190401

“No one went broke by taking profits “

Snapshot of some major equity markets

CSI 300 Index (Shanghai and Shenzhen SE)	28.62%
S&P 500	13.26%
Stoxx 600	12.47%

Alhough not at the top, the driving force that propelled stock markets globally in the 1st quarter 2019 was no doubt the S&P 500. The advance can be described as being the largest since 2010.

The cherry on the pie was certainly Friday’s news that US-China trade talks would resume. Sovereign bond yields eased a tad, but not much. So keep an eye on them. MSCI World advanced 12.56% during the first quarter. Such a quarterly advance can only be found a decade ago.

While recent concerns of a darkening outlook for global growth has pulled investors back into sovereign bond markets, pushing yields lower, optimism on trade talks lifted yields back again.

The yield on the benchmark 10-year US bond rose 1.6 basis points to 2.405 per cent, giving up the 2.4 per cent level on Monday for the first time since December 2017, when concerns about global growth were visible across markets. The second charts on page 2 still shows on 0.03% spread between 2 and 10-y UST, worth being watched.

The dollar was slightly firmer despite US inflation data missing forecasts by a small margin and hit an 11-month low.

China signalled a positive outlook for the manufacturing sector today (April 1, 2019) and equities staged a small rally . The numbers eased concerns about global economic growth, as investors waited for clear signs of a breakthrough in trade talks between Washington and Beijing.

As we mentioned in our 2018 retrospective, we still advice caution. Some profits should be taken, or at least covered selling calls slightly out of the money, or using some of the realized profit to buy puts on existing positions .

After all the old saying goes: „buy on rumours, sell on facts“

DCAM

See following charts:

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Source: Bloomberg

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