

Weekly Economic Update

8 May 2018

FOR PROFESSIONAL ADVISERS ONLY



UK

- The FTSE 100 closed the week at 7,567, up 0.9%. The UK 10 year gilt yield moved from 1.45% to 1.40%.
- The Bank of England's (BoE) Monetary Policy Committee will meet this week, when they are expected to make no changes to current interest rate levels. Markets had been pricing up to a 90% chance of an interest rate rise in May just a few weeks ago, but weak economic data releases have lowered this figure close to 10%. Governor of the BoE, Mark Carney, conceded last month that economic data had become weaker. GDP growth fell to 0.1% in Q1. Inflation's move from 3% in January to 2.5% in March has reportedly alleviated some pressure from the BoE to increase rates.

GLOBAL

- Global equities edged higher last week amidst quarterly economic data releases.
- The US economy added 164,000 jobs in April versus estimates of a number in the region of 192,000. However, this was supported by an upward revision of 32,000 jobs to the previous month. The unemployment rate fell from 4.1% to 3.9% and average earnings were 2.6% higher for the year, down from 2.7%. US equities made small gains following the jobs report. In further US data releases, consumer spending increased by 0.4% in March and the ISM manufacturing purchasing manager's index slowed to 57.3.
- The US and China will hold further trade talks this week, following talks last week, amidst tensions and speculation of a potential trade war between the economies. Chinese representatives spoke of some progress being made last week but stated that there are 'big differences' in opinion on certain issues.
- US president Donald Trump will announce his decision regarding the Iran nuclear deal today, having demanded changes to the deal that was signed in 2015 despite strong resistance from US allies. The agreement has up to now offered sanctions relief to Iran in exchange for restrictions on Iran's nuclear weapons programme.
- The growth of the eurozone slowed in Q1 from 0.7% to 0.4%, which is the slowest growth rate since mid-2016. This brought GDP growth down from 2.8% to 2.5% for the year. Annual inflation figures for the eurozone edged lower from 1.3% to 1.2%.
- Argentina's central bank raised interest rates to 40% last week from 33.25%, after two increases that had raised rates from 27.25% the week before. The moves were taken in response to a fast weakening currency.

Equity Markets	Index Level 04 May 18	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	4159	0.8%	-0.1%	8.4%
FTSE 100	7567	0.8%	-0.1%	8.7%
FTSE 250	20422	0.8%	-0.5%	6.6%
MSCI World	2089	1.8%	0.1%	8.3%
S&P 500	2663	2.2%	0.1%	8.4%
DAX	12820	2.1%	-1.4%	5.4%
Nikkei 225	22473	0.6%	0.6%	12.1%
Hang Seng	29927	-1.3%	-0.1%	19.0%
MSCI World EM	1136	-0.8%	-1.5%	13.4%

Bond Markets	Yield 04 May 18	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	1.63	0.1%	-0.6%	0.0%
FTA All Stock ILG index	-1.54	0.4%	-2.2%	-1.3%
FTA Over 5 Year ILG index	-1.54	0.4%	-2.3%	-1.4%
FTA Under 5 Year FIG Index	0.83	0.0%	-0.4%	-0.9%
FTA Over 15 Year FIG Index	1.74	0.2%	-0.5%	1.2%

Interest Rates & Yields	Yield	Yield	Yield	Yield
	04 May 18	30 Apr 17	31 Dec 17	04 May 17
UK 10 Year Gilt Yield	1.40	1.42	1.19	1.12
UK 15 Year Gilt Yield	1.67	1.68	1.51	1.52
US 10 Year Treasury Yield	2.95	2.95	2.41	2.35
German 10 Year Yield	0.54	0.56	0.43	0.39
Spanish 10 Year Yield	1.30	1.28	1.57	1.60
Greek 10 Year Yield	4.10	3.84	4.07	5.89
Japan 10 Year Yield	0.05	0.05	0.05	0.02

Currencies Exchange Rate	04 May 18	30 Apr 17	31 Dec 17	04 May 17
	GBP / USD	1.35	1.38	1.35
GBP / EURO	1.13	1.14	1.13	1.18
GBP / YEN	147.61	150.21	152.26	145.41

Commodities	Price Level	Price Level	Price Level	Price Level
	04 May 18	30 Apr 17	31 Dec 17	04 May 17
Oil - WTI \$	69.72	68.57	60.42	45.52
Gold \$	1,315.35	1,315.35	1,303.05	1,228.10
Wheat \$	527.50	512.50	427.00	426.00

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
08/05/2018	CH	Trade Balance	\$27.75b	\$28.78b	-\$4.98b
08/05/2018	GE	Industrial Production SA MoM	0.80%	1.00%	-1.60%
09/05/2018	FR	Industrial Production MoM	0.40%	--	1.20%
09/05/2018	US	MBA Mortgage Applications	--	--	-2.50%
09/05/2018	US	PPI Final Demand MoM	0.20%	--	0.30%
10/05/2018	JN	BoP Current Account Balance	¥2899.0b	--	¥2076.0b
10/05/2018	CH	CPI YoY	1.90%	--	2.10%
10/05/2018	IT	Industrial Production MoM	0.50%	--	-0.50%
10/05/2018	UK	Trade Balance	-2000	--	-965
10/05/2018	UK	Industrial Production MoM	0.20%	--	0.10%
10/05/2018	UK	Bank of England Bank Rate	0.50%	--	0.50%
10/05/2018	UK	BOE Asset Purchase Target	435b	--	435b
10/05/2018	US	Initial Jobless Claims	219k	--	211k
10/05/2018	US	CPI MoM	0.30%	--	-0.10%
10/05/2018	CH	Money Supply M2 YoY	8.50%	--	8.20%
11/05/2018	SP	CPI EU Harmonised YoY	1.10%	--	1.10%
11/05/2018	US	U. of Mich. Sentiment	98.3	--	98.8

Source: Bloomberg

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