

Weekly Economic Update

15 January 2018



FOR PROFESSIONAL ADVISERS ONLY

UK

- The FTSE 100 closed the week at 7,779, up 0.7%. The UK 10 year gilt yield moved from 1.24% to 1.34%.
- Prime minister Theresa May's reshuffle of her cabinet saw the most senior positions unchanged as many refused to leave their roles. One example of this was Jeremy Hunt, who instead of losing responsibility for the Department of Health, gained an additional role leading social care.
- Focus switched back to the National Health Service (NHS) last week following reports of hospitals struggling to cope with surging patient numbers. Critics have accused May's government of prioritising tax cuts for private businesses over the NHS.
- US president Donald Trump has cancelled a visit to the UK that was planned for February, when he was scheduled to open a new US embassy. Many believe that this was done in fear of protests on his arrival. Sadiq Khan, Mayor of London, stated that Trump has 'got the message' from the UK people.

GLOBAL

- Global equities moved higher with government bond yields on the back of solid growth and investor confidence.
- German chancellor Angela Merkel appears to have reached a deal to discuss coalition talks with the Social Democratic Party. Merkel was forced to take this route following the breakdown of talks with two smaller parties. Alternative solutions would be a minority government or another election.
- The euro rallied, reaching a three-year high against the dollar. Many suggest that weakness in the dollar is being driven by the potential movement towards more hawkish monetary policy stances outside of the US as the year progresses.
- North Korea and South Korea are continuing talks following a period of two years without formal communication. An early item on the agenda is a joint ice hockey team for the upcoming Winter Olympics in South Korea.
- China's foreign exchange regulator have rejected reports that they have recommended a slowdown in purchases of US Treasuries. Previous reports of reduced Chinese purchases were followed by a sell off in Treasury bonds.
- Oil prices closed the week at \$64.30, after reaching three-year highs. Price increases follow further co-operation between members of the Organisation of Petroleum Exporting Countries to limit levels of oil production.

Equity Markets	Index Level 12 Jan 18	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	4269	1.1%	1.1%	12.2%
FTSE 100	7779	1.2%	1.2%	11.0%
FTSE 250	20859	0.7%	0.7%	17.1%
MSCI World	2185	2.7%	2.7%	11.8%
S&P 500	2786	3.0%	3.0%	11.4%
DAX	13245	2.2%	2.2%	16.6%
Nikkei 225	23654	3.9%	3.9%	12.8%
Hang Seng	31413	3.6%	3.6%	26.2%
MSCI World EM	1208	3.0%	3.0%	23.0%

Bond Markets	Yield 12 Jan 18	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	1.62	-1.0%	-1.0%	1.7%
FTA All Stock ILG index	-1.61	-1.0%	-1.0%	1.0%
FTA Over 5 Year ILG index	-1.60	-1.1%	-1.1%	1.1%
FTA Under 5 Year FIG Index	0.72	-0.4%	-0.4%	-0.4%
FTA Over 15 Year FIG Index	1.77	-1.5%	-1.5%	3.5%

Interest Rates & Yields	Yield	Yield	Yield	Yield
	12 Jan 18	31 Dec 17	31 Dec 17	12 Jan 17
UK 10 Year Gilt Yield	1.34	1.19	1.19	1.30
UK 15 Year Gilt Yield	1.62	1.51	1.51	1.70
US 10 Year Treasury Yield	2.55	2.41	2.41	2.36
German 10 Year Yield	0.58	0.43	0.43	0.32
Spanish 10 Year Yield	1.50	1.57	1.57	1.40
Greek 10 Year Yield	3.86	4.07	4.07	6.85
Japan 10 Year Yield	0.07	0.05	0.05	0.04

Currencies Exchange Rate	12 Jan 18	31 Dec 17	31 Dec 17	12 Jan 17
	GBP / USD	1.37	1.35	1.35
GBP / EURO	1.13	1.13	1.13	1.14
GBP / YEN	152.30	152.26	152.26	138.98

Commodities	Price Level	Price Level	Price Level	Price Level
	12 Jan 18	31 Dec 17	31 Dec 17	12 Jan 17
Oil - WTI \$	64.30	60.42	60.42	53.01
Gold \$	1,337.95	1,303.05	1,303.05	1,195.40
Wheat \$	420.50	427.00	427.00	426.25

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
15/01/2018	UK	Rightmove House Prices MoM	--	0.70%	-2.60%
15/01/2018	JN	PPI YoY	3.20%	--	3.50%
16/01/2018	JN	Tertiary Industry Index MoM	0.30%	--	0.30%
16/01/2018	GE	CPI MoM	0.60%	--	0.60%
16/01/2018	UK	CPI MoM	0.40%	--	0.30%
16/01/2018	UK	PPI Output NSA MoM	0.20%	--	0.30%
17/01/2018	US	MBA Mortgage Applications	--	--	8.30%
17/01/2018	US	Industrial Production MoM	0.40%	--	0.20%
18/01/2018	JN	Industrial Production MoM	--	--	0.60%
18/01/2018	CH	GDP YoY	6.70%	--	6.80%
18/01/2018	US	Housing Starts	1275k	--	1297k
18/01/2018	US	Initial Jobless Claims	250k	--	261k
19/01/2018	US	U. of Mich. Sentiment	97	--	95.9

Source: Bloomberg

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