

**April in Review - By Juan Pablo Fukushi, CFA**

April began with the highly-anticipated U.S. Employment situation report on Friday, April 7<sup>th</sup>. The all important Non-Farm Payroll headline came in far below expectations at 98,000 vs. 175,000. Winter storm Stella, a category 3 storm that affected the Northeastern United States during the survey weeks was squarely blamed for this disappointment. On the bright side, the unemployment rate figures fell a pronounced 2 tenths of a percent to 4.5%, printing the lowest unemployment level in almost a decade.

Looking at currency moves over the month, the Canadian dollar was negatively affected by the Trump Administration's initiation of government level trade cases on exports such as dairy, lumber, and aluminum. With accusations of unfair counter export subsidies across its northern border, talk of tariffs combined with falling crude oil prices sent the Loonie down 3% from the time of the first headline on the 18th.

Falling gasoline prices dragged benchmark crude oil futures lower amid strong refinery activity and soft fuel demand. Specifically, U.S. production, which has risen to August 2015 highs, has continued to undermine efforts by the Organization of Petroleum Exporting Countries and its allies to reduce global output. With U.S. crude production on the rise for 9 weeks straight, a number of crude-producing countries, spearheaded by Saudi Arabia, reached a draft agreement to extend output cuts in order to keep prices from falling further.

In Europe, independent candidate, Emmanuel Macron won the primary election round on Sunday the 23<sup>rd</sup> in the highly divisive French Election with a 23.7% share of the vote. He and runner-up candidate Marine Le Pen will face off in the final round of voting on Sunday May 7th. In a country where terrorism and an ongoing migrant crisis are among the key election issues, political correctness may very well motivate voters to lie to pollsters en masse. While Le Pen currently has a lower probability of being elected, her success has the potential to cause severe consequences for the future of the Eurozone and cannot yet be ruled out.

Looking ahead to the month of May, we start our calendars with a meeting of the Governors of the U.S. Federal Reserve on May 3<sup>rd</sup>, after which the U.S. employment situation report comes out on Friday May 5<sup>th</sup>. Sunday May 7<sup>th</sup> has Marine Le Pen facing Emmanuel Macron in the final round of the polemic French election. New Zealand and Australian Central banks hold policy meetings on the 10<sup>th</sup> and 15<sup>th</sup> respectively while we see a rate announcement from the Bank of Canada on the 24<sup>th</sup>.



**Stock Market Performance**

	5/1/17	W-o-W	M-o-M	Y-o-Y
DJIA	20,929	0.8%	1.3%	17.8%
S&P 500	2,388	0.6%	1.1%	15.6%
MSCI World	1,878	0.4%	1.3%	12.4%
S&P/TSX	15,603	-0.7%	0.4%	11.8%
BSX	2,004	3.6%	3.3%	72.2%
FTSE100	7,204	-0.8%	-1.6%	15.4%
DAX	12,438	-0.1%	1.0%	23.9%
CAC	5,267	0.0%	2.8%	18.9%
Nikkei	19,311	2.3%	2.1%	15.9%
Hang Seng	24,615	2.0%	2.1%	16.8%
Shanghai	3,155	0.8%	-2.1%	7.4%

**Key Rates and Prices**

Currencies	5/1/17	Month ago	Year ago
EUR	\$1.09	\$1.07	\$1.15
GBP	\$1.29	\$1.26	\$1.46
JPY	¥111.56	¥111.39	¥106.50
CAD	\$0.73	\$0.75	\$0.80
CHF	\$1.01	\$1.00	\$1.04
AUD	\$0.75	\$0.76	\$0.76

**Fixed Income**

3M LIBOR	1.17	1.15	0.64
3M Treasury Bill	0.80	0.75	0.21
2Yr Treasury Note	1.27	1.26	0.78
10Yr Treasury Note	2.29	2.39	1.83
Fed Funds Rate	1.00	1.00	0.50

**Commodities**

Gold/oz.	1,266.61	1,249.35	1,292.99
Silver/oz.	17.14	18.27	17.84
Copper/lb.	2.60	2.65	2.29
Oil	48.98	50.60	45.92

**Global Economic Calendar (May 1st—May 5th)**

**Mon:** BoJ Minutes (JPN)

**Tue:** RBA Announcement (AU), PMI Composite (JPN)

**Wed:** EIA Petroleum Status Report (US)

**Thurs:** European PMI Reports (EU)

**Fri:** Employment Situation Report (US)

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