

Weekly Economic Update

05 December 2016



FOR PROFESSIONAL ADVISERS ONLY

UK

- The FTSE 100 closed the week at 6,731, down 1.6%. The UK 10 year gilt yield moved from 1.42% to 1.38%.
- The pound strengthened as David Davis, Brexit minister, hinted that the government would consider making payments to the EU in order to get the "best possible access" to European goods and services.
- The UK manufacturing sector continued to grow in November but at a slowing rate. The Markit/CIPS purchasing managers' index (PMI) fell from 54.2 to 53.4.

GLOBAL

- Global equities edged downwards last week following a period of gains. Oil prices rose as an agreement was reached to limit oil production. There were also political developments in Europe.
- The Organisation of the Petroleum Exporting Countries (OPEC) finally reached an agreement to limit oil production last week. The deal was looking more unlikely as the meeting approached, with resistance from Iran in particular. However, an agreement was reached to cut oil production by 1.2 million barrels each day, with the understanding that non-OPEC members will also lower their production by 600,000. Oil prices climbed above \$50 following the deal, as the cuts are expected to reduce inventories and bring oil supply closer to oil demand.
- Payrolls in the US increased by 178,000 in November; more than October and in line with forecasts. The overall participation rate fell but the unemployment rate also fell, from 4.9% to 4.6%, to the lowest level in 9 years. Hourly earnings moved marginally lower. The annual GDP growth estimate for Q3 was revised upwards from 2.9% to 3.2% by the Commerce Department. The PMI for the US reached 53.2 in November, up from 51.9, suggesting strength in the sector despite the strong dollar.
- Unemployment in the eurozone fell to 9.8% in October according to the European Commission, which is the first time in 7 years that the percentage has fallen below 10%. The PMI for the eurozone was a robust figure of 53.9 for November which is higher than October's 53.3 reading.
- Italian prime minister, Matteo Renzi, has resigned after failing to secure the majority vote for his proposed constitutional reforms in Sunday's referendum. 60% of voters appear to have rejected the proposals, which were intended to give certain powers to his government. The president must decide what happens next, and we could see the populist anti-establishment party Five Star Movement come into power, led by comedian Beppe Grillo.
- Austrian voters also went to the polls on Sunday which led to the independent Alexander Van der Bellen beating the far-right Norbert Hofer in the presidential vote.
- French president François Hollande announced last week that he will not be running for re-election in next year's presidential election.

Equity Markets	Index Level 02 Dec 16	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	3665	-0.4%	10.8%	8.3%
FTSE 100	6731	-0.8%	12.1%	9.1%
FTSE 250	17435	-0.2%	3.1%	2.5%
MSCI World	1709	-0.9%	23.4%	22.8%
S&P 500	2195	-1.0%	28.1%	27.8%
DAX	10513	-1.9%	12.0%	11.6%
Nikkei 225	18426	-0.4%	20.2%	18.3%
Hang Seng	22565	-2.3%	24.3%	22.8%
MSCI World EM	858	-1.2%	29.7%	27.4%

Bond Markets	Yield 02 Dec 16	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	1.75	-0.6%	7.5%	5.5%
FTA All Stock ILG Index	-1.44	-1.5%	18.4%	13.5%
FTA Over 5 Year ILG Index	-1.43	-1.7%	20.8%	15.1%
FTA Under 5 Year FIG Index	0.39	-0.1%	2.2%	1.9%
FTA Over 15 Year FIG Index	1.98	-1.2%	13.5%	9.6%

Interest Rates & Yields	Yield	Yield	Yield	Yield
	02 Dec 16	30 Nov 16	31 Dec 15	02 Dec 15
UK 10 Year Gilt Yield	1.38	1.42	1.96	1.75
UK 15 Year Gilt Yield	1.76	1.80	2.29	2.09
US 10 Year Treasury Yield	2.38	2.38	2.27	2.18
German 10 Year Yield	0.28	0.28	0.63	0.47
Spanish 10 Year Yield	1.54	1.55	1.77	1.48
Greek 10 Year Yield	6.44	6.52	8.07	7.64
Japan 10 Year Yield	0.03	0.02	0.27	0.32

Currencies Exchange Rate	02 Dec 16	30 Nov 16	31 Dec 15	02 Dec 15
	GBP / USD	1.27	1.25	1.47
GBP / EURO	1.19	1.18	1.36	1.41
GBP / YEN	144.05	142.64	177.09	184.44

Commodities	Price Level	Price Level	Price Level	Price Level
	02 Dec 16	30 Nov 16	31 Dec 15	02 Dec 15
Oil - WTI \$	51.36	49.44	37.04	39.94
Gold \$	1,176.84	1,173.25	1,061.42	1,053.70
Wheat \$	375.25	380.50	470.00	452.25

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
05/12/2016	SP	Markit Spain Composite PMI	54.9	55.2	54.4
05/12/2016	IT	Markit/ADACI Italy Composite PMI	51.6	53.4	51.1
05/12/2016	FR	Markit France Composite PMI	52.3	51.4	52.3
05/12/2016	GE	Markit/BME Germany Composite PMI	54.9	55	54.9
05/12/2016	UK	Markit/CIPS UK Composite PMI	54.6	55.2	54.8
05/12/2016	US	Markit US Composite PMI	--	--	54.9
05/12/2016	US	ISM Non-Manf. Composite	55.5	--	54.8
06/12/2016	GE	Factory Orders MoM	0.006	--	-0.006
06/12/2016	US	Trade Balance	-\$42.0b	--	-\$36.4b
06/12/2016	US	Factory Orders	0.025	--	0.003
06/12/2016	US	Durable Goods Orders	0.02	--	0.048
07/12/2016	GE	Industrial Production SA MoM	0.008	--	-0.018
07/12/2016	UK	Halifax House Prices MoM	0.002	--	0.014
07/12/2016	UK	Industrial Production MoM	0.002	--	-0.004
07/12/2016	UK	Manufacturing Production MoM	0.002	--	0.006
07/12/2016	US	MBA Mortgage Applications	--	--	-0.094
07/12/2016	JN	BoP Current Account Balance	¥1545.0b	--	¥1821.0b
07/12/2016	JN	GDP SA QoQ	0.005	--	0.005
08/12/2016	US	Initial Jobless Claims	255k	--	268k
08/12/2016	CH	Trade Balance	\$46.90b	--	\$49.06b
08/12/2016	CH	Exports YoY	-0.05	--	-0.073
08/12/2016	CH	Imports YoY	-0.019	--	-0.014
09/12/2016	CH	CPI YoY	0.022	--	0.021
09/12/2016	CH	PPI YoY	0.022	--	0.012
09/12/2016	FR	Industrial Production MoM	0.006	--	-0.011
09/12/2016	FR	Industrial Production YoY	-0.006	--	-0.011
09/12/2016	UK	Trade Balance	-4300	--	-5221
09/12/2016	US	U. of Mich. Sentiment	94.4	--	93.8

Source: Bloomberg

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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

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