

Weekly Economic Update

19 February 2018

FOR PROFESSIONAL ADVISERS ONLY



UK

- The FTSE 100 closed the week at 7,295, up 3.2%. The UK 10 year gilt yield moved from 1.57% to 1.58%.
- The governor of the Bank of England (BoE), Mark Carney, will speak today on monetary policy and forecasts, in a week where growth and employment figures are to be released. With inflation figures at a higher than expected 3% in January, there has been speculation as to whether the BoE will move quickly to increase rates. Core inflation in fact moved higher in January to 2.7%, from 2.5% in December.
- According to data from Rightmove, property prices in London in February are 1% lower than they were twelve months ago, meaning six successive months of annualised declines. Property prices across the UK increased by 0.8% between January and February.
- Consumer spending in the UK fell by 1.2% in the year to January, according to Visa. Spending has fallen on an annualised basis for eight of the last nine months. This trend has continued into 2018, with declines in in-store purchases outstripping increases in online sales.

GLOBAL

- Global equities climbed higher, recovering from recent sell offs thought to be triggered by fears over higher interest rates and inflation.
- The consumer price index (CPI) in the US climbed by 0.5% in January, the largest monthly increase for five months. This was marginally ahead of forecasts. Core inflation remained at an annualised rate of 1.8% while wages adjusted for inflation fell by 0.2% during the month.
- Retail sales fell by 0.3% in January, although it is unclear as to the significance of seasonal factors in the data. Increased inflation alongside weakening consumer spending will fuel doubts over consumer purchasing power if the trend continues.
- The Federal Reserve will release the minutes of Janet Yellen's last meeting as chair on Wednesday. Investors will scrutinise the wording closely for reactions to higher inflation figures and how this will impact the path of interest rates. Markets are currently pricing in a rate hike for the March meeting.
- GDP growth slowed in Japan in the last quarter of 2017, growing at an annualised rate of 0.5%, relative to median forecasts of 0.9%, and therefore lower than the 2.5% growth in the year up to the end of the third quarter. However, this represented the eighth successive quarter of growth.

Equity Markets	Index Level 16 Feb 18	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	4012	-2.8%	-4.6%	5.1%
FTSE 100	7295	-2.8%	-4.7%	4.2%
FTSE 250	19734	-2.5%	-4.7%	8.4%
MSCI World	2138	-2.3%	-1.9%	5.9%
S&P 500	2732	-2.1%	-1.3%	5.4%
DAX	12452	-4.5%	-3.9%	9.8%
Nikkei 225	21720	-2.1%	-2.5%	6.6%
Hang Seng	31115	-4.4%	0.0%	18.0%
MSCI World EM	1200	-3.3%	-0.1%	15.6%

Bond Markets	Yield 16 Feb 18	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	1.77	-0.5%	-2.5%	-0.1%
FTA All Stock ILG index	-1.51	-0.7%	-3.3%	-0.8%
FTA Over 5 Year ILG index	-1.50	-0.8%	-3.6%	-0.9%
FTA Under 5 Year FIG Index	0.87	-0.1%	-0.6%	-0.9%
FTA Over 15 Year FIG Index	1.90	-0.9%	-3.9%	0.8%

Interest Rates & Yields	Yield	Yield	Yield	Yield
	16 Feb 18	31 Jan 17	31 Dec 17	16 Feb 17
UK 10 Year Gilt Yield	1.58	1.51	1.19	1.26
UK 15 Year Gilt Yield	1.83	1.76	1.51	1.67
US 10 Year Treasury Yield	2.87	2.71	2.41	2.45
German 10 Year Yield	0.71	0.70	0.43	0.35
Spanish 10 Year Yield	1.46	1.43	1.57	1.60
Greek 10 Year Yield	4.24	3.71	4.07	7.68
Japan 10 Year Yield	0.06	0.08	0.05	0.10

Currencies Exchange Rate	16 Feb 18	31 Jan 17	31 Dec 17	16 Feb 17
	GBP / USD	1.40	1.42	1.35
GBP / EURO	1.13	1.14	1.13	1.17
GBP / YEN	148.95	155.12	152.26	141.38

Commodities	Price Level	Price Level	Price Level	Price Level
	16 Feb 18	31 Jan 17	31 Dec 17	16 Feb 17
Oil - WTI \$	61.68	64.73	60.42	53.36
Gold \$	1,347.10	1,345.15	1,303.05	1,239.10
Wheat \$	457.75	451.75	427.00	447.75

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
19/02/2018	UK	Rightmove House Prices MoM	--	0.80%	0.70%
21/02/2018	JN	Nikkei Japan PMI Mfg	--	--	54.8
21/02/2018	JN	All Industry Activity Index MoM	0.40%	--	1.00%
21/02/2018	FR	Markit France Manufacturing PMI	58	--	58.4
21/02/2018	GE	Markit/BME Germany Manufacturing PMI	60.5	--	61.1
21/02/2018	UK	Claimant Count Rate	--	--	2.40%
21/02/2018	UK	Jobless Claims Change	--	--	8.6k
21/02/2018	UK	ILO Unemployment Rate 3Mths	4.30%	--	4.30%
21/02/2018	US	MBA Mortgage Applications	--	--	-4.10%
21/02/2018	US	Markit US Manufacturing PMI	55.5	--	55.5
21/02/2018	US	Existing Home Sales	5.62m	--	5.57m
22/02/2018	GE	IFO Business Climate	117	--	117.6
22/02/2018	UK	GDP QoQ	0.50%	--	0.50%
22/02/2018	US	Initial Jobless Claims	230k	--	230k
22/02/2018	US	Leading Index	0.70%	--	0.60%

Source: Bloomberg

Mobius Life Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Registered in England and Wales at: 7th Floor, 20 Gresham Street, London EC2V 7JE. Registered No. 3104978. For your security telephone conversations may be recorded.

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