

Weekly Economic Update

12 March 2018



FOR PROFESSIONAL ADVISERS ONLY

UK

- The FTSE 100 closed the week at 7,225, up 2.3%. The UK 10 year gilt yield moved from 1.47% to 1.49%.
- Chancellor of the Exchequer, Philip Hammond, will present his Spring Statement on Tuesday. While Hammond has stated that he will not be making any announcements regarding tax or spending, there will be an estimate of Brexit payments to the EU and their effect on public finances.
- Prime minister Theresa May has proposed changes to planning permission rules in order to encourage house building and address the housing shortage issue in the UK. May proposed more transparency and fairness in regards to how planning permission is granted across different local authorities. May also wanted to target developers that avoid building affordable housing to maintain property prices, stating that authorities should see the records of those applying for permission.

GLOBAL

- Global equities moved higher despite continued concerns of a trade war developing.
- US president Donald Trump's top economic adviser, Gary Cohn, quit last week following Trump's decision to implement tariffs on steel and aluminium imports. Cohn was reportedly opposed to the move which was followed by falls in Japanese equities exposed to the steel tariffs. Trump gave exemptions to Canada and Mexico, albeit temporary, showing a partial softening of his stance.
- The US economy added 313,000 jobs in February, ahead of estimates in the region of 200,000. The unemployment rate remained at 4.1%. Earnings growth slowed marginally but the data was taken on the whole as a signal of continued strength in the US economy, as US stocks rallied.
- The European Central Bank (ECB) left interest rates unchanged on Thursday as expected. However, the ECB withdrew the promise to expand the quantitative easing programme if the economic outlook deteriorates. ECB president Mario Draghi spoke out against Trump's actions on trade, saying 'if you put tariffs on your allies, one wonders who your enemies are'.
- Real GDP in the eurozone climbed by 2.5% last year, which is the highest growth rate for 10 years.
- As expected, China has abolished the limit of two terms for its president, opening the door for president Xi Jinping to rule for a sustained time period. The National People's Congress voted almost unanimously, 2,958 votes out of 2,964, to approve the amendment despite opposition from some pockets of society.

Equity Markets	Index Level 09 Mar 18	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	3993	0.5%	-4.7%	4.1%
FTSE 100	7225	0.1%	-5.2%	2.7%
FTSE 250	20085	2.1%	-2.9%	9.2%
MSCI World	2149	1.1%	0.1%	5.4%
S&P 500	2787	2.3%	2.2%	5.6%
DAX	12347	-0.3%	-4.4%	5.4%
Nikkei 225	21469	-3.3%	-3.0%	4.9%
Hang Seng	30996	-0.1%	1.1%	19.1%
MSCI World EM	1207	0.6%	2.0%	17.9%

Bond Markets	Yield 09 Mar 18	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	1.72	-0.2%	-1.9%	-0.7%
FTA All Stock ILG index	-1.51	-1.2%	-3.4%	-1.9%
FTA Over 5 Year ILG index	-1.50	-1.2%	-3.7%	-2.0%
FTA Under 5 Year FIG Index	0.88	0.0%	-0.6%	-1.1%
FTA Over 15 Year FIG Index	1.85	-0.4%	-2.8%	-0.2%

Interest Rates & Yields	Yield	Yield	Yield	Yield
	09 Mar 18	28 Feb 17	31 Dec 17	09 Mar 17
UK 10 Year Gilt Yield	1.49	1.50	1.19	1.23
UK 15 Year Gilt Yield	1.76	1.75	1.51	1.59
US 10 Year Treasury Yield	2.89	2.86	2.41	2.61
German 10 Year Yield	0.65	0.66	0.43	0.43
Spanish 10 Year Yield	1.44	1.54	1.57	1.84
Greek 10 Year Yield	4.16	4.38	4.07	7.11
Japan 10 Year Yield	0.05	0.05	0.05	0.09

Currencies Exchange Rate	09 Mar 18	28 Feb 17	31 Dec 17	09 Mar 17
	GBP / USD	1.39	1.38	1.35
GBP / EURO	1.12	1.13	1.13	1.15
GBP / YEN	147.96	147.14	152.26	139.68

Commodities	Price Level	Price Level	Price Level	Price Level
	09 Mar 18	28 Feb 17	31 Dec 17	09 Mar 17
Oil - WTI \$	62.04	61.64	60.42	49.28
Gold \$	1,323.30	1,318.38	1,303.05	1,201.17
Wheat \$	489.00	484.50	427.00	426.00

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

Mobius Life Limited

7th Floor, 20 Gresham Street, London EC2V 7JE

t +44 (0) 20 7847 3300 f +44 (0) 20 7847 3399

e enquiries@mobiuslife.co.uk

www.mobiuslife.co.uk

Weekly Economic Update

Upcoming Data Releases



Date	Region	Event	Survey	Actual	Prior
12/03/2018	JN	PPI YoY	2.50%	--	2.70%
13/03/2018	US	CPI MoM	0.20%	--	0.50%
14/03/2018	GE	CPI MoM	0.50%	--	0.50%
14/03/2018	US	MBA Mortgage Applications	--	--	0.30%
14/03/2018	US	Retail Sales Advance MoM	0.30%	--	-0.30%
14/03/2018	US	PPI Final Demand MoM	0.10%	--	0.40%
15/03/2018	US	Initial Jobless Claims	225k	--	231k
16/03/2018	JN	Industrial Production MoM	--	--	-6.60%
16/03/2018	US	Housing Starts	1288k	--	1326k
16/03/2018	US	Industrial Production MoM	0.30%	--	-0.10%

Source: Bloomberg

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7th Floor, 20 Gresham Street, London EC2V 7JE

t +44 (0) 20 7847 3300 f +44 (0) 20 7847 3399

e enquiries@mobiustlife.co.uk

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