

Weekly Economic Update

28 November 2016

FOR PROFESSIONAL ADVISERS ONLY



UK

- The FTSE 100 closed the week at 6,838, up 1.0%. The UK 10 year gilt yield moved from 1.46% to 1.42%.
- The Office for National Statistics revealed at the end of last week that GDP climbed by 0.5% in the third quarter driven by a strong growth of 0.9% in business investment. Trade made a larger contribution to the growth figure than it has in almost 3 years, as exports were helped by the weakening of the pound. Household spending also supported growth, up 0.7% in the 3 months to September, but is forecasted to slow down next year as inflation is expected to outpace wage increases.
- Philip Hammond, chancellor, made his first Autumn Statement, stating that government finances will be an estimated £122 billion worse off by the year 2020 than previously forecasted. The government will no longer target a budget surplus in 2020, with the target being changed to as soon as possible after, due to leaving the EU. The income tax threshold will be raised from £11,000 to £11,500 with the higher rate threshold to rise to £45,000 from £40,000, in time for the tax year ending in 2018. Fuel duty was held at the current level as expected.

GLOBAL

- Global equities resumed their steady ascent last week as growth and inflation forecasts continue to support markets as investors anticipate fiscal stimulus in the US.
- Equity indices in the US reached highs as all 4 of the major indices all simultaneously set new records. Data releases in the US provided further backing to a December rate rise. Durable goods orders climbed by 4.8% in October alone, growing 3 times more than forecasted. President-elect Donald Trump reiterated his desire to withdraw from the Trans-Pacific trade agreement as a priority when he comes into office. The US will soon turn their focus away from the Black Friday weekend to employment data, expected at the end of the week.
- Chancellor Angela Merkel will take her Christian Democratic Union party to next year's elections, looking for a potential fourth term. Having seen her party's popularity sinking, she appears to be hardening her stance on immigration policy after facing criticism for her previous open-door approach to migrants.
- Former French president, Nicolas Sarkozy, has failed in his attempts to return to office after coming third in the conservative primary election. He subsequently announced his retirement from politics and announced his support for Francois Fillon, ex prime-minister, who won the majority of the vote.
- Consumer prices in Japan fell by 0.4% in the year to October, falling for the eighth month in succession.
- Turkey raised its interest rate from 7.5% to 8.0% in a bid to support the weakening lira.
- Oil prices continued to rise as the Organisation of the Petroleum Exporting Countries plan to meet this week in Vienna. WTI oil (West Texas Intermediate) edged upwards, ending the week at \$46.57.

Equity Markets	Index Level 25 Nov 16	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	3718	-1.1%	11.8%	11.1%
FTSE 100	6838	-1.2%	13.9%	12.3%
FTSE 250	17599	0.4%	3.5%	5.7%
MSCI World	1713	-0.4%	24.9%	25.7%
S&P 500	2210	2.0%	30.1%	30.8%
DAX	10690	-4.9%	15.1%	15.9%
Nikkei 225	18381	-3.8%	22.6%	21.9%
Hang Seng	22723	-2.6%	27.4%	27.3%
MSCI World EM	852	-7.6%	29.9%	27.0%

Bond Markets	Yield 25 Nov 16	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	1.72	-1.6%	7.8%	7.2%
FTA All Stock ILG Index	-1.56	-4.1%	21.8%	19.4%
FTA Over 5 Year ILG Index	-1.56	-4.5%	24.6%	21.9%
FTA Under 5 Year FIG Index	0.40	0.1%	2.2%	2.1%
FTA Over 15 Year FIG Index	1.95	-3.2%	14.1%	13.0%

Interest Rates & Yields	Yield	Yield	Yield	Yield
	25 Nov 16	31 Oct 16	31 Dec 15	25 Nov 15
UK 10 Year Gilt Yield	1.42	1.25	1.96	1.88
UK 15 Year Gilt Yield	1.81	1.61	2.29	2.22
US 10 Year Treasury Yield	2.38	1.83	2.27	2.23
German 10 Year Yield	0.24	0.16	0.63	0.47
Spanish 10 Year Yield	1.57	1.20	1.77	1.57
Greek 10 Year Yield	6.87	8.22	8.07	7.12
Japan 10 Year Yield	0.03	-0.05	0.27	0.31

Currencies Exchange Rate	25 Nov 16	31 Oct 16	31 Dec 15	25 Nov 15
	GBP / USD	1.25	1.22	1.47
GBP / EURO	1.18	1.12	1.36	1.42
GBP / YEN	140.84	128.38	177.09	185.41

Commodities	Price Level	Price Level	Price Level	Price Level
	25 Nov 16	31 Oct 16	31 Dec 15	25 Nov 15
Oil - WTI \$	46.57	46.86	37.04	43.04
Gold \$	1,179.45	1,277.30	1,061.42	1,071.15
Wheat \$	397.00	416.25	470.00	479.25

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
28/11/2016	IT	Consumer Confidence Index	107.6	107.9	108
28/11/2016	JN	Jobless Rate	0.03	--	0.03
28/11/2016	JN	Job-To-Applicant Ratio	1.39	--	1.38
29/11/2016	FR	GDP QoQ	0.002	--	0.002
29/11/2016	SP	CPI EU Harmonised YoY	0.004	--	0.005
29/11/2016	UK	Mortgage Approvals	65.0k	--	62.9k
29/11/2016	GE	CPI YoY	0.008	--	0.008
29/11/2016	US	GDP Annualized QoQ	0.03	--	0.029
29/11/2016	US	Consumer Confidence Index	101.3	--	98.6
29/11/2016	JN	Industrial Production MoM	0	--	0.006
30/11/2016	FR	CPI YoY	0.005	--	0.004
30/11/2016	GE	Unemployment Change ('000's)	-5k	--	-13k
30/11/2016	IT	CPI EU Harmonized YoY	0.001	--	-0.001
30/11/2016	US	MBA Mortgage Applications	--	--	0.055
30/11/2016	US	ADP Employment Change	160k	--	147k
30/11/2016	US	U.S. Federal Reserve Releases Beige Book			
01/12/2016	JN	Nikkei Japan PMI Mfg	--	--	51.1
01/12/2016	CH	Manufacturing PMI	51	--	51.2
01/12/2016	SP	Markit Spain Manufacturing PMI	53.6	--	53.3
01/12/2016	IT	Markit/ADACI Italy Manufacturing PMI	51.3	--	50.9
01/12/2016	FR	Markit France Manufacturing PMI	51.5	--	51.5
01/12/2016	GE	Markit/BME Germany Manufacturing PMI	54.4	--	54.4
01/12/2016	UK	Markit UK PMI Manufacturing SA	54.3	--	54.3
01/12/2016	IT	GDP WDA QoQ	0.003	--	0.003
01/12/2016	US	Initial Jobless Claims	253k	--	251k
01/12/2016	US	Markit US Manufacturing PMI	53.9	--	53.9
01/12/2016	US	ISM Manufacturing	52.2	--	51.9
02/12/2016	SP	Unemployment MoM Net ('000s)	-25.6	--	44.7
02/12/2016	US	Change in Nonfarm Payrolls	175k	--	161k
02/12/2016	US	Unemployment Rate	0.049	--	0.049

Source: Bloomberg

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