

# RockCreek

## AFTERNOON

## MARKET UPDATE

### GLOBAL MARKET SNAPSHOT

#### Equity Markets:

Global equities largely shrugged off further commentary from President Trump on everything from additional tariffs on China, currency manipulation by trading partners, and detrimental interest rate hikes. The strong gains seen in China overnight (Hang Seng 0.8%, Shanghai Comp 2.1%) were largely sustained through the U.S. session as the iShares MSCI China ETF (MCHI) increased 1.3%. A weaker dollar helped emerging market shares more broadly with EEM gaining 1.4% while LatAm was the strongest performing region. Performance was mixed in the U.S. with more trade sensitive large cap staples seeing a rebound.

Developed	1-Day Return	MTD Return	YTD Return	Emerging	1-Day Return	MTD Return	YTD Return
DJIA	0.0%	3.4%	2.6%	Mexico IPC	0.3%	2.7%	0.4%
S&P 500	-0.1%	3.2%	5.9%	Bovespa	1.4%	8.0%	2.8%
Nasdaq	-0.1%	4.2%	13.9%	Chile IPSA	1.1%	2.4%	-2.4%
Russell 2000	-0.3%	3.3%	11.2%	Colombia IGBC	0.0%	-2.1%	8.0%
EuroStoxx 50	-0.3%	1.9%	1.5%	Warsaw WIG	1.3%	2.4%	-10.1%
DAX	-1.0%	2.1%	-2.8%	MICEX	-0.9%	0.3%	11.0%
CAC	-0.3%	1.4%	4.3%	JSE Africa	1.3%	-1.0%	-2.7%
FTSE 100	-0.1%	0.6%	2.2%	Borsa Istanbul	1.2%	-2.5%	15.4%
FTSE MIB	-0.4%	0.8%	1.9%	Hang Seng	0.8%	-1.7%	-3.3%
IBEX	0.0%	1.4%	-0.7%	Shanghai Comp	2.1%	0.3%	-12.7%
PSI (Portugal)	-0.2%	1.4%	7.9%	KOSPI	0.3%	-1.6%	-7.1%
ASE	-1.6%	-0.3%	-4.6%	Sensex	0.4%	3.2%	8.1%
Nikkei	-0.3%	1.8%	0.7%	Jakarta Comp	0.0%	1.4%	-5.7%
ASX 300	0.4%	1.4%	6.4%	Thai SET	1.5%	4.8%	-2.9%

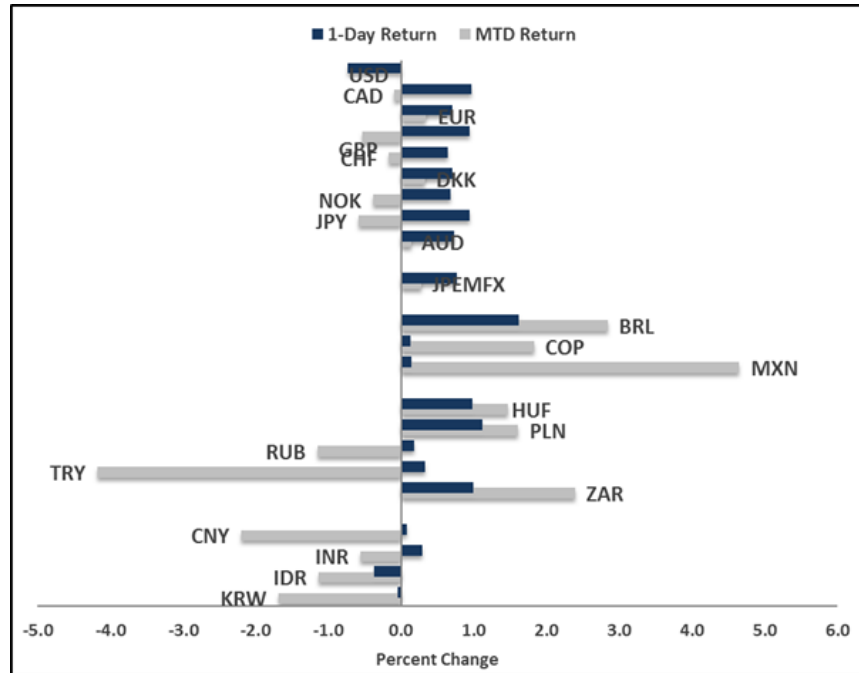
#### Bond Markets:

Treasury bonds experienced their worst performance since mid-May. 10-year and 30-year yields increased 6bps and 7bps, respectively, while the 2s10s spread widened to 30bps. Bunds and Gilts rose in sympathy with 10-year yields up 4bps to 0.37% and 5bps to 1.23%, respectively.

Bond	Yield (%)	Δ 1-Day (bps)	Δ MTD (bps)	Δ YTD (bps)
UST 2yr	2.59	⇒ 0	↑ 6	↑ 71
UST 5yr	2.76	↑ 3	↑ 3	↑ 56
UST 10yr	2.89	↑ 6	↑ 3	↑ 49
UST 30yr	3.03	↑ 7	↑ 4	↑ 29
UK 10 yr	1.23	↑ 5	↓ -5	↑ 4
GER 10 yr	0.37	↑ 4	↑ 7	↓ -5
FRF 10yr	0.68	↑ 5	↑ 1	↓ -10
ITL 10yr	2.58	↑ 8	↓ -9	↑ 58
ESP 10yr	1.31	↑ 3	↓ -1	↓ -25
PTE 10yr	1.77	↑ 3	⇒ 0	↓ -14
JPY 10yr	0.03	↓ -1	⇒ 0	↓ -1

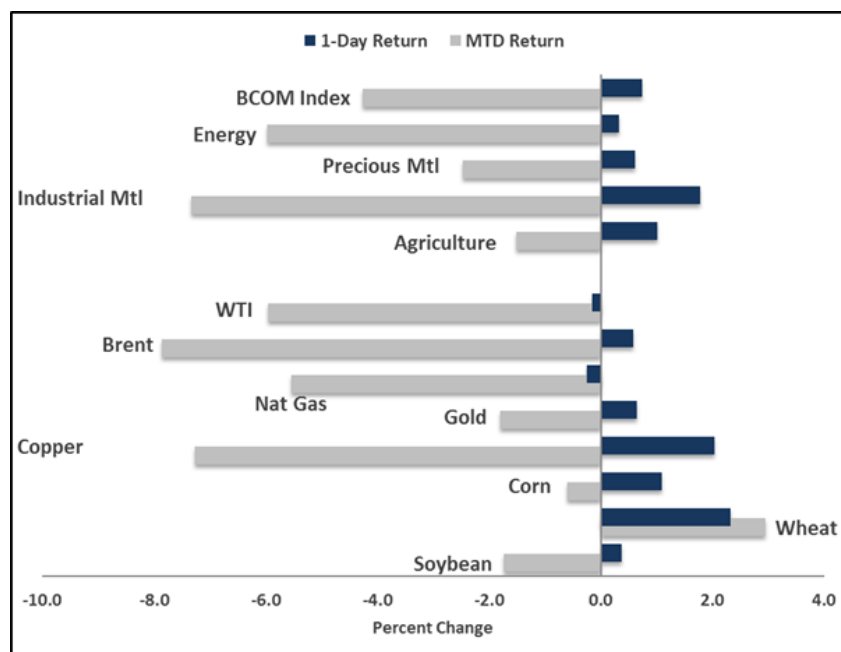
## Currency Markets:

President Trump was successful in taking the air out of the U.S. dollar rally as he criticized China and the European Union for “manipulating their currencies and interest rates lower.” The euro and Chinese renminbi strengthened 0.7% and 0.1%, respectively. Commodity currencies were the strongest performers with Loonie 1.1%, Aussie 0.9%, and Kiwi 1.0%. Similarly, in emerging markets Brazilian real and South African rand led gaining 1.4% and 1.0%, respectively.



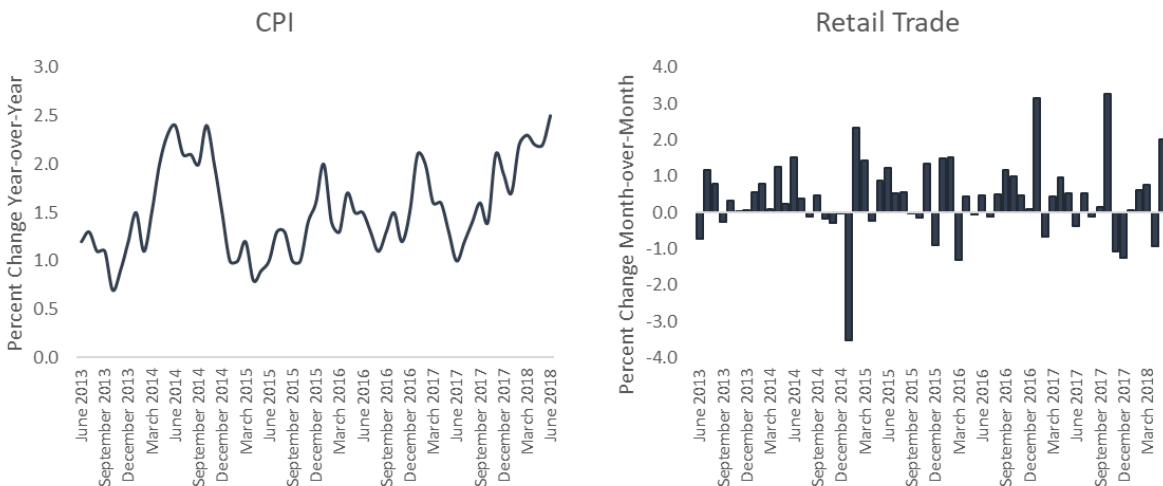
## Commodity Markets:

Commodities were up across the board with the headline Bloomberg Commodity Index gaining 0.8%. Despite President Trump’s threats to slap tariffs on all Chinese imports, grains rallied on Friday with corn 1.1%, wheat 2.3%, and soybeans 0.4%. Wheat led on the day due to ongoing production concerns out of Europe. Spot gold increased 0.7% to \$1,231 per oz on weakness in the dollar, while copper jumped 2.3%.



## MACRO OVERVIEW

While geopolitical headlines were again in the driver's seat, there were a couple notable releases out of Canada that exceeded expectations. [Consumer prices](#) rose 0.1% in June bringing the year-over-year change to 2.5%, which was up from 2.2% in May. This was the largest 12-month increase since February 2012. According to the release, the recent trend higher in the CPI "reflects increases in prices for gasoline and food purchased from restaurants, as well as offsetting factors such as lower price inflation for electricity and telephone services. These movements coincide with recent improvements in the economy and the labour market, as well as an increase in oil prices." Statistics Canada also released its monthly report on [retail trade](#) that showed sales to have increased by 2.0% in May following a -0.9% decline in April. This is compared to consensus expectations for a 1.1% increase. Excluding motor vehicles and gasoline, the main contributors to gains in May, retail sales increased by 0.9%. In response, Canadian 10-year yields rose 7bps to 2.17%, Loonie appreciated 1.1%, and TSX declined -0.7%.



Source: Statistics Canada

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