

Weekly Economic Update

10 April 2017



FOR PROFESSIONAL ADVISERS ONLY

UK

- The FTSE 100 closed the week at 7,349, up 0.5%. The UK 10 year gilt yield moved from 1.14% to 1.08%.
- UK inflation and employment data is set to be released this week. Pound sterling remained relatively unchanged last week, despite speculation of volatility on the horizon for the currency.

GLOBAL

- Global equities were relatively unchanged on the whole, despite worse than expected employment data in the US and an increase in geopolitical tensions as the US took military action in Syria against the Syrian government.
- Nonfarm payrolls in the US increased by 98,000 in March which was significantly below estimates that were in the region of 180,000. Payroll numbers for January and February were also revised lower but the unemployment rate still fell to 4.5%, its lowest in 10 years.
- Minutes released from March's Federal Reserve (Fed) meeting revealed a discussion on the Fed's balance sheet. The committee spoke about its reduction in size which will begin when some assets are allowed to mature later in the year. A clear plan or timeline was not explicitly outlined but the unwinding of the \$4.5 trillion balance sheet is expected to have a noteworthy impact on markets.
- US president Donald Trump ordered a missile attack on a Syrian airbase in response to a chemical attack in Syria that has been attributed to the Syrian government. This airbase was targeted as it is believed, by the US government, to be the origin of the chemical attack. These events, coupled with the minutes from the Fed, forced US Treasury yields towards their lowest levels in 2017 as investors took risk out of their portfolios.
- President of the European Central Bank (ECB), Mario Draghi, reminded markets of the looser monetary policy stance of the ECB on Thursday. Draghi stated that current monetary policy which includes quantitative easing and a negative deposit rate is still appropriate as a 'continued support for demand'. The ECB will continue to print money at least until the end of the year according to Draghi, as he alluded to the transient components of inflation (commodities) that suggest the current monetary policy is still required to guide inflation to the 2% target.
- The Eurozone manufacturing purchasing managers' index reached 56.2 in March, ahead of February's 55.4; the highest since April 2011. According to Markit, the figure was driven by stronger domestic demand and a weaker euro.
- Gold prices reached their highest levels of the year following the US missile attack in Syria. Oil prices climbed as investors speculated as to whether increased conflict in Syria could inhibit neighbouring oil producers.
- Last week also saw another vehicle-related attack on civilians when a truck was hijacked in Stockholm, Sweden, and driven into a department store.

Equity Markets	Index Level 07 Apr 17	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	4010	0.6%	4.7%	23.5%
FTSE 100	7349	0.5%	4.2%	24.6%
FTSE 250	19230	1.5%	7.0%	18.3%
MSCI World	1845	0.9%	5.8%	32.6%
S&P 500	2356	1.0%	5.5%	33.8%
DAX	12225	-0.4%	6.7%	35.8%
Nikkei 225	18665	0.1%	2.1%	31.0%
Hang Seng	24267	2.0%	10.3%	41.1%
MSCI World EM	962	1.7%	11.6%	38.6%

Bond Markets	Yield 07 Apr 17	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	1.41	0.3%	2.0%	6.1%
FTA All Stock ILG Index	-1.83	3.0%	5.0%	22.5%
FTA Over 5 Year ILG Index	-1.82	3.3%	5.3%	24.8%
FTA Under 5 Year FIG Index	0.22	0.0%	0.3%	1.1%
FTA Over 15 Year FIG Index	1.62	0.6%	3.2%	11.4%

Interest Rates & Yields	Yield	Yield	Yield	Yield
	07 Apr 17	31 Mar 17	31 Dec 16	07 Apr 16
UK 10 Year Gilt Yield	1.08	1.14	1.24	1.33
UK 15 Year Gilt Yield	1.44	1.49	1.63	1.88
US 10 Year Treasury Yield	2.38	2.39	2.44	1.69
German 10 Year Yield	0.23	0.33	0.21	0.09
Spanish 10 Year Yield	1.61	1.67	1.38	1.60
Greek 10 Year Yield	6.79	6.90	7.02	8.95
Japan 10 Year Yield	0.05	0.07	0.04	-0.06

Currencies Exchange Rate	07 Apr 17	31 Mar 17	31 Dec 16	07 Apr 16
	GBP / USD	1.24	1.25	1.23
GBP / EURO	1.17	1.17	1.17	1.24
GBP / YEN	137.66	139.60	144.01	152.15

Commodities	Price Level	Price Level	Price Level	Price Level
	07 Apr 17	31 Mar 17	31 Dec 16	07 Apr 16
Oil - WTI \$	52.24	50.60	53.72	37.26
Gold \$	1,254.45	1,249.35	1,152.27	1,240.45
Wheat \$	424.00	426.50	408.00	457.00

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
10/04/2017	JN	BoP Current Account Balance	¥2512.9b	¥2813.6b	¥65.5b
10/04/2017	IT	Industrial Production WDA YoY	2.40%	1.90%	-0.50%
10/04/2017	IT	Industrial Production MoM	1.30%	1.00%	-2.30%
10/04/2017	CH	Money Supply M2 YoY	11.10%	--	11.10%
11/04/2017	JN	Machine Tool Orders YoY	--	--	9.10%
11/04/2017	UK	CPI YoY	2.30%	--	2.30%
11/04/2017	UK	CPI Core YoY	1.90%	--	2.00%
11/04/2017	UK	PPI Output NSA MoM	0.10%	--	0.20%
11/04/2017	UK	PPI Output NSA YoY	3.40%	--	3.70%
11/04/2017	GE	ZEW Survey Current Situation	77.5	--	77.3
12/04/2017	JN	Machine Orders MoM	3.60%	--	-3.20%
12/04/2017	CH	CPI YoY	1.00%	--	0.80%
12/04/2017	CH	PPI YoY	7.50%	--	7.80%
12/04/2017	SP	CPI YoY	2.30%	--	2.30%
12/04/2017	SP	CPI EU Harmonised YoY	2.10%	--	2.10%
12/04/2017	UK	Claimant Count Rate	--	--	2.10%
12/04/2017	UK	Jobless Claims Change	--	--	-11.3k
12/04/2017	UK	ILO Unemployment Rate 3Mths	4.70%	--	4.70%
12/04/2017	US	MBA Mortgage Applications	--	--	-1.60%
12/04/2017	US	Import Price Index MoM	-0.20%	--	0.20%
12/04/2017	US	Monthly Budget Statement	-\$167.0b	--	-\$108.0b
13/04/2017	GE	CPI MoM	0.20%	--	0.20%
13/04/2017	US	PPI Final Demand MoM	0.00%	--	0.30%
13/04/2017	US	Initial Jobless Claims	245k	--	234k
13/04/2017	US	U. of Mich. Sentiment	96.5	--	96.9
14/04/2017	JN	Industrial Production MoM	--	--	2.00%
14/04/2017	US	CPI MoM	0.00%	--	0.10%
14/04/2017	US	Retail Sales Advance MoM	-0.10%	--	0.10%

Source: Bloomberg

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