



## LGT Vestra Snapshot

### The US show goes on

5 September 2018

August was another positive month for US equities. The US delivered positive performance year to date, whilst geographies across the rest of the world remain flat. The Morgan Stanley US Advantage was up by 7% during the month as the Fund continues its phenomenal run for the year, driven by tech exposure and currency. Yesterday, Amazon joined Apple in the \$1tn market capitalisation group.

The second quarter GDP growth was excellent, both in levels and by the nature of growth. Trade and consumption both grew and all indicators point to another robust third quarter. The trade tensions with China barely impacted the US market and the Iran sanctions are not likely to be of concern. The PMIs eased slightly from July's levels but business investment spending looks robust. Consumption should also continue to support GDP growth, as retail sales rose more than expected in July. Finally, the US labour market strengthens while the wage growth remains modest and productivity appears to be picking up.

In response, the Federal Reserve looks to continue raising rates in a gradual fashion. Interest rates were held steady in August but Jerome Powell's speech at Jackson Hole indicates that the Fed is likely to continue raising rates at a pace of 25 basis points per quarter going forward.

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