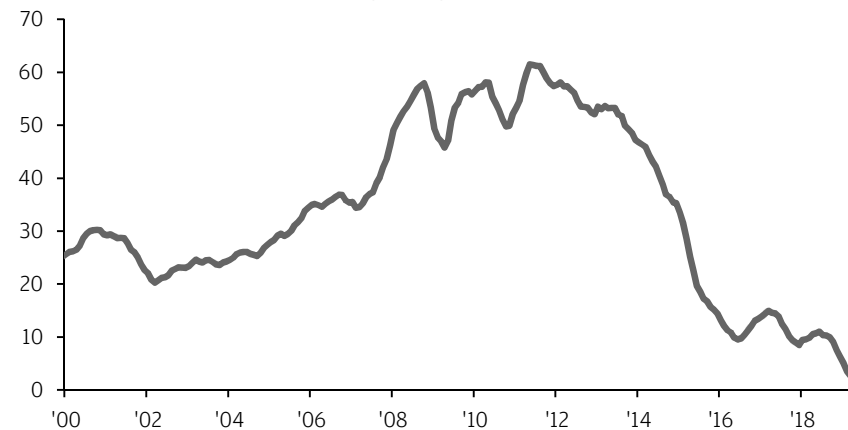


Thought of the week

Rising geopolitical concerns in the Middle East and Venezuela and worries over supply disruption have pushed Brent crude oil prices up by 34% in 2019. While spot prices might have risen, investors shouldn't lose track of the longer-term fundamentals. This week's chart highlights that the US is almost entirely self-sufficient in oil. At its peak in 2011, 60% of the US total trade deficit was due to petroleum. Last year US oil production rose by 17% to a record high of 10.95 million barrels per day, in turn pushing down net petroleum imports to just 3% of the total trade deficit. With an estimated 39.2 billion barrels of proven crude oil reserves in the US, it is likely that the country becomes entirely self-sufficient and even becomes a net exporter of oil to the rest of the world.

Petroleum deficit as a % of overall US trade deficit has been falling

% of US trade deficit, six-month moving average



Source: US Census Bureau, FactSet, J.P. Morgan Asset Management. Data as of 17 May 2019.

The week ahead

Days	Country	Event	Period	Survey	Prior
Mon	Japan	GDP (q/q, ann.)	Q1	-0.2%	1.9%
	Japan	Industrial production (y/y)	Mar	-	-4.6%
Tue	Euro	Consumer confidence	May	-7.7	-7.9
Wed	UK	CPI (y/y)	Apr	2.2%	1.9%
Thu	Euro	PMI Manufacturing	May	48.1	47.9
	Euro	PMI Services	May	53.0	52.8
	Germany	GDP (q/q)	Q1	0.4%	0.4%
	Germany	IFO Business climate	May	99.1	99.2
	Japan	PMI Manufacturing	May	-	50.2
Fri	US	PMI Manufacturing	May	52.7	52.6
	Japan	CPI (y/y)	Apr	0.9%	0.5%
	UK	Retail sales (y/y)	Apr	4.5%	6.7%

Market statistics

Equities	Change (%)		
	Week ago	YTD	Year ago
MSCI Europe	1.7	14.8	-0.3
DAX	1.5	15.9	-6.7
CAC 40	2.1	16.7	0.0
IBEX	1.8	10.5	-5.3
FTSE MIB	1.1	16.3	-7.9
FTSE 100	2.3	11.5	-1.4
S&P 500	-0.7	15.0	7.3
TOPIX	0.3	5.2	-12.0
MSCI EM	-2.9	5.1	-6.5
MSCI China	-3.9	10.0	-14.9
MSCI Brazil	-4.4	2.2	7.7
MSCI AC World	-0.4	13.1	2.4
Energy	1.4	11.8	-9.0
Materials	0.1	8.7	-7.7
Industrials	-0.4	15.3	0.1
Cons discr.	-1.1	14.8	2.0
Cons staples	1.3	14.0	12.9
Healthcare	0.0	5.1	6.6
Financials	-1.3	11.0	-4.1
Technology	-1.1	20.9	6.3
Telecom svc	-0.7	14.3	13.4
Utilities	0.9	9.3	15.2
Value	-0.4	9.8	0.4
Growth	-0.3	16.5	4.4

Fund flows (\$bn)	4-week moving avg.		
	w/e 10/05	w/e 03/05	avg.
Equity	0.3	-11.5	-7.2
Fixed income	5.9	6.4	6.5
Money market	12.3	21.7	-3.6

Bond spreads	Change (bps)			
	Level 17/05	Week ago	YTD	Year ago
Global IG	122	2	-33	14
EMBIG (USD)	379	6	-56	31
Global High Yld	444	9	-101	85

Bond yields (10 yr)				
	Level	Week ago	YTD	Year ago
UK	1.04	-9	-23	-50
Germany	-0.10	-6	-34	-73
USA	2.39	-6	-29	-71
Japan	-0.06	-1	-5	-11
EMD* (local fx)	6.23	0	-22	-20

Commodities				
	Level	Change (%)		
Brent \$/bbl	72	2.3	34.2	-8.9
Gold \$/oz	1281	-0.5	0.1	-0.7
Copper \$/lb	2.75	-1.3	4.6	-10.7

Currency				
	Level			
\$ per €	1.12	1.12	1.14	1.18
£ per €	0.88	0.86	0.90	0.87
\$ per £	1.27	1.30	1.27	1.35
¥ per €	123	123	125	131
¥ per \$	110	110	110	111
CHF per €	1.13	1.14	1.13	1.18

Volatility (%)				
	Level	Week ago	YTD	Year ago
VIX	16	16	25	13

Macro	GDP (%)†	CPI (%)	Valuation	Fwd P/E
Eurozone	1.6	1.7	MSCI Europe	13.5
UK	2.0	1.9	FTSE 100	12.5
US	3.2	2.0	S&P 500	16.5
Japan	1.9	0.5	MSCI EM	11.8
China	5.7	2.5	MSCI World	15.2

Note: All index returns are total returns in local currency. Fund flows are for US-domiciled funds only, excluding ETFs. \*Term = index duration. †GDP q/q seasonally adjusted annual rate.

# The Weekly Brief

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Unless otherwise stated, all data is as of 17/05/2019. Economic releases: Bloomberg.

Equities: All data represents total returns for the stated period.

Fund flows: ICI.

Bond Yields: JPMorgan EMBIG OAS over Treasuries ; Barclays Global Aggregate Corporate OAS; Barclays Global High Yield OAS; Government bond yields: Source: Tullett Prebon Information, UK Government Bonds 10 Year Note Generic Bid Yield; German Government Bonds 10 Year Debencher; Japan 10 Year Bond Benchmark; US Generic Government 10 Year Yield.

Commodities: WTI and Brent are the crude oil price in \$ per barrel, gold is \$ per troy ounce, copper is \$ per pound.

Rates: Bank of England Official Bank Rate; ECB Minimum Bid Refinancing Rate 1 Week; Federal Funds Target Rate; Bank of Japan Target Rate of Unsecured Overnight Call Rate; Bank of China 1 Year Best Lending Rate.

Macro: Headline CPI year on year percentage change; GDP growth quarter on quarter seasonally adjusted annualised rate.