

SCH Advisors – Asian Markets, Earnings Season in the US and Europe

SCH Advisors looks at how the week has started and what factors are going to drive the markets till the end of the month.

MANHATTAN, NEW YORK, UNITED STATES, October 23, 2018 /EINPresswire.com/ -- Asian shares edged lower on Tuesday as earnings season nerves in the U.S. dented Wall Street, while a cocktail of negative factors from Saudi Arabia's diplomatic isolation to concerns over Italy's budget and Brexit talks depressed sentiment.

That rolled back some of the previous session's strong rally led by China stimulus hopes, with the MSCI's broadest index of Asia-Pacific shares outside Japan dropping 0.4 percent. Japan's Nikkei fell 1.25 percent.

U.S. stock futures dropped 0.5 percent in early Asian trade. On Monday the S&P 500 lost 0.43 percent as investors kept a wary eye on earnings amid global growth worries. Enthusiasm over some of the upbeat results was also tempered by the growing political uncertainty around the world.

U.S. President Donald Trump said on Monday he was still not satisfied with what he has heard from Saudi Arabia about the killing of journalist Jamal Khashoggi at its consulate in Turkey.

Trump has expressed reluctance to punish the Saudis economically. But while Saudi Arabia has sought to shield its powerful crown prince from the killing, many officials have cast doubt on Riyadh's narrative.

Several countries, including Germany, Britain, France and Turkey, have pressed Saudi Arabia to provide all the facts. Turkish President Tayyip Erdogan said he will release information about the investigation in a speech on Tuesday.

Any signs of instability in the kingdom, a major oil producer as well as a big investor in financial markets, could have wide-ranging repercussions.

[Brad Tenson, Senior advisor with SCH](#) said in a note, "The possibility of extended issues with Saudi and the Khashoggi situation could have significant repercussions on both sides of the Atlantic, we will have to wait and see how detrimental this could turn out to be."

In Europe, the European Commission will decide on Tuesday the next steps in the procedure for assessing Italy's 2019 draft budget, which has come in for sharp criticism from the EU as it breached its rules.



Saudi Future Investment Initiative - Going Ahead

The euro traded at \$1.1466, having lost 0.44 percent the previous day to edge near its Oct. 9 low of \$1.14325, its lowest level since mid-August.

Although Italian bond prices rose on relief after Moody's did not slap on a negative outlook as the market had feared, investor concerns were palpable in European stock markets.

France's CAC closed at the lowest level in more than a year while Italian shares hit 1-1/2-year lows and Spanish shares ended at their weakest level since late 2016.

The British pound stood at \$1.2965, hovering just above this month's low of \$1.2922 on fears the Irish border issue and disagreements within Britain's ruling Conservatives over Brexit could see Prime Minister Theresa May face a serious leadership challenge.

The yen eased to 112.82 per dollar, touching its lowest levels in about two weeks.

Oil prices were little changed, with WTI trading at \$69.86 per barrel, up 0.2 percent and off two-month low of \$68.27 touched on Monday.

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Jonathan Harper
SCH Advisors
+1 6468095762
[email us here](#)

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