

Weekly Economic Update

16 January 2017



FOR PROFESSIONAL ADVISERS ONLY

UK

- The FTSE 100 continued to set record highs, closing the week at 7,328, up 1.6%. The UK 10 year gilt yield ended the week at 1.37%.
- The pound fell to \$1.20, the lowest since October's 'flash crash' and otherwise the lowest level for 31 years. This is amidst reports that Prime Minister Theresa May will take the UK out of the EU's customs union, meaning the potential for tariffs on trade. It is rumoured that May will instead focus on developing freedoms to control immigration into the UK, whilst seeking trade deals with other countries. This would be an example of the much discussed 'hard Brexit' from the EU, which has put downward pressure on the pound in recent months. May is expected to outline her plans for the departure from the EU in a speech this Tuesday.
- Governor of the Bank of England, Mark Carney, signalled that growth forecasts for the UK may be improved when the bank's report on the economy is released next month. Carney stated that risks associated with the departure from the EU posed more 'financial stability risk' to EU members than the UK in the short term.

GLOBAL

- Global equities continued to make gains as we entered earnings season for the Q4 of 2016.
- Donald Trump, President-elect, held his first press-conference since the election last week. Markets are becoming uncertain about the level and the timing of expected fiscal stimulus, as Trump chose not to outline any plans for infrastructure spending or tax cuts that made up a part of his campaign. Trump did confirm that control of his company will be transferred to his sons and that the Affordable Care Act, referred to by Trump as the 'Unaffordable Care Act', will be replaced. The inauguration of Trump as the next president will be held this Friday.
- Retail sales increased 0.6% in the US in December, according to the Commerce Department. This was marginally behind expectations of a 0.7% rise.
- Exports from China fell by 6.1% in December, well below forecasts. Imports rose by 3.1% during the month which was more in line with expectations. China's trade surplus narrowed from \$44.6 billion in November to \$40.8 billion in December.
- The World Bank has predicted global economic growth of 2.7% for 2017. This represents a modest increase from the growth of 2.3% realised in 2016. The increase is expected to be driven by emerging markets and developing economies. India's forecasted growth in the year to March 2017 was lowered from 7.6% to 7%, with the decision to withdraw 1,000 and 500 rupee notes from circulation cited as a reason for the loss of momentum.
- The German economy was confirmed to have grown 1.9% in 2016, up from 1.7% in 2015.
- Oil prices marginally fell, with West Texas Intermediate ending the week shy of \$53.

Equity Markets	Index Level 13 Jan 17	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	3967	2.0%	2.0%	24.5%
FTSE 100	7328	2.6%	2.6%	27.9%
FTSE 250	18361	1.3%	1.3%	12.8%
MSCI World	1783	3.2%	3.2%	40.7%
S&P 500	2278	2.8%	2.8%	45.6%
DAX	11626	3.6%	3.6%	36.0%
Nikkei 225	19287	3.9%	3.9%	32.9%
Hang Seng	22937	6.1%	6.1%	42.6%
MSCI World EM	897	5.3%	5.3%	49.9%

Bond Markets	Yield 13 Jan 17	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	1.63	-0.9%	-0.9%	7.2%
FTA All Stock ILG Index	-1.66	0.3%	0.3%	21.3%
FTA Over 5 Year ILG Index	-1.65	0.3%	0.3%	23.7%
FTA Under 5 Year FIG Index	0.34	-0.2%	-0.2%	1.8%
FTA Over 15 Year FIG Index	1.85	-1.7%	-1.7%	13.3%

Interest Rates & Yields	Yield	Yield	Yield	Yield
	13 Jan 17	31 Dec 16	31 Dec 16	13 Jan 16
UK 10 Year Gilt Yield	1.37	1.24	1.24	1.74
UK 15 Year Gilt Yield	1.76	1.63	1.63	2.10
US 10 Year Treasury Yield	2.42	2.44	2.44	2.09
German 10 Year Yield	0.35	0.21	0.21	0.57
Spanish 10 Year Yield	1.46	1.38	1.38	1.78
Greek 10 Year Yield	6.89	7.02	7.02	8.36
Japan 10 Year Yield	0.05	0.04	0.04	0.21

Currencies Exchange Rate	13 Jan 17	31 Dec 16	31 Dec 16	13 Jan 16
	GBP / USD	1.21	1.23	1.23
GBP / EURO	1.14	1.17	1.17	1.33
GBP / YEN	139.82	144.01	144.01	170.71

Commodities	Price Level	Price Level	Price Level	Price Level
	13 Jan 17	31 Dec 16	31 Dec 16	13 Jan 16
Oil - WTI \$	52.90	53.72	53.72	30.48
Gold \$	1,190.27	1,152.27	1,152.27	1,093.65
Wheat \$	421.50	408.00	408.00	478.00

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
16/01/2017	JN	Tertiary Industry Index MoM	0.2%	0.2%	0.2%
16/01/2017	IT	CPI EU Harmonized YoY	0.5%	0.5%	0.5%
17/01/2017	JN	Industrial Production MoM	--	--	1.5%
17/01/2017	UK	CPI YoY	1.4%	--	1.2%
17/01/2017	UK	CPI Core YoY	1.4%	--	1.4%
17/01/2017	UK	PPI Output NSA MoM	0.4%	--	0.0%
17/01/2017	GE	ZEW Survey Expectations	18.4	--	13.8
18/01/2017	GE	CPI YoY	1.7%	--	1.7%
18/01/2017	UK	Claimant Count Rate	2.3%	--	2.3%
18/01/2017	UK	Jobless Claims Change	5.0k	--	2.4k
18/01/2017	UK	ILO Unemployment Rate 3Mths	0.048	--	0.048
18/01/2017	US	MBA Mortgage Applications	--	--	5.8%
18/01/2017	US	CPI YoY	2.1%	--	1.7%
18/01/2017	US	Industrial Production MoM	0.006	--	-0.004
19/01/2017	JN	Machine Tool Orders YoY	--	--	0.044
19/01/2017	US	Housing Starts	1184k	--	1090k
19/01/2017	US	Initial Jobless Claims	251k	--	247k
20/01/2017	CH	GDP YoY	6.7%	--	6.7%
20/01/2017	CH	Industrial Production YoY	0.061	--	0.062
20/01/2017	CH	Retail Sales YoY	0.107	--	0.108
20/01/2017	UK	Retail Sales Ex Auto Fuel MoM	-0.004	--	0.005

Source: Bloomberg

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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@mobiustlife.co.uk

www.mobiustlife.co.uk