

Weekly Economic Update

05 September 2016



FOR PROFESSIONAL ADVISERS ONLY

UK

- The FTSE 100 closed the week at 6,895, up 0.8%. The UK 10 year gilt yield moved from 0.53% to 0.73%.
- The Markit purchasing managers index (PMI), an indicator of growth in the manufacturing sector, rose from 48.3 to 53.3 in August. Numbers above 50 are representative of an expansion, and the sharp rebound suggests that the manufacturing sector has returned to growth following the Brexit vote. The data is supported by figures from CBI released during the previous week, where exports were shown to have risen to their highest level in 2 years following the weakening of the pound. According to Markit, the increase in the PMI reading between July and August was the joint highest in the survey's history. The pound climbed by up to 1% against the dollar.

GLOBAL

- Global equity markets were mixed for the week as investors digested varying economic data. Job additions in the US were reasonable, but below expectations. The UK was positively surprised by manufacturing data, while volatility in the oil price continued.
- US jobs data released on Friday showed that 151,000 jobs were added during the month of August, below estimates which were in the region of 180,000. There was a positive revision for the July figure, with 275,000 jobs now understood to have been added during the month instead of 255,000. The Department of Labour also revealed that the unemployment rate remained unchanged at 4.9%. The Institute for Supply Management announced on Thursday that its manufacturing index fell to 49.4 in August from 52.6 in the previous month, signalling a contraction in the sector. It is expected that the combined impact of data releases was a lowering of the probability of the Federal Reserve raising rates this month.
- The eurozone's consumer price index (CPI) remained at 0.2% in August. Following the introduction of negative interest rates by the European Central Bank (ECB), analysts had been forecasting a marginal increase in inflation. Core CPI (which excludes energy and food effects) fell from 0.9% to 0.8%. The ECB will meet this week, perhaps now with increased pressure to expand their stimulus measures.
- Brazil's president, Dilma Rousseff, was removed from office last week after being voted out by the senate. 61 members voted to dismiss Rousseff versus 20 that wanted her to remain in office. Michel Temer, a former law professor, has immediately replaced her and will serve until 2019.
- Oil prices fell through the week as the dollar strengthened and oversupply fears re-emerged. However, prices stabilised as Russian President Vladimir Putin called for oil producers to introduce a limit to production when they meet at the International Energy Forum later in September.

Equity Markets	Index Level 02 Sep 16	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	3756	1.6%	12.3%	16.3%
FTSE 100	6895	1.7%	14.0%	18.0%
FTSE 250	18016	1.7%	5.4%	9.6%
MSCI World	1735	-0.4%	17.8%	26.8%
S&P 500	2180	-0.8%	19.9%	31.6%
DAX	10684	-0.4%	13.4%	21.5%
Nikkei 225	16926	-1.7%	15.0%	24.4%
Hang Seng	23267	0.2%	21.3%	33.2%
MSCI World EM	900	-0.5%	28.1%	33.7%

Bond Markets	Yield 02 Sep 16	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	1.09	-0.9%	15.6%	15.6%
FTA All Stock ILG Index	-1.74	-1.5%	26.8%	23.2%
FTA Over 5 Year ILG Index	-1.74	-1.6%	30.2%	25.9%
FTA Under 5 Year FIG Index	0.16	-0.1%	2.7%	3.1%
FTA Over 15 Year FIG Index	1.25	-1.7%	30.0%	29.1%

Interest Rates & Yields	Yield	Yield	Yield	Yield
	02 Sep 16	31 Jul 16	31 Dec 15	02 Sep 15
UK 10 Year Gilt Yield	0.73	0.64	1.96	1.93
UK 15 Year Gilt Yield	1.07	0.99	2.29	2.23
US 10 Year Treasury Yield	1.60	1.58	2.27	2.18
German 10 Year Yield	-0.04	-0.07	0.63	0.78
Spanish 10 Year Yield	1.03	1.01	1.77	2.13
Greek 10 Year Yield	8.02	8.01	8.07	9.19
Japan 10 Year Yield	-0.02	-0.07	0.27	0.40

Currencies Exchange Rate	02 Sep 16	31 Aug 16	31 Dec 15	02 Sep 15
	GBP / USD	1.33	1.31	1.47
GBP / EURO	1.19	1.18	1.36	1.36
GBP / YEN	138.32	135.73	177.09	183.94

Commodities	Price Level	Price Level	Price Level	Price Level
	02 Sep 16	31 Aug 16	31 Dec 15	02 Sep 15
Oil - WTI \$	44.44	44.70	37.04	46.25
Gold \$	1,325.07	1,308.97	1,061.42	1,134.08
Wheat \$	373.25	361.00	470.00	473.00

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
05/09/2016	SP	Markit Spain Composite PMI	53.8	54.8	53.7
05/09/2016	IT	Markit/ADACI Italy Composite PMI	52	51.9	52.2
05/09/2016	FR	Markit France Composite PMI	51.6	51.9	51.6
05/09/2016	GE	Markit/BME Germany Composite PMI	54.4	53.3	54.4
05/09/2016	UK	Markit/CIPS UK Composite PMI	50.8	53.6	47.5
06/09/2016	GE	Factory Orders MoM	0.005	--	-0.004
06/09/2016	US	ISM Non-Manf. Composite	55	--	55.5
07/09/2016	GE	Industrial Production SA MoM	0.001	--	0.008
07/09/2016	UK	Halifax House Prices MoM	-0.001	--	-0.01
07/09/2016	UK	Industrial Production MoM	-0.002	--	0.001
07/09/2016	UK	Manufacturing Production MoM	-0.003	--	-0.003
07/09/2016	US	MBA Mortgage Applications	--	--	0.028
08/09/2016	JN	BoP Current Account Balance	¥2073.3b	--	¥974.4b
08/09/2016	JN	GDP SA QoQ	0	--	0
08/09/2016	US	Initial Jobless Claims	265k	--	263k
08/09/2016	CH	Trade Balance	\$58.35b	--	\$52.31b
08/09/2016	CH	Exports YoY	-0.04	--	-0.044
08/09/2016	CH	Imports YoY	-0.05	--	-0.125
09/09/2016	JN	Money Stock M2 YoY	0.033	--	0.033
09/09/2016	CH	CPI YoY	0.017	--	0.018
09/09/2016	CH	PPI YoY	-0.009	--	-0.017
09/09/2016	JN	Tertiary Industry Index MoM	0.004	--	0.008
09/09/2016	FR	Industrial Production MoM	0.003	--	-0.008
09/09/2016	US	Wholesale Inventories MoM	0.001	--	0

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