

# Weekly Economic Update

31 May 2016



FOR PROFESSIONAL ADVISERS ONLY

## UK

- The FTSE 100 closed the week at 6,271, up 1.9%. The UK 10 year gilt yield moved from 1.45% to 1.44%.
- The UK economy first quarter gross domestic product (GDP) was revised slightly lower following a second estimate release. The economy grew at 2% year on year, and 0.4% quarter on quarter.
- The latest opinion polls last week pointed toward a vote to stay in the European Union for the referendum taking place June 23<sup>rd</sup>.

## GLOBAL

- Global markets posted positive returns following a pickup in oil prices and firmer economic data. Markets participants digested the possibility of a rate rise from the Federal Reserve, following hawkish rhetoric.
- Federal Reserve member Jerome Powell made comments last week that the US economy is on a "solid footing" and that "another rate increase may be appropriate fairly soon". Friday saw the chairman of the Federal Reserve, Janet Yellen, suggest that a rate hike is likely "in the coming months". Markets are looking towards the next Federal Open Market Committee meetings in mid June and July, assigning a higher probability of a rate hike.
- US economic data posted last week was taken positively by the market. New US home sales rose to an eight year high, April durable goods orders grew at 3.4% and revised US GDP figures showed the economy grew slightly faster in the first quarter, at 0.8%.
- Eurozone consumer confidence was positive for a second month, and in particular France showed surprising strength as the reading reached the highest level in 15 years. The flash composite PMI reading for the Eurozone modestly fell to 52.9 from 53 in May, a level greater than 50 still represents a positive trend in the data. The German IFO business survey for May rose to the highest level this year, reaching 107.7.
- A release of second estimates of European first quarter gross domestic product figures showed Germany grew at 0.7% quarter on quarter, Spain was up 0.8% on the quarter and 3.4% on the year, and French economic growth was revised higher following sharper recorded rises in investment and consumer spending.
- A deal on Greece's debt was made between the Greek Government and creditors, with the country receiving further aid of €10.3 billion to avoid default.
- Japanese exports for April fell 10.1% from a year ago in line with market expectations. Economic forecasters cited the strength in the yen for the weaker data point.
- Chinese data released by the government showed industrial profits increased 4.2% year on year, though this was at a slower pace than posted in March.
- West Texas Intermediate (WTI) oil prices managed to pass the \$50 level during the week as a result of supply side disruptions and inventory data. WTI oil prices ended the week at \$49.3.

Equity Markets	Index Level 27 May 16	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	3448	1.2%	2.0%	-6.3%
FTSE 100	6271	1.0%	2.5%	-7.3%
FTSE 250	17232	2.9%	0.1%	-2.9%
MSCI World	1676	0.7%	2.9%	0.4%
S&P 500	2099	1.8%	4.4%	5.8%
DAX	10286	-0.3%	-1.0%	-6.4%
Nikkei 225	16835	-0.7%	-1.7%	-3.0%
Hang Seng	20577	-1.8%	-4.5%	-20.4%
MSCI World EM	808	-3.7%	3.2%	-14.6%

Bond Markets	Yield 27 May 16	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	1.89	1.6%	5.3%	6.2%
FTA All Stock ILG Index	-0.92	1.9%	5.3%	3.2%
FTA Over 5 Year ILG Index	-0.92	2.1%	6.0%	3.7%
FTA Under 5 Year FIG Index	0.64	0.2%	1.4%	2.1%
FTA Over 15 Year FIG Index	2.14	3.0%	9.2%	9.9%

Interest Rates & Yields	Yield 27 May 16	Yield 30 Apr 16	Yield 31 Dec 15	Yield 27 May 15
	UK 10 Year Gilt Yield	1.44	1.60	1.96
UK 15 Year Gilt Yield	1.96	2.09	2.29	2.28
US 10 Year Treasury Yield	1.85	1.83	2.27	2.13
German 10 Year Yield	0.14	0.27	0.63	0.55
Spanish 10 Year Yield	1.48	1.59	1.77	1.80
Greek 10 Year Yield	7.17	8.41	8.07	10.84
Japan 10 Year Yield	-0.12	-0.09	0.27	0.39

Currencies Exchange Rate	27 May 16	30 Apr 16	31 Dec 15	27 May 15
	GBP / USD	1.46	1.46	1.47
GBP / EURO	1.31	1.28	1.36	1.41
GBP / YEN	160.90	156.25	177.09	189.83

Commodities	Price Level 27 May 16	Price Level 30 Apr 16	Price Level 31 Dec 15	Price Level 27 May 15
	Oil - WTI	49.3	45.9	37.0
Gold	1213	1293	1061	1188
Wheat	482	478	470	488

Source: Mobius Life, Bloomberg  
Please Note: Past performance is not a guide to future performance

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## Upcoming Data Releases



Date	Region	Event	Survey	Actual	Prior
31/05/2016	IT	CPI EU Harmonized YoY	-0.30%	--	-0.40%
31/05/2016	IT	GDP WDA QoQ	0.30%	--	0.30%
31/05/2016	US	Personal Income	0.40%	--	0.40%
31/05/2016	US	Personal Spending	0.70%	--	0.10%
31/05/2016	US	Consumer Confidence Index	96.3	--	94.2
01/06/2016	CH	Manufacturing PMI	50	--	50.1
01/06/2016	CH	Non-manufacturing PMI	--	--	53.5
01/06/2016	CH	Caixin China PMI Mfg	49.2	--	49.4
01/06/2016	JN	Nikkei Japan PMI Mfg	--	--	47.6
01/06/2016	UK	Nationwide House PX MoM	0.30%	--	0.20%
01/06/2016	SP	Markit Spain Manufacturing PMI	52.5	--	53.5
01/06/2016	IT	Markit/ADACI Italy Manufacturing PMI	53	--	53.9
01/06/2016	FR	Markit France Manufacturing PMI	48.3	--	48.3
01/06/2016	GE	Markit/BME Germany Manufacturing PMI	52.4	--	52.4
01/06/2016	UK	Markit UK PMI Manufacturing SA	49.6	--	49.2
01/06/2016	US	Markit US Manufacturing PMI	50.5	--	50.5
01/06/2016	US	ISM Manufacturing	50.4	--	50.8
01/06/2016	US	Construction Spending MoM	0.60%	--	0.30%
01/06/2016	US	U.S. Federal Reserve Releases Beige Book			
02/06/2016	UK	Markit/CIPS UK Construction PMI	52	--	52
02/06/2016	US	ADP Employment Change	175k	--	156k
02/06/2016	US	Initial Jobless Claims	270k	--	268k
03/06/2016	CH	Caixin China PMI Composite	--	--	50.8
03/06/2016	JN	Nikkei Japan PMI Composite	--	--	48.9
03/06/2016	SP	Markit Spain Composite PMI	54.2	--	55.2
03/06/2016	IT	Markit/ADACI Italy Composite PMI	52.5	--	53.1
03/06/2016	FR	Markit France Composite PMI	51.1	--	51.1
03/06/2016	GE	Markit/BME Germany Composite PMI	54.7	--	54.7
03/06/2016	UK	Markit/CIPS UK Composite PMI	52.3	--	51.9
03/06/2016	US	Trade Balance	-\$41.0b	--	-\$40.4b
03/06/2016	US	Change in Nonfarm Payrolls	160k	--	160k
03/06/2016	US	Unemployment Rate	5.00%	--	5.00%
03/06/2016	US	Markit US Composite PMI	--	--	50.8
03/06/2016	US	Durable Goods Orders	--	--	3.40%
06/06/2016	GE	Markit Germany Retail PMI	--	--	51
06/06/2016	FR	Markit France Retail PMI	--	--	48.2
06/06/2016	IT	Markit Italy Retail PMI	--	--	42.6
07/06/2016	GE	Industrial Production WDA YoY	--	--	0.30%
07/06/2016	UK	Halifax House Prices MoM	--	--	-0.80%

Source: Bloomberg

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