LOM OFFSHORE FINANCIAL SERVICES

Monthly Global Market Commentary
November 18, 2019

Arrested Development – 11/15/2019
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Markets ended the week largely unmoved until late week gains on Friday. The S&P 500 gained 0.94% while the MSCI World Index gained 0.62% on the week.

Impeachment Inquiry

William Taylor (chargé d'affaires for Ukraine) and George Kent (deputy assistant secretary for European and Eurasian affairs) testified before the House panel, kicking off the impeachment inquiry of President Trump. The Democrats attempted to establish that a quid pro quo arrangement was attempted. The use of an irregular channel of communication (read as a communication line outside of the established procedures) between the White House and Ukraine raised questions of the appropriateness of the communication through the irregular back channels.

The Republicans attempted a number of defenses in their line of inquiry. The most convincing argument probably came from Republican Representative Jim Jordan, who confirmed that neither of the testifying parties were on the actual call and this communication was therefore hearsay. He also pointed out that the witnesses were drawing conclusions from conversations filtered through several other people.

For those interested, here's a link to the transcript of the conversation between Presidents Trump and Zelenskyy. Some wording claimed to be omitted from the report has been disputed but it is largely accepted as a primary document generated by the White House:

https://www.scribd.com/document/427409665/Ukraine-Call-Transcript#from_embed

This process is likely going to end with the House impeaching the President, which would then go to the Senate where it is expected to die. Impeachment would require 67 votes from the Senate, which is majority run by the Republicans. The below link shows third party research on impeachment inquiries.

https://www.businessinsider.com/trump-impeachment-resignation-probabilty-chances-2019

Macroeconomic Data

It was a light week in on the macroeconomic side. Japan missed on almost all macroeconomic indicators. The US missed on the initial jobless claims posting a 225k versus the expected 215k, a 5-month high. This statistic will likely be a bit distorted due to the holiday weekend. On the plus side, Germany managed to escape falling into a technical recession, posting a 0.001 gain in quarterly GDP growth when the consensus was -0.001.

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Stock Market Performance

	10/18/19	W-o-W	M-o-M	Y-o-Y
DJIA	28,020	1.2%	4.7%	10.3%
S&P 500	3,121	1.1%	4.5%	14.1%
MSCI World	2,283	0.7%	4.0%	12.4%
S&P/TSX	17,004	0.7%	3.8%	12.2%
BSX	2,217	-1.2%	8.0%	-6.4%
FTSE100	7,308	-0.3%	2.2%	4.2%
DAX	13,207	0.1%	4.5%	16.5%
CAC	5,930	0.6%	5.2%	18.0%
Nikkei	23,417	0.4%	4.1%	8.0%
Hang Seng	26,681	-0.9%	-0.1%	1.9%
Shanghai	2,909	0.0%	-1.0%	8.6%

Key Rates and Prices

Currencies	10/18/19	Month ago	Year ago
EUR	$1.11	$1.12	$1.14
GBP	$1.30	$1.30	$1.28
JPY	¥108.60	¥108.45	¥112.83
CAD	$0.76	$0.76	$0.76
CHF	$1.01	$1.01	$1.00
AUD	$0.68	$0.69	$0.73
Fixed Income			
3M LIBOR	1.90	1.95	2.64
3M Treasury Bill	1.56	1.67	2.35
2Yr Treasury Note	1.59	1.58	2.80
10Yr Treasury Note	1.81	1.76	3.06
Fed Funds Rate	1.75	2.00	2.25
Commodities			
Gold/oz.	1,471.57	1,489.85	1,221.50
Silver/oz.	17.04	17.55	14.41
Copper/lb.	2.65	2.63	2.81
Oil	56.75	53.78	56.46

Global Economic Calendar (November 18 - November 22)

Mon: Treasury Intl Capital (US)
Tues: Housing Starts (US); Redbook (US); E-Commerce Retail Sales (US)
Wed: MBA Mortgage Applications US); EIA Petroleum Status Report (US)
Thurs: Money Supply (US); Public Sector Finances (GB)
Fri: Baker-Hughes Rig Count (US)