

## MANSARD FUND MARKET REPORT - 9 MAY 2016

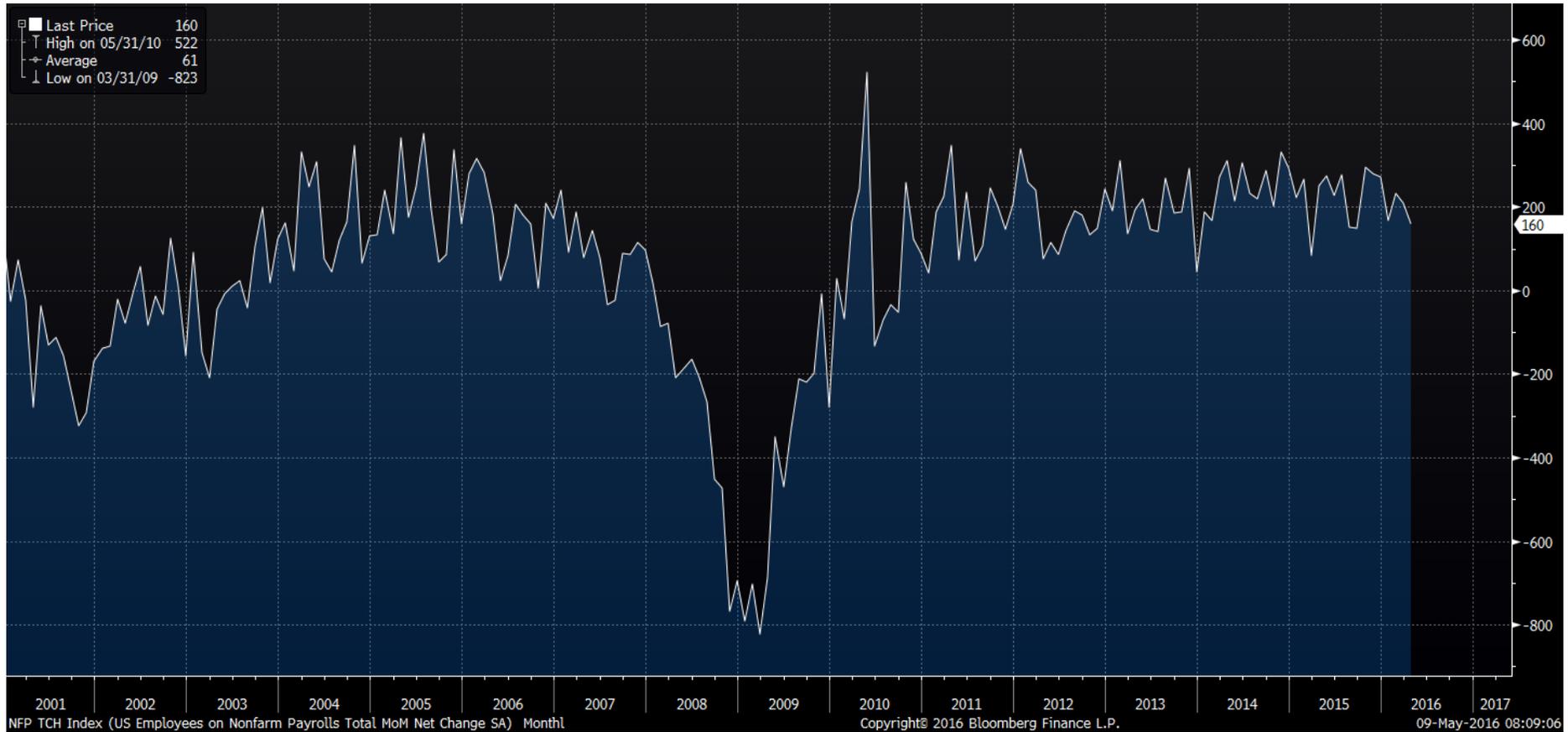
### Market Recap

- Global equities fell this week caused by signs of sluggish global economic growth. The S&P 500 index fell -1.2% whilst the small-cap index Russell 2000 dropped -2.5%.
- April's NFP rose by 160k vs 200k consensus (lowest job growth in 7 months) whilst the unemployment rate held steady at 5.0%. However, going back to the last business cycle from 2001-2007, the average job growth was only 94k per month.
- Government bond markets were well supported as signs of economic slowdown weighed on investors' which supported risk-free assets. US Treasuries were bid mid-week onwards as the market fell 9bp in a week. German Bunds fell 12bp whilst peripheral spreads widened.
- Over in currencies, the Australian dollar sold off after the RBA cut interest rates by 25bp to 1.75%. The Yen started the week strong and heading towards the 105 barrier, but the rally ran out of steam by the end of the week. Cable weakened after UK economic data pointed to slower growth.

### Ags

- Wheat – Dollar recovery has hampered prices. The Kansas crop tour has begun and so far crop potential is rated much better than last year. For those who don't know what a crop tour is, it is basically the same as a holiday tour but points of visits are replaced by fields of crop.
- Soybeans – Continued strength across the bean structure. The impeachment proceedings in Brazil has led the Real stronger. Therefore producers are holding back sales > hope for even strong Real > prices goes up. Another bullish case is brewing over in Argentina, where flooding is destroying crop. CFTC net long positions are building. However, I would personally fade this move – Global stocks are at 79m, even if the USDA cuts 5m of this number, it would still leave inventories as the second-biggest ever.
- Crude – A balance between Canadian wildfires and near-record output from Saudi Arabia. So far Canada is winning.

## NFP MoM



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