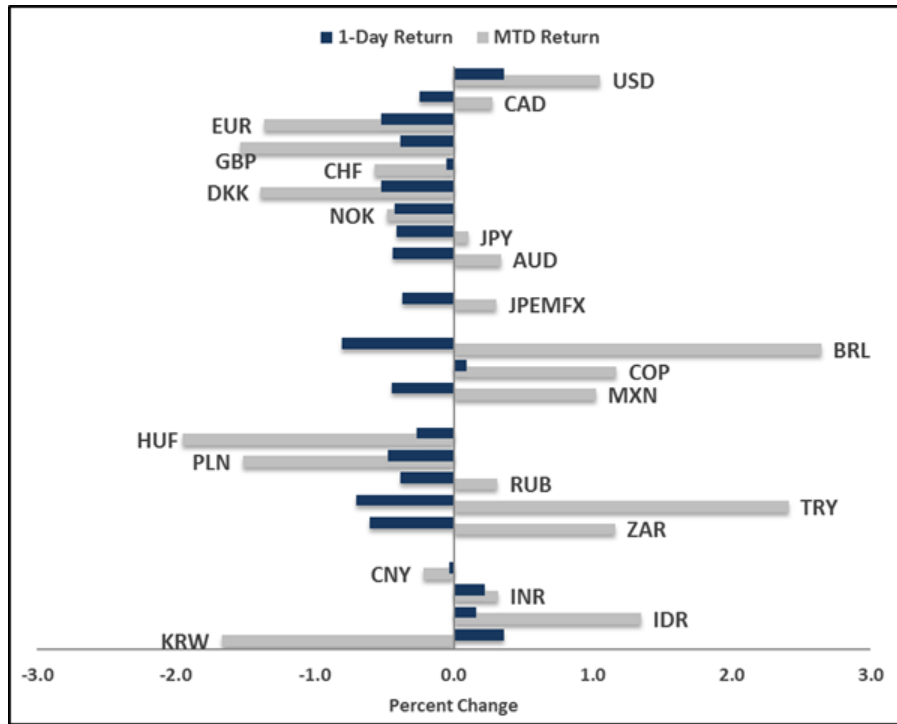
Bond Markets:

With NY Fed President John Williams backtracking on yesterday's comments, the front-end of the yield curve sold-off, while the long-end remained relatively unchanged. Adding to the hawkish shift in sentiment was St. Louis Fed President and FOMC member James Bullard commenting that he would support a 25 bps cut at the July meeting, but doesn't believe a more aggressive move is needed at this time.

Bond	Yield (%)	Δ 1-Day (bps)	Δ MTD (bps)	Δ YTD (bps)
UST 2yr	1.82	↑ 7	↑ 7	↓ -66
UST 5yr	1.81	↑ 5	↑ 5	↓ -70
UST 10yr	2.06	↑ 3	↑ 5	↓ -63
UST 30yr	2.58	↑ 2	↑ 5	↓ -43
UK 10 yr	0.73	↓ -2	↓ -10	↓ -54
GER 10 yr	-0.32	↓ -1	→ 0	↓ -56
FRF 10yr	-0.07	↓ -1	↓ -7	↓ -78
ITL 10yr	1.60	↑ 5	↓ -50	↓ -114
ESP 10yr	0.38	↓ -2	↓ -1	↓ -103
PTE 10yr	0.45	↓ -1	↓ -2	↓ -126
JPY 10yr	-0.14	→ 0	↑ 3	↓ -13

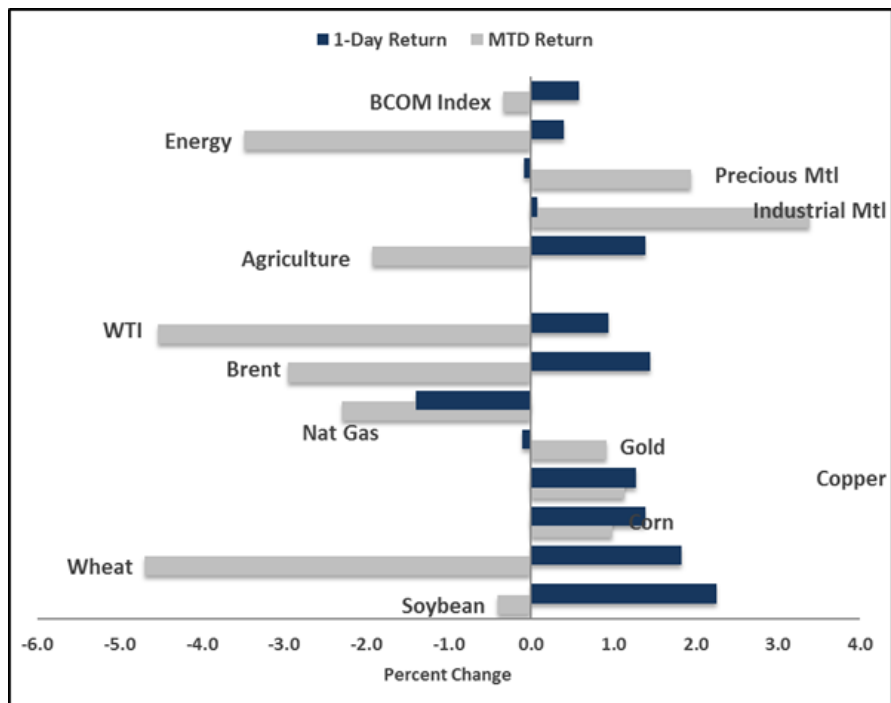
Currency Markets:

The U.S. dollar index increased +0.4% as the greenback recouped yesterday's losses with fairly uniform appreciation seen across the G10.



Commodity Markets:

The Bloomberg Commodities Index rose +0.6% as energy and agriculture broke this week's losing streak. The energy market remained volatile as Iran denied reports that the U.S. had shot down one of its drones, while the U.K. investigates Iran's seizure of two tankers in the Strait of Hormuz – the British-flagged Stena Impero and the Liberian-flagged Mesdar. After a week of selling on forecasts of better growing weather, grains rebounded on technical buying and short covering.



MACRO OVERVIEW

U.S. consumer sentiment improved modestly in July according to the University of Michigan's [Surveys of Consumers](#). The headline index rose 0.2 points to 98.4 as the expectations component offset modest declines in current conditions. In the accompanying release, chief economist Richard Curtin observed that "Perhaps the most interesting change in the July survey was in inflation expectations, with the year-ahead rate slightly lower and the longer term rate moving to the top of the narrow range it has traveled in the past few years...The Consumer Expectations Index falls as inflation expectations rise, signifying that consumers view higher inflation as a threat to economic growth. Higher inflation was related more frequently to rising interest rates and was associated with higher unemployment expectations. While the inflation-unemployment relationship is in the opposite direction of the Phillips curve hypothesis, that relationship is usually based on wage inflation, not overall inflation. Consumers' views appear to be more consistent with the stagflation thesis, which holds that inflation and unemployment move in the same direction. This thesis is more consistent with how consumers process and organize diverse bits of news about the economy."

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