

Weekly Economic Update

03 April 2017



FOR PROFESSIONAL ADVISERS ONLY

UK

- The FTSE 100 closed the week at 7,323, down 0.1%. The UK 10 year gilt yield moved from 1.20% to 1.14%.
- As expected, the UK government triggered Article 50 last week to formally start the 2 year departure process from the EU. President of the European council, Donald Tusk, stated relatively quickly that the future trade agreement between the UK and EU should not be discussed until there has been 'sufficient progress' made in talks regarding the UK's exit.
- First minister of Scotland, Nicola Sturgeon, was successful in her enforced vote on a second independence referendum. Scottish parliament voted by 69 to 59 to call for another referendum. Sturgeon then wrote to prime minister, Theresa May, on Friday to request discussions on the matter before Brexit. However, it appears unlikely that the UK government will be willing to entertain Sturgeon's plans until after Brexit, especially following resistance to early trade negotiations from the likes of Tusk and German chancellor Angela Merkel.

GLOBAL

- Global equities edged higher on the whole in a relatively steady week for markets.
- The Commerce Department in the US revised growth figures upwards for the last quarter of 2016. The economy grew by 2.1% rather than 1.9% as previously thought. This meant a slightly higher growth for 2016 of 1.6%. It's an important week for data releases in the US with the monthly jobs report preceded by minutes from the Federal Reserve's March meeting.
- Unemployment in Germany fell to a record low of 5.8% in March. Jobless claims fell by 30,000 from February which is the largest fall in a single month since September 2011, and was approximately 3 times more than forecasts.
- It was a positive week for oil prices, as West Texas Intermediate closed the quarter at \$50.60, despite concerns over an increasing rig count in the US.
- Former president of South Korea, Park Geun-hye, was arrested last week over corruptions claims. She has been accused of helping a friend take millions of pounds from large companies including Samsung in return for political help.
- A leaked document from the US Commerce Department has outlined Donald Trump's planned changes to the North American Free Trade Agreement (NAFTA) that are being described as 'modest' relative to the more extreme rhetoric from his presidential campaign. Some are speculating as to whether this is the start of a more measured approach by Trump following unsuccessful proposals for health care reforms and controversial travel bans.
- Trump is expected to meet Chinese president Xi Jinping in person this week for the first time. There have been clear differences in opinion around issues such as trade that are likely to be addressed in the informal Florida meeting.

Equity Markets	Index Level 31 Mar 17	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	3990	1.2%	4.0%	22.0%
FTSE 100	7323	1.1%	3.7%	23.3%
FTSE 250	18972	1.4%	5.4%	15.3%
MSCI World	1854	0.1%	4.9%	32.5%
S&P 500	2363	-0.9%	4.4%	34.5%
DAX	12313	3.9%	7.1%	33.3%
Nikkei 225	18909	-1.5%	2.0%	30.9%
Hang Seng	24112	0.6%	8.2%	38.1%
MSCI World EM	958	1.5%	9.7%	35.0%

Bond Markets	Yield 31 Mar 17	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	1.44	0.3%	1.6%	6.6%
FTA All Stock ILG Index	-1.70	0.7%	1.9%	19.9%
FTA Over 5 Year ILG Index	-1.69	0.7%	2.0%	22.0%
FTA Under 5 Year FIG Index	0.23	0.0%	0.2%	1.4%
FTA Over 15 Year FIG Index	1.65	0.7%	2.6%	12.3%

Interest Rates & Yields	Yield	Yield	Yield	Yield
	31 Mar 17	28 Feb 17	31 Dec 16	31 Mar 16
UK 10 Year Gilt Yield	1.14	1.15	1.24	1.42
UK 15 Year Gilt Yield	1.49	1.50	1.63	1.96
US 10 Year Treasury Yield	2.39	2.39	2.44	1.77
German 10 Year Yield	0.33	0.21	0.21	0.15
Spanish 10 Year Yield	1.67	1.66	1.38	1.44
Greek 10 Year Yield	6.90	7.06	7.02	8.48
Japan 10 Year Yield	0.07	0.05	0.04	-0.05

Currencies Exchange Rate	31 Mar 17	31 Jan 17	31 Dec 16	31 Mar 16
	GBP / USD	1.25	1.24	1.23
GBP / EURO	1.17	1.17	1.17	1.26
GBP / YEN	139.60	139.00	144.01	161.94

Commodities	Price Level	Price Level	Price Level	Price Level
	31 Mar 17	31 Jan 17	31 Dec 16	31 Mar 16
Oil - WTI \$	50.60	54.01	53.72	38.34
Gold \$	1,249.35	1,248.33	1,152.27	1,232.71
Wheat \$	426.50	424.75	408.00	473.50

Source: Mobius Life, Bloomberg
Please Note: Past performance is not a guide to future performance

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Weekly Economic Update

Upcoming Data Releases



Date	Region	Event	Survey	Actual	Prior
03/04/2017	JN	Nikkei Japan PMI Mfg	--	52.4	52.6
03/04/2017	SP	Markit Spain Manufacturing PMI	54.7	53.9	54.8
03/04/2017	IT	Markit/ADACI Italy Manufacturing PMI	55.1	55.7	55
03/04/2017	FR	Markit France Manufacturing PMI	53.4	53.3	53.4
03/04/2017	GE	Markit/BME Germany Manufacturing PMI	58.3	58.3	58.3
03/04/2017	UK	Markit UK PMI Manufacturing SA	55	54.2	54.6
03/04/2017	US	Markit US Manufacturing PMI	53.5	--	53.4
03/04/2017	US	ISM Manufacturing	57.2	--	57.7
03/04/2017	US	Construction Spending MoM	1.00%	--	-1.00%
04/04/2017	SP	Unemployment MoM Net ('000s)	-40.9	--	-9.4
04/04/2017	US	Trade Balance	-\$44.5b	--	-\$48.5b
04/04/2017	US	Factory Orders	1.00%	--	1.20%
04/04/2017	US	Durable Goods Orders	1.90%	--	1.70%
05/04/2017	US	MBA Mortgage Applications	--	--	-0.80%
05/04/2017	US	ADP Employment Change	195k	--	298k
06/04/2017	GE	Factory Orders MoM	4.00%	--	-7.40%
06/04/2017	US	Initial Jobless Claims	250k	--	258k
07/04/2017	GE	Industrial Production SA MoM	-0.20%	--	2.80%
07/04/2017	FR	Industrial Production MoM	0.50%	--	-0.30%
07/04/2017	FR	Manufacturing Production MoM	0.90%	--	-1.00%
07/04/2017	UK	Halifax House Prices MoM	0.20%	--	0.10%
07/04/2017	UK	Industrial Production MoM	0.20%	--	-0.40%
07/04/2017	UK	Manufacturing Production MoM	0.30%	--	-0.90%
07/04/2017	US	Change in Nonfarm Payrolls	175k	--	235k
07/04/2017	US	Unemployment Rate	4.70%	--	4.70%
07/04/2017	US	Wholesale Inventories MoM	0.40%	--	0.40%

Source: Bloomberg

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