

# Weekly Economic Update

09 May 2016



FOR PROFESSIONAL ADVISERS ONLY

## UK

- The FTSE 100 closed the week at 6,126, down 1.8%. The UK 10 year gilt yield moved from 1.60% to 1.42%. Weaker than expected manufacturing and services data, together with mixed corporate earnings saw demand for gilts rise and thus yields fell.
- House prices were down in the UK in April following the rush in March for buyers to close deals before the stamp duty increase. Figures from Halifax show a 0.8% fall in average house prices in April. The annual return to April was 7.8%, down from 11% in the 12 months to March.

## GLOBAL

- Global equity markets fell on the whole last week as investors digested mixed quarterly earnings and weaker than anticipated new payroll figures in the US.
- Data released by the US Labour Department stated that the number of non-farm payrolls increased in April by 160,000. This was below analyst forecasts of 200,000 and some investors saw this as a sign of economic weakness in the US. The unemployment rate remained at 5% and average hourly earnings increased by 0.3%. The data was followed by volatility in the dollar as investors speculated over the effects of weakened employment numbers on the Federal Reserve's upcoming monetary policy decisions. The dollar ultimately rose after the report as markets concluded that the data would not have significant implications of the path of interest rate rises in the US; this follows 3 months of dollar weakening.
- Over the weekend, data released in China showed that imports and exports increased in volume over the last year, but these were falls in dollar terms. Exports fell 1.8% and imports fell 10.9%. This meant an increase in foreign reserves for the second consecutive month and a trade surplus of \$45.6 billion which was ahead of the circa \$40 billion forecasts. The Shanghai Composite Index fell to its lowest level in almost 2 months, with the index falling 2.8% on Friday.
- Commodities also fell last week, with steel falling the most in a single week since 2009. These falls follow large gains in commodities in April, with investors now seemingly taking a more cautious view on China's growth.
- Donald Trump all but became the Republican nominee for the US presidential elections last week as his main contender Ted Cruz dropped out of the race.
- Saudi Arabia continued their attempts to offset the effects of the lower oil price, by replacing both their central bank head and a lead oil minister. Deputy Crown Prince, Mohammed bin Salman, is orchestrating the changes with the aim of generating increased revenue from sources other than oil.
- Crude oil has surpassed \$45 per barrel this morning as wildfires in Canada limit oil production. It is estimated that production is being reduced by 1 million barrels each day.

Equity Markets	Index Level 06 May 16	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	3365	-1.7%	-1.0%	-6.9%
FTSE 100	6126	-1.8%	-0.3%	-8.1%
FTSE 250	16646	-0.7%	-3.4%	-1.7%
MSCI World	1641	-0.7%	1.4%	-0.1%
S&P 500	2047	0.3%	2.8%	5.9%
DAX	9873	-0.5%	-1.2%	-7.4%
Nikkei 225	16107	-0.7%	-1.7%	-2.6%
Hang Seng	20110	-3.3%	-5.9%	-20.6%
MSCI World EM	809	-2.7%	4.2%	-15.9%

Bond Markets	Yield 06 May 16	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	1.93	1.0%	4.7%	6.3%
FTA All Stock ILG Index	-0.86	0.6%	4.0%	2.7%
FTA Over 5 Year ILG Index	-0.86	0.7%	4.5%	3.0%
FTA Under 5 Year FIG Index	0.59	0.3%	1.4%	2.4%
FTA Over 15 Year FIG Index	2.20	1.7%	7.9%	9.6%

Interest Rates & Yields	Yield	Yield	Yield	Yield
	06 May 16	30 Apr 16	31 Dec 15	06 May 15
UK 10 Year Gilt Yield	1.42	1.60	1.96	1.98
UK 15 Year Gilt Yield	1.96	2.09	2.29	2.33
US 10 Year Treasury Yield	1.75	1.83	2.27	2.24
German 10 Year Yield	0.15	0.27	0.63	0.59
Spanish 10 Year Yield	1.59	1.59	1.77	1.90
Greek 10 Year Yield	8.29	8.41	8.07	11.10
Japan 10 Year Yield	-0.12	-0.09	0.27	0.36

Currencies Exchange Rate	06 May 16	30 Apr 16	31 Dec 15	06 May 15
	GBP / USD	1.44	1.46	1.47
GBP / EURO	1.26	1.28	1.36	1.35
GBP / YEN	153.91	156.25	177.09	182.18

Commodities	Price Level	Price Level	Price Level	Price Level
	06 May 16	30 Apr 16	31 Dec 15	06 May 15
Oil - WTI	45.2	45.9	37.0	60.9
Gold	1292	1293	1061	1192
Wheat	459	478	470	476

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
09/05/2016	GE	Factory Orders MoM	0.60%	1.90%	-1.20%
09/05/2016	UK	Halifax House Prices MoM	-0.30%	-0.80%	2.60%
10/05/2016	CH	CPI YoY	2.30%	--	2.30%
10/05/2016	CH	PPI YoY	-3.70%	--	-4.30%
10/05/2016	GE	Industrial Production SA MoM	-0.20%	--	-0.50%
10/05/2016	FR	Industrial Production MoM	0.60%	--	-1.00%
10/05/2016	IT	Industrial Production MoM	0.30%	--	-0.60%
10/05/2016	UK	Trade Balance	(£4,200)	--	(£4,840)
10/05/2016	US	Wholesale Inventories MoM	0.10%	--	-0.50%
11/05/2016	UK	Industrial Production MoM	0.50%	--	-0.30%
11/05/2016	UK	Manufacturing Production MoM	0.30%	--	-1.10%
11/05/2016	US	MBA Mortgage Applications	--	--	-3.40%
12/05/2016	JN	BoP Current Account Balance	¥2965.6b	--	¥2434.9b
12/05/2016	FR	CPI YoY	-0.20%	--	-0.20%
12/05/2016	UK	Bank of England Bank Rate	0.50%	--	0.50%
12/05/2016	UK	Bank of England Inflation Report			
12/05/2016	US	Initial Jobless Claims	270k	--	274k
13/05/2016	JN	Tertiary Industry Index MoM	-0.10%	--	-0.10%
13/05/2016	GE	CPI YoY	-0.10%	--	0.10%
13/05/2016	GE	GDP SA QoQ	0.60%	--	0.30%
13/05/2016	SP	CPI YoY	-1.10%	--	-1.10%
13/05/2016	IT	GDP WDA QoQ	0.30%	--	0.10%
13/05/2016	US	Retail Sales Advance MoM	0.80%	--	-0.30%
13/05/2016	US	PPI Final Demand MoM	0.30%	--	-0.10%
13/05/2016	US	U. of Mich. Sentiment	89.5	--	89

Source: Bloomberg

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