

Weekly Economic Update

05 November 2018

FOR PROFESSIONAL ADVISERS ONLY



UK

- The FTSE 100 closed the week at 7,094, up 2.2%. The UK 10 year gilt yield moved from 1.38% to 1.49%.
- Chancellor Philip Hammond announced the Budget on Monday, with the message that austerity is 'finally coming to an end'. The National Health Service will be given an extra £20.5 billion over the next five years, which includes an extra £2 billion a year on spending for mental health. There will be a new digital services tax introduced in 2020, for large technology companies with certain business models whose business relies on the online actions of UK consumers. Increases in income tax thresholds have been moved forward.
- Governor of the Bank of England, Mark Carney, said that there was no guarantee of reduced interest rates in the event of a 'no deal' Brexit. Carney stated that he expected an agreement to be reached between the UK and the EU and that the 'monetary policy response will not be automatic and could be in either direction'.
- Prime minister Theresa May will report to her cabinet on the latest Brexit proposals on Tuesday. There has been speculation in the media in recent days that May has reached a deal that will keep the whole of the UK in a customs union, thus preventing the need to treat Northern Ireland differently to the rest of the UK. This has so far been denied by the UK government.

GLOBAL

- Nonfarm payrolls in the US increased by 250,000 in October, ahead of estimates in the region of 200,000. Average hourly earnings were 3.1% higher than a year ago, representing the largest annual gain since 2009. The unemployment rate was unchanged at 3.7% as expected.
- Chinese president Xi Jinping has spoken at the Shanghai trade fair, speaking out against protectionist trade policies and their detrimental effect on global growth. Xi did not mention the US specifically in his speech but did talk of advancing trade talks with other countries. US president Donald Trump had suggested on Thursday that trade discussions were progressing between the US and China, fuelling reports that a deal could be reached when the two leaders meet at the G20 meeting in Buenos Aires later in the month.
- The US midterm elections take place this week, marking two years since Trump became president. The result of the votes will shape the largely Republican US Congress for the next two years and can be viewed as a referendum on the progress made over the last two years.
- In the third quarter of the year, growth in the eurozone slowed to 0.2%, down from 0.4% in the previous quarter. The Italian economy showed zero growth for the quarter, with Italy's prime minister arguing that this offered justification for their controversial budget proposals for 2019.

Equity Markets	Index Level 02 Nov 18	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	3904	0.0%	-4.4%	-2.3%
FTSE 100	7094	-0.5%	-4.3%	-2.1%
FTSE 250	19326	2.2%	-4.5%	-2.7%
MSCI World	2037	-0.9%	3.2%	2.9%
MSCI World EM	997	2.6%	-8.0%	-8.4%

Bond Markets	Yield 02 Nov 18	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	1.71	-0.4%	-0.8%	0.2%
FTA All Stock ILG index	-1.55	-1.2%	-0.6%	0.9%
FTA Over 5 Year ILG index	-1.55	-1.3%	-0.7%	1.0%
FTA Under 5 Year FIG Index	0.92	-0.1%	-0.1%	0.0%
FTA Over 15 Year FIG Index	1.84	-0.6%	-1.6%	0.4%

Interest Rates & Yields	Yield	Yield	Yield	Yield
	02 Nov 18	31 Oct 18	31 Dec 17	02 Nov 17
UK 10 Year Gilt Yield	1.49	1.44	1.19	1.26
UK 15 Year Gilt Yield	1.66	1.61	1.51	1.60
US 10 Year Treasury Yield	3.21	3.14	2.41	2.35
German 10 Year Yield	0.43	0.39	0.43	0.37
Spanish 10 Year Yield	1.57	1.55	1.57	1.48
Greek 10 Year Yield	4.27	4.21	4.07	5.04
Japan 10 Year Yield	0.13	0.13	0.05	0.06

Currencies Exchange Rate	02 Nov 18	31 Oct 18	31 Dec 17	02 Nov 17
	GBP / USD	1.30	1.28	1.35
GBP / EURO	1.14	1.13	1.13	1.12
GBP / YEN	146.71	144.19	152.26	148.95

Commodities	Price Level	Price Level	Price Level	Price Level
	02 Nov 18	31 Oct 18	31 Dec 17	02 Nov 17
Oil - WTI \$	63.14	65.31	60.42	54.54
Gold \$	1,232.95	1,214.76	1,303.05	1,276.07
Wheat \$	508.75	500.50	427.00	426.00

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

Index Source: London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). © LSE Group 2018. FTSE Russell is a trading name of certain of the LSE Group companies. "FTSE®" is a trade mark(s) of the relevant LSE Group companies and is used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent.

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Weekly Economic Update

Upcoming Data Releases



Date	Region	Event	Survey	Actual	Prior
05/11/2018	UK	Markit/CIPS UK Composite PMI	53.4	52.1	54.1
05/11/2018	US	Markit US Composite PMI	--	--	54.8
06/11/2018	GE	Factory Orders MoM	-0.50%	--	2.00%
06/11/2018	GE	Markit/BME Germany Composite PMI	52.7	--	52.7
07/11/2018	GE	Industrial Production SA MoM	0.10%	--	-0.30%
07/11/2018	UK	Halifax House Prices MoM	0.80%	--	-1.40%
07/11/2018	US	MBA Mortgage Applications	--	--	-2.50%
07/11/2018	JN	BoP Current Account Balance	¥1786.5b	--	¥1838.4b
08/11/2018	US	Initial Jobless Claims	214k	--	214k
08/11/2018	US	FOMC Rate Decision (Upper Bound)	2.25%	--	2.25%
08/11/2018	CH	Trade Balance	\$35.10b	--	\$31.69b
09/11/2018	CH	PPI YoY	3.30%	--	3.60%
09/11/2018	UK	Manufacturing Production MoM	0.10%	--	-0.20%
09/11/2018	UK	GDP QoQ	0.60%	--	0.40%
09/11/2018	US	U. of Mich. Sentiment	97.9	--	98.6

Source: Bloomberg

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