

Weekly Economic Update

06 March 2017



FOR PROFESSIONAL ADVISERS ONLY

UK

- The FTSE 100 closed the week at 7,347, up 1.8%. The UK 10 year gilt yield moved from 1.08% to 1.19%.
- Theresa May, prime minister, is hoping that the proposed time-frame for triggering the Brexit process is still achievable despite the government's defeat in the House of Lords last week. The House voted for an amendment to the Brexit Bill which would guarantee the current rights of EU citizens currently living and working in the UK. Parliament will discuss the changes next week.

GLOBAL

- Global equities saw further gains last week, with major indices in the US and the UK reaching all-time highs. Optimism stemmed from positive economic data and hawkish rhetoric from the Federal Reserve (Fed).
- Janet Yellen, chair of the Fed, stated on Friday that a 0.25% rise in interest rates this month 'would likely be appropriate'. Markets responded, following supportive comments from other Fed members, by more or less fully pricing in a rate hike. This was a contrast to the start of the week when markets were assigning just a 50% probability to a rise in March. The US 10 year Treasury yield climbed from 2.31% to 2.48%. Yellen also hinted towards an increased pace of rate rises, referring to a 'moderately accommodative' monetary policy.
- The US manufacturing purchasing managers' index (PMI) reached 57.7 in February, up from 56 in January. This was ahead of forecasts and was the highest reading since October 2014. China's manufacturing PMI for February climbed from 51.3 to 51.6, a 3-month high which was ahead of expectations.
- The UK's manufacturing PMI fell to a 3-month low, falling from 55.9 to 54.6 whereas expectations were of a more modest fall. The pound weakened in response. The Eurozone manufacturing PMI reached its highest level for almost 6 years, edging up to 55.4 from 55.2.
- Inflation in the Eurozone reached 2% in February, as measured by the consumer price index, marginally ahead of the European Central Bank's target. This is the first time the target has been exceeded for 4 years, although core inflation (ex-food and energy) was unmoved at 0.9%. Core inflation in Japan rose 0.1% in January, climbing for the first time since 2015. Prices were driven upwards by energy prices and weaker yen; a small step towards the Bank of Japan's 2% target.
- The People's Bank of China are expected to leave monetary policy unchanged in their meeting today as deputy governor, Yi Gang, suggested over the weekend. Similarly, the European Central Bank is expected to leave policy unchanged ahead of upcoming elections in France and the Netherlands.
- Oil prices fell last week as data revealed an increased rig count in the US.

Equity Markets	Index Level 03 Mar 17	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	4007	1.4%	4.2%	23.5%
FTSE 100	7374	1.6%	4.1%	25.1%
FTSE 250	18883	0.7%	4.7%	16.0%
MSCI World	1849	1.9%	6.7%	37.0%
S&P 500	2383	2.2%	7.6%	40.9%
DAX	12027	2.5%	5.7%	37.3%
Nikkei 225	19469	0.9%	4.6%	31.4%
Hang Seng	23553	0.5%	8.1%	41.8%
MSCI World EM	931	0.8%	8.9%	41.5%

Bond Markets	Yield 03 Mar 17	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	1.52	-0.6%	0.6%	6.1%
FTA All Stock ILG Index	-1.63	-1.7%	-0.5%	18.2%
FTA Over 5 Year ILG Index	-1.62	-1.9%	-0.6%	20.3%
FTA Under 5 Year FIG Index	0.19	0.0%	0.2%	1.4%
FTA Over 15 Year FIG Index	1.75	-1.2%	0.6%	11.1%

Interest Rates & Yields	Yield	Yield	Yield	Yield
	03 Mar 17	28 Feb 17	31 Dec 16	03 Mar 16
UK 10 Year Gilt Yield	1.19	1.15	1.24	1.43
UK 15 Year Gilt Yield	1.55	1.50	1.63	1.97
US 10 Year Treasury Yield	2.48	2.39	2.44	1.83
German 10 Year Yield	0.36	0.21	0.21	0.17
Spanish 10 Year Yield	1.68	1.66	1.38	1.54
Greek 10 Year Yield	6.95	7.06	7.02	9.50
Japan 10 Year Yield	0.08	0.05	0.04	-0.03

Currencies Exchange Rate	03 Mar 17	31 Jan 17	31 Dec 16	03 Mar 16
	GBP / USD	1.23	1.24	1.23
GBP / EURO	1.16	1.17	1.17	1.29
GBP / YEN	140.29	139.00	144.01	160.54

Commodities	Price Level	Price Level	Price Level	Price Level
	03 Mar 17	31 Jan 17	31 Dec 16	03 Mar 16
Oil - WTI \$	53.33	54.01	53.72	34.57
Gold \$	1,234.55	1,248.33	1,152.27	1,264.23
Wheat \$	433.75	424.75	408.00	453.25

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
06/03/2017	US	Factory Orders	1.00%	--	1.30%
06/03/2017	US	Durable Goods Orders	1.00%	--	1.80%
07/03/2017	GE	Factory Orders MoM	-2.50%	--	5.20%
07/03/2017	US	Trade Balance	-\$48.5b	--	-\$44.3b
07/03/2017	JN	BoP Current Account Balance	¥270.0b	--	¥1112.2b
07/03/2017	JN	GDP SA QoQ	0.40%	--	0.20%
08/03/2017	GE	Industrial Production SA MoM	2.60%	--	-3.00%
08/03/2017	US	MBA Mortgage Applications	--	--	5.80%
08/03/2017	US	ADP Employment Change	185k	--	246k
08/03/2017	US	Wholesale Inventories MoM	-0.10%	--	-0.10%
08/03/2017	JN	Money Stock M2 YoY	4.20%	--	4.10%
08/03/2017	CH	Trade Balance	\$27.00b	--	\$51.35b
09/03/2017	CH	CPI YoY	1.80%	--	2.50%
09/03/2017	CH	PPI YoY	7.70%	--	6.90%
09/03/2017	US	Initial Jobless Claims	238k	--	223k
10/03/2017	FR	Industrial Production MoM	0.50%	--	-0.90%
10/03/2017	SP	Retail Sales YoY	--	--	0.90%
10/03/2017	UK	Industrial Production MoM	-0.50%	--	1.10%
10/03/2017	UK	Manufacturing Production MoM	-0.70%	--	2.10%
10/03/2017	US	Change in Nonfarm Payrolls	190k	--	227k
10/03/2017	US	Unemployment Rate	4.70%	--	4.80%
10/03/2017	US	Monthly Budget Statement	-\$160.5b	--	\$51.3b
10/03/2017	CH	Money Supply M2 YoY	11.40%	--	11.30%

Source: Bloomberg

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