

Weekly Economic Update

12 November 2018

FOR PROFESSIONAL ADVISERS ONLY



UK

- The FTSE 100 closed the week at 7,105, up 0.2%. The UK 10 year gilt yield was unchanged at 1.49%.
- Brexit uncertainty will continue this week with prime minister Theresa May coming under increased pressure to reach a satisfactory solution in regards to the avoidance of a hard border for Northern Ireland. Jo Johnson, the brother of former foreign secretary Boris, resigned from his role as transport minister while calling for a second referendum.

GLOBAL

- The US midterm election results were in line with expectations as the Republicans retained their majority in the Senate but lost control of the House to the Democrats. The election saw a record number of women elected to the House and there were wins for two Muslim women and Colorado voted in a gay Democrat for the first time. US stocks rallied as the results met expectations, lowering the risk of significant policy changes. The media speculated as to what the Democrat majority could mean in terms of investigations into president Donald Trump and his administration. The attorney general, Jeff Sessions, resigned from his role 'at the request' of Trump. His relationship with Trump had been strained since he looked to distance himself from Russian collusion investigations last year. This had followed reports of meetings he had with Russians but did not immediately disclose.
- The US implemented further sanctions on Iran, targeting in particular its ability to export oil. However there was a six month waiver given to eight countries, including China, that will allow the purchase of Iran's oil temporarily. The move comes following Trump's decision to withdraw from the nuclear agreement with Iran in May, against the wishes of the US's European allies. President of Iran, Hassan Rouhani, has promised to break the sanctions.
- The Federal Reserve (Fed) left interest rates unchanged as expected. Another rate hike is expected in the December meeting and the Fed have signalled that rates will be gradually raised to beyond 3% from the current range of 2 to 2.25%. The statement from the Fed highlighted a strengthening labour market and economy, despite a slowing in the rate of business investment growth.
- Oil markets entered bear territory last week, falling by more than 20% from the recent peak. Falls in oil prices have been attributed to an increase in production levels, including in the US, as well as uncertain global growth.
- Chinese exports increased by 15.6% in the 12 months to the end of October, ahead of expectations amidst a war on trade tariffs with the US. Imports increased by 21.4% over the same period.

Equity Markets	Index Level 09 Nov 18	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	3902	0.0%	-4.3%	-1.3%
FTSE 100	7105	-0.2%	-4.1%	-1.1%
FTSE 250	19107	1.1%	-5.6%	-2.2%
MSCI World	2063	0.4%	4.4%	4.9%
MSCI World EM	976	0.4%	-10.0%	-10.3%

Bond Markets	Yield 09 Nov 18	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	1.74	-0.7%	-1.1%	-0.2%
FTA All Stock ILG index	-1.56	-1.1%	-0.5%	0.1%
FTA Over 5 Year ILG index	-1.56	-1.2%	-0.6%	0.2%
FTA Under 5 Year FIG Index	0.91	-0.1%	0.0%	0.1%
FTA Over 15 Year FIG Index	1.88	-1.3%	-2.4%	-0.6%

Interest Rates & Yields	Yield	Yield	Yield	Yield
	09 Nov 18	31 Oct 18	31 Dec 17	09 Nov 17
UK 10 Year Gilt Yield	1.49	1.44	1.19	1.27
UK 15 Year Gilt Yield	1.68	1.61	1.51	1.59
US 10 Year Treasury Yield	3.18	3.14	2.41	2.34
German 10 Year Yield	0.41	0.39	0.43	0.38
Spanish 10 Year Yield	1.60	1.55	1.57	1.53
Greek 10 Year Yield	4.36	4.21	4.07	5.10
Japan 10 Year Yield	0.12	0.13	0.05	0.03

Currencies Exchange Rate	09 Nov 18	31 Oct 18	31 Dec 17	09 Nov 17
	GBP / USD	1.30	1.28	1.35
GBP / EURO	1.15	1.13	1.13	1.13
GBP / YEN	147.65	144.19	152.26	148.80

Commodities	Price Level	Price Level	Price Level	Price Level
	09 Nov 18	31 Oct 18	31 Dec 17	09 Nov 17
Oil - WTI \$	60.19	65.31	60.42	57.17
Gold \$	1,209.85	1,214.76	1,303.05	1,285.13
Wheat \$	502.00	500.50	427.00	429.00

Source: Mobius Life, Bloomberg
Please Note: Past performance is not a guide to future performance

Index Source: London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group").
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Weekly Economic Update

Upcoming Data Releases



Date	Region	Event	Survey	Actual	Prior
13/11/2018	UK	Jobless Claims Change	--	--	18.5k
13/11/2018	UK	ILO Unemployment Rate 3Mths	4.00%	--	4.00%
13/11/2018	GE	ZEW Survey Expectations	-26.0	--	-24.7
13/11/2018	JN	GDP SA QoQ	-0.30%	--	0.70%
14/11/2018	JN	Industrial Production MoM	--	--	-1.10%
14/11/2018	UK	CPI MoM	0.20%	--	0.10%
15/11/2018	US	Retail Sales Advance MoM	0.50%	--	0.10%
15/11/2018	US	Initial Jobless Claims	214k	--	214k
16/11/2018	IT	CPI EU Harmonized YoY	1.70%	--	1.70%
16/11/2018	US	Industrial Production MoM	0.20%	--	0.30%

Source: Bloomberg

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