



LGT Vestra Snapshot

11 October 2018

A note below from our CIO Jonathan Marriott regarding the recent market moves

After over 3% falls in US stocks last night Asian market are down about 4% as I write this morning. The falls in the US market were led by tech stock but no sectors were entirely immune. The oil price fell sharply and is now 5% below its peak. The European and UK markets are opening down about 1.5% after a similar fall yesterday. The main driver of concern appears to be higher interest rates and bond yields in the US. US bonds had mostly been steady all day but rallied towards the close.

Clients will undoubtedly be unsettled by the headlines following these moves. At the moment the US futures are down about another half percent. The sell-off may not be finished but at the moment I do not see this as a start of another bear market. This afternoon we will get the latest US consumer price inflation which may have an impact on the bond market which could knock on to equity markets. Tomorrow the banks kick off the US reporting season when we expect some positive numbers to come out.

The US market had out performed so far this year and a correction is healthy. The US economy is robust and company earnings and sales in the reporting season are likely to support this view. The UK market seems to have been more insulated, only down circa 1%.

The correction in markets may not be over today but from my point of view an opportunity to buy the market is developing.

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