

# Weekly Economic Update

22 January 2018



FOR PROFESSIONAL ADVISERS ONLY

## UK

- The FTSE 100 closed the week at 7,731, down 0.6%. The UK 10 year gilt yield ended the week unchanged at 1.34%.
- French president Emmanuel Macron visited the UK last week, stating that the UK should not be able to access the single market without accepting all of the associated rules. Macron warned the UK against 'cherry-picking' elements of the single market that suited it.

## GLOBAL

- Global equities continued to edge upwards, reaching new record highs.
- The US government shut down over the weekend after a bill to continue federal funding into February was blocked by Democratic members of Congress on Friday night. Democrats argued that there was a lack of protection for the 700,000 immigrants that entered the US as children with no documentation. Republicans are instead prioritising spending on the country's military. Thousands of 'non-essential' federal workers have not gone to work this morning.
- The Social Democratic Party in Germany has agreed to enter into negotiations with chancellor Angela Merkel and her party which will potentially see the continuation of the coalition that had been in place between 2013 and 2017. This would result in Merkel's fourth term in office.
- The Chinese economy, as measured by gross domestic product, grew by 6.9% in 2017, up from 6.7% in 2016. This was the first time in 7 years that the annual rate of growth in the Chinese economy had increased.
- The Bank of Canada (BoC) raised overnight rates to 1.25%, citing recent strength in economic data and with inflation close to target. The official report from the BoC also highlighted 'increasing momentum' in the US economy and uncertainty around the future of the North American Free Trade Agreement (NAFTA). Trump has previously spoken of his plans to pull out of NAFTA but he has been advised against this by members of his government. Further NAFTA negotiations are scheduled for this week.
- The International Energy Agency (IEA) has forecasted that US crude oil production could surpass Saudi Arabia's in 2018. The IEA stated that 2017 production in the US was the highest in almost 50 years.
- The European Central Bank meet this week but are expected to hold off any decisions as to the future of their quantitative easing programme until March.

Equity Markets	Index Level 19 Jan 18	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	4241	0.5%	0.5%	12.6%
FTSE 100	7731	0.6%	0.6%	11.6%
FTSE 250	20653	-0.3%	-0.3%	16.4%
MSCI World	2207	2.5%	2.5%	13.0%
S&P 500	2810	2.6%	2.6%	12.4%
DAX	13434	3.3%	3.3%	18.3%
Nikkei 225	23808	3.9%	3.9%	15.6%
Hang Seng	32255	5.1%	5.1%	28.0%
MSCI World EM	1233	3.9%	3.9%	25.4%

Bond Markets	Yield 19 Jan 18	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	1.62	-1.0%	-1.0%	2.6%
FTA All Stock ILG index	-1.57	-1.1%	-1.1%	3.2%
FTA Over 5 Year ILG index	-1.57	-1.2%	-1.2%	3.6%
FTA Under 5 Year FIG Index	0.71	-0.3%	-0.3%	-0.2%
FTA Over 15 Year FIG Index	1.77	-1.5%	-1.5%	5.0%

Interest Rates & Yields	Yield	Yield	Yield	Yield
	19 Jan 18	31 Dec 17	31 Dec 17	19 Jan 17
UK 10 Year Gilt Yield	1.34	1.19	1.19	1.41
UK 15 Year Gilt Yield	1.62	1.51	1.51	1.78
US 10 Year Treasury Yield	2.66	2.41	2.41	2.47
German 10 Year Yield	0.57	0.43	0.43	0.38
Spanish 10 Year Yield	1.44	1.57	1.57	1.48
Greek 10 Year Yield	3.80	4.07	4.07	7.00
Japan 10 Year Yield	0.08	0.05	0.05	0.07

Currencies Exchange Rate	19 Jan 18	31 Dec 17	31 Dec 17	19 Jan 17
	GBP / USD	1.39	1.35	1.35
GBP / EURO	1.13	1.13	1.13	1.16
GBP / YEN	153.30	152.26	152.26	141.98

Commodities	Price Level	Price Level	Price Level	Price Level
	19 Jan 18	31 Dec 17	31 Dec 17	19 Jan 17
Oil - WTI \$	63.37	60.42	60.42	51.37
Gold \$	1,331.85	1,303.05	1,303.05	1,204.82
Wheat \$	422.75	427.00	427.00	423.50

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
23/01/2018	JN	All Industry Activity Index MoM	0.80%	--	0.30%
23/01/2018	UK	Public Sector Net Borrowing	4.3b	--	8.1b
23/01/2018	GE	ZEW Survey Current Situation	89.6	--	89.3
23/01/2018	GE	ZEW Survey Expectations	17.7	--	17.4
23/01/2018	US	Richmond Fed Manufact. Index	18	--	20
23/01/2018	JN	Trade Balance	¥535.0b	--	¥113.4b
23/01/2018	JN	BOJ Policy Balance Rate	-0.10%	--	-0.10%
24/01/2018	JN	Nikkei Japan PMI Mfg	--	--	54
24/01/2018	FR	Markit France Manufacturing PMI	58.6	--	58.8
24/01/2018	FR	Markit France Composite PMI	59.2	--	59.6
24/01/2018	GE	Markit/BME Germany Composite PMI	58.5	--	58.9
24/01/2018	UK	Claimant Count Rate	--	--	2.30%
24/01/2018	UK	Jobless Claims Change	--	--	5.9k
24/01/2018	US	MBA Mortgage Applications	--	--	4.10%
24/01/2018	US	Markit US Composite PMI	--	--	54.1
24/01/2018	US	Existing Home Sales	5.70m	--	5.81m
25/01/2018	GE	IFO Business Climate	117	--	117.2
25/01/2018	US	Initial Jobless Claims	235k	--	220k
25/01/2018	US	New Home Sales	675k	--	733k
25/01/2018	JN	Tokyo CPI Ex-Fresh Food YoY	0.80%	--	0.80%
26/01/2018	FR	Consumer Confidence	106	--	105
26/01/2018	FR	Manufacturing Confidence	112	--	112
26/01/2018	UK	GDP QoQ	0.40%	--	0.40%
26/01/2018	US	Durable Goods Orders	0.90%	--	1.30%

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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