

# Weekly Economic Update

08 May 2017



FOR PROFESSIONAL ADVISERS ONLY

## UK

- The FTSE 100 closed the week at 7,297, up 1.3%. The UK 10 year gilt yield moved from 1.09% to 1.12%.
- Details of a meeting between prime minister Theresa May and the president of the European Commission, Jean-Claude Juncker, were leaked last week. Juncker appeared to suggest that he was 'more sceptical' following the meeting and even that May's expectations were unrealistic. May responded with a statement outside 10 Downing Street where she accused European politicians and the European press of trying to impact the UK general election through 'threats' and 'misrepresentation'.

## GLOBAL

- Global equities moved higher last week, driven in particular by strong growth figures in Europe.
- The Federal Reserve left rates unchanged last week while also continuing to signal that a gradual tightening of monetary policy was expected. The committee described the apparent weakness shown by slower growth in the first quarter of the year as 'transitory', suggesting that policy has not been affected. No explicit statements were made about plans to reduce the size of their balance sheet with these plans expected to be formalised over the course of the calendar year. Nonfarm payrolls climbed by 211,000 in April according to the US Labour Department, after an increase of just 79,000 in March. The unemployment rate fell to 4.4%, its lowest in 10 years, although average earnings rose by less than expected.
- Gross domestic product in the eurozone grew at an annualised 1.8% in the first quarter of the year despite geopolitical uncertainty in the period. This was significantly ahead of the 0.7% growth in the US during the same 3 months.
- Emmanuel Macron won the French presidential election on Sunday evening after a day of voting and he quickly pledged to address the concerns of the French people. Macron earned 66% of the vote over Marine Le Pen's 34%. The result is positive for the EU given Macron's pro-EU stance and otherwise centrist policies. At 39 years old, he will be the youngest French leader in history. The euro strengthened in the run up to the election as Macron's victory became more certain. Macron will now look to build a new majority in parliament in the parliamentary elections in June.
- The Trump administration successfully passed a bill through the House of Representatives to replace the Affordable Care Act (ObamaCare) after failing at the first attempt in March. The House voted by 217 votes to 213, marginally accepting the bill which will now go through the US Senate.
- Oil prices fell to their lowest level since November, when the Organisation of the Petroleum Exporting Countries agreed to cut oil production. However, concerns remain of an oversupply in oil, in part due to an increase in production in the US. West Texas Intermediate oil ended the week at \$46.22 per barrel.

Equity Markets	Index Level 05 May 17	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	4007	1.2%	4.9%	23.6%
FTSE 100	7297	1.3%	3.6%	24.0%
FTSE 250	19700	0.5%	10.0%	21.5%
MSCI World	1897	1.0%	4.1%	32.5%
S&P 500	2399	0.6%	2.8%	33.6%
DAX	12717	3.0%	10.0%	39.0%
Nikkei 225	19446	0.9%	1.1%	29.8%
Hang Seng	24476	-0.7%	6.2%	38.6%
MSCI World EM	978	0.0%	8.6%	38.8%

Bond Markets	Yield 05 May 17	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	1.50	-0.8%	1.1%	6.3%
FTA All Stock ILG Index	-1.65	-3.4%	0.9%	20.6%
FTA Over 5 Year ILG Index	-1.64	-3.6%	0.9%	23.0%
FTA Under 5 Year FIG Index	0.23	-0.1%	0.2%	1.4%
FTA Over 15 Year FIG Index	1.73	-1.5%	1.3%	11.2%

Interest Rates & Yields	Yield	Yield	Yield	Yield
	05 May 17	30 Apr 17	31 Dec 16	05 May 16
UK 10 Year Gilt Yield	1.12	1.09	1.24	1.47
UK 15 Year Gilt Yield	1.53	1.47	1.63	2.00
US 10 Year Treasury Yield	2.35	2.28	2.44	1.75
German 10 Year Yield	0.42	0.32	0.21	0.16
Spanish 10 Year Yield	1.56	1.65	1.38	1.59
Greek 10 Year Yield	5.77	6.25	7.02	8.45
Japan 10 Year Yield	0.02	0.02	0.04	-0.11

Currencies Exchange Rate	05 May 17	30 Apr 17	31 Dec 16	05 May 16
	GBP / USD	1.30	1.30	1.23
GBP / EURO	1.18	1.19	1.17	1.27
GBP / YEN	146.09	144.28	144.01	155.43

Commodities	Price Level	Price Level	Price Level	Price Level
	05 May 17	30 Apr 17	31 Dec 16	05 May 16
Oil - WTI \$	46.22	49.33	53.72	44.32
Gold \$	1,221.60	1,268.29	1,152.27	1,277.71
Wheat \$	427.50	418.50	408.00	453.00

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
08/05/2017	CH	Trade Balance	\$35.20b	\$38.05b	\$23.93b
08/05/2017	GE	Factory Orders MoM	0.70%	1.00%	3.40%
09/05/2017	GE	Industrial Production SA MoM	-0.70%	--	2.20%
09/05/2017	IT	Retail Sales MoM	0.20%	--	-0.30%
10/05/2017	CH	CPI YoY	1.10%	--	0.90%
10/05/2017	CH	PPI YoY	6.70%	--	7.60%
10/05/2017	FR	Industrial Production MoM	1.00%	--	-1.60%
10/05/2017	IT	Industrial Production MoM	0.30%	--	1.00%
10/05/2017	US	MBA Mortgage Applications	--	--	-0.10%
10/05/2017	CH	Money Supply M2 YoY	10.80%	--	10.60%
11/05/2017	JN	BoP Current Account Balance	¥2593.0b	--	¥2813.6b
11/05/2017	UK	Industrial Production MoM	-0.40%	--	-0.70%
11/05/2017	UK	Bank of England Bank Rate	0.25%	--	0.25%
11/05/2017	UK	BOE Asset Purchase Target	435b	--	435b
11/05/2017	UK	Bank of England Inflation Report			
11/05/2017	US	PPI Final Demand MoM	0.20%	--	-0.10%
11/05/2017	US	Initial Jobless Claims	245k	--	238k
12/05/2017	JN	Money Stock M2 YoY	4.30%	--	4.30%
12/05/2017	GE	GDP SA QoQ	0.60%	--	0.40%
12/05/2017	GE	CPI YoY	2.00%	--	2.00%
12/05/2017	SP	CPI YoY	2.60%	--	2.60%
12/05/2017	US	CPI YoY	2.30%	--	2.40%
12/05/2017	US	Retail Sales Advance MoM	0.60%	--	-0.20%

Source: Bloomberg

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