

# Weekly Economic Update

08 January 2018



FOR PROFESSIONAL ADVISERS ONLY

## UK

- The FTSE 100 closed the week at 7,724, up 0.5%. The UK 10 year gilt yield moved from 1.19% to 1.24%.
- Theresa May will carry out a reshuffle of her cabinet imminently, and for the first time since the election. This follows the sacking of her deputy Damian Green and is expected to include the sacking of the current Conservative Party chairman, Patrick McLoughlin. There is expected to be a focus on increasing the number of women in senior positions.
- The UK manufacturing PMI fell from 58.2 in November to 56.3 in December, though this remains comfortably ahead of the level of 50 required for expansion. The quarterly average figure of 57 is the highest since 2014.

## GLOBAL

- Global equities moved higher last week with several indices reaching new highs.
- Non-farm payrolls in the US increased by 148,000 in December which was short of the average expectation of 190,000. There was however an upwards revision of November's number from 228,000 to 252,000. Average hourly earnings climbed by 0.3% from the previous month and unemployment remained at the long-term low of 4.1%.
- Minutes released from the December meeting of the Federal Reserve (Fed) revealed concerns from some members over low levels of inflation. There is speculation that the Fed will take on a more hawkish tone as Janet Yellen departs in February.
- Inflation fell in the Eurozone from 1.5% in November to 1.4% in December and therefore further from the 2% target set by the European Central Bank (ECB). Core inflation was unchanged at 0.9%. A continued fall in the inflation rate could pose a challenge to the ECB as it looks to taper its asset purchases made through its quantitative easing programme.
- The Eurozone manufacturing PMI reached a record high of 60.6 in December.
- The US manufacturing PMI climbed from 53.9 in November to 55.1 in December, its highest since March 2015.
- The MiFID II (Markets in Financial Instruments Directive II) came into effect on 3rd January with much of the focus on transparency in research costs and broker fees.

Equity Markets	Index Level 05 Jan 18	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	4246	0.6%	0.6%	12.8%
FTSE 100	7724	0.5%	0.5%	11.7%
FTSE 250	20933	1.0%	1.0%	17.4%
MSCI World	2157	2.2%	2.2%	13.5%
S&P 500	2743	2.3%	2.3%	12.9%
DAX	13320	3.0%	3.0%	19.7%
Nikkei 225	23715	3.3%	3.3%	13.4%
Hang Seng	30815	2.6%	2.6%	29.5%
MSCI World EM	1201	3.4%	3.4%	27.9%

Bond Markets	Yield 05 Jan 18	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	1.55	-0.4%	-0.4%	2.6%
FTA All Stock ILG index	-1.64	-0.2%	-0.2%	2.1%
FTA Over 5 Year ILG index	-1.64	-0.2%	-0.2%	2.3%
FTA Under 5 Year FIG Index	0.61	-0.1%	-0.1%	-0.1%
FTA Over 15 Year FIG Index	1.71	-0.5%	-0.5%	4.9%

Interest Rates & Yields	Yield	Yield	Yield	Yield
	05 Jan 18	31 Dec 17	31 Dec 17	05 Jan 17
UK 10 Year Gilt Yield	1.24	1.19	1.19	1.29
UK 15 Year Gilt Yield	1.55	1.51	1.51	1.69
US 10 Year Treasury Yield	2.48	2.41	2.41	2.34
German 10 Year Yield	0.44	0.43	0.43	0.24
Spanish 10 Year Yield	1.52	1.57	1.57	1.48
Greek 10 Year Yield	3.73	4.07	4.07	6.73
Japan 10 Year Yield	0.06	0.05	0.05	0.06

Currencies Exchange Rate	05 Jan 18	31 Dec 17	31 Dec 17	05 Jan 17
	GBP / USD	1.36	1.35	1.35
GBP / EURO	1.13	1.13	1.13	1.17
GBP / YEN	153.50	152.26	152.26	143.32

Commodities	Price Level	Price Level	Price Level	Price Level
	05 Jan 18	31 Dec 17	31 Dec 17	05 Jan 17
Oil - WTI \$	61.44	60.42	60.42	53.76
Gold \$	1,319.35	1,303.05	1,303.05	1,180.30
Wheat \$	430.75	427.00	427.00	426.25

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
08/01/2018	GE	Factory Orders MoM	0.00%	-0.40%	0.50%
08/01/2018	UK	Halifax House Prices MoM	0.20%	-0.60%	0.50%
09/01/2018	GE	Industrial Production SA MoM	1.80%	--	-1.40%
10/01/2018	CH	CPI YoY	1.90%	--	1.70%
10/01/2018	FR	Industrial Production MoM	-0.50%	--	1.90%
10/01/2018	UK	Industrial Production MoM	0.40%	--	0.00%
10/01/2018	UK	Trade Balance	-1500	--	-1405
10/01/2018	US	MBA Mortgage Applications	--	--	0.70%
10/01/2018	US	Wholesale Inventories MoM	0.70%	--	0.70%
10/01/2018	CH	Money Supply M2 YoY	9.20%	--	9.10%
11/01/2018	US	Initial Jobless Claims	245k	--	250k
11/01/2018	US	Monthly Budget Statement	-\$46.0b	--	-\$138.5b
11/01/2018	JN	BoP Current Account Balance	¥1836.1b	--	¥2176.4b
12/01/2018	FR	CPI MoM	0.30%	--	0.30%
12/01/2018	SP	CPI MoM	0.10%	--	0.10%
12/01/2018	IT	Industrial Production MoM	0.60%	--	0.50%
12/01/2018	US	CPI MoM	0.10%	--	0.40%

Source: Bloomberg

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