

NEWSLETTER JULY 2017

INTERNATIONAL UPDATE - CHINESE STOCKS GET INDUCTED

The European Central Bank (ECB) hinted that it might start curtailing its stimulus program as accelerating growth takes hold throughout Europe. The news drove European bond prices lower and yields higher, simultaneously lifting the euro.



China was inducted into the MSCI Emerging Markets Index, a long awaited move by Chinese companies and international investors. MSCI, a U.S. company providing key indices as benchmarks for the global markets, opted to initially include 222 Chinese companies to the index, representing 0.73% of the MSCI Emerging Markets Index. The inclusion will give large institutional investors exposure to Chinese stocks while also elevating China's status on the global equity markets. The MSCI did refuse to add Chinese stocks to its index compilation on three prior attempts.

The results of elections in France dismissed concerns of an immediate French exit from the Euro, thus alleviating tensions in the currency markets. Concurrently, escalating tensions between foreign leaders and the U.S. have shifted some assets to less susceptible positions.

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Sources: Eurostat, ECB, MSCI, Reuters