

US-North Korean military tensions have dominated investor sentiment this week denting equity markets (the Russell 2000 index has already sliced through both the 50 and 100 day moving averages), lowering US bond yields and increasing the price of gold. Admittedly, the price moves seem to be containable so far as investors have looked at historical modern crises and learnt that equity markets soon recover from geo-political tensions. But that could easily change and the corrections become more significant.

Japan machinery orders fell 1.9% mom in June. Japan PPI inflation increases to 2.6% in July from 2.2%. UK industrial production increased 0.5% mom in June “despite Brexit”. [UK export goods volumes](#) increased 2.7% to Europe in 2Q17, total volumes increased 1.4% in the quarter, the 3rd consecutive quarterly increase...the US remains the UK’s leading export partner (13% of total export value from the UK followed by Germany with 11%). French industrial production fell 1.1% mom in June.

US initial jobless claims rose to 244k in the latest week from 241k. **US PPI** fell 0.1% mom in July with the yoy rate easing to 1.9% from 2.0%. [NY Fed President Bill Dudley](#) says the Fed’s outlook “anticipates a continued moderate growth trend, with some further strengthening in the labor market and an increase in inflation over the medium term toward our objective of 2%”

Crude oil prices hit 11 week highs yesterday as OPEC raised global oil demand forecasts (see their monthly oil report [here](#)). Brent oil is at USD51.48 this morning.

The **SNB’s total US equity holdings** stand at a record USD84.3bn...its top 4 holdings are Apple, Alphabet, Microsoft and Amazon. US initial jobless claims increased slightly to 244k in latest week from 241k. US PPI fell 0.1% mom in July, the first monthly drop in 11 months.

The DJIA is on track for its worst week since March. Asian equity markets are slightly in the red this morning. The KOSPI is down 1,7% as President Trump’s rhetoric is “doubled down” on North Korea points to military action..

The Times reports that a pre-emptive US military strike on North Korea would use a fleet of B-1B bombers to take out

Equity Markets

Index	Previous Close	Current	Change (%)
DOW	22048.7	21844.01	-0.93%
S&P	2474.02	2438.21	-1.45%
FTSE	7498.06	7389.94	-1.44%
EGYPT IDX	1230.298	1223.569	-0.55%
JORDAN SE	2144.04	2140.54	-0.16%

Foreign Exchange

	Previous Close	Current	Change (%)
GBP/USD	1.2977	1.2983	0.05%
GBP/JPY	141.721	141.811	0.06%
AUD/USD	0.7875	0.7862	-0.17%
EUR/GBP	0.90716	0.90582	-0.15%
EUR/USD	1.1772	1.176	-0.10%
EUR/JPY	128.56	128.46	-0.08%
USD/JPY	109.2	109.23	0.03%
USD/CHF	0.9626	0.9624	-0.02%
USD/JOD	0.7079	0.7088	0.13%

Commodities

	Previous Close	Current	Change (%)
GOLD	1286.53	1285.02	-0.12%
SILVER	17.1225	17.039	-0.49%
OIL	48.59	48.23	-0.74%

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Market Commentary Friday, 11 August 2017



24 missile launch sites, USDJPY is at 108.95 and EURUSD is at 1,1768 this morning.

Today: German CPI inflation July final (forecast: 1.7%). US CPI inflation July (forecast: 1.8%, core 1.7%)...also labour cost inflation is virtually absent. Fed's Kaplan and Kashkari speak,

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