

Weekly Economic Update

14 November 2016



FOR PROFESSIONAL ADVISERS ONLY

UK

- The FTSE 100 closed the week at 6,730, up 0.8%. The UK 10 year gilt yield moved from 1.13% to 1.36%.
- The pound strengthened and gilt yields rose last week in anticipation of higher inflation levels and potentially improved trade agreements between the US and the UK following the result of the US presidential election.

GLOBAL

- Global equities recovered on the whole after initial falls following the US election. Long term yields in developed markets have climbed significantly in recent days after the surprise US election result.
- In the early hours of Wednesday morning, it was announced that Donald Trump would be the next president of the United States, following an unexpected election victory over Hillary Clinton. Trump won the electoral college vote by 290 to 232, despite Clinton edging the popular vote by 47.8% to 47.3%. Trump's Republican Party also maintained their majority in both the House and the Senate. After the initial shock in markets, where S&P 500 futures fell 5%, markets recovered in anticipation of stimulus through expanded fiscal spending which in turn heightened growth and inflation estimates. The relatively firm response from markets following the vote suggests the Federal Reserve will still consider a rate rise in December with the chair, Janet Yellen, due to speak to congress this week. The US dollar has strengthened to its highest level in 11 months while the Mexican peso has weakened to record lows.
- Protests continue across the US in response to Trump's win, with many seeing Trump's views as divisive, fuelled further by Trump's comments over the weekend that he plans to deport all illegal immigrants with criminal records from the US. He also restated his desire to build a wall on the Mexican border. However, he appeared to soften his stance on Obamacare, revealing that he may keep some of its policies intact.
- China released its trade data for October before the election last week. In dollar terms, exports fell by 7.3% in the year to October and imports fell by 1.9% over the same period. These were both below expectations despite showing less of a decline than the previous month. Despite this, continued gains in the Shanghai Composite Index took Chinese stocks into a bull market, having climbed 20% since January in the presence of a weaker yuan. The government is continuing its efforts to suppress property prices in the bigger cities.
- Emerging market equities were sold off due to uncertainty regarding how Trump will affect relationships with oil producing countries. He has previously said he would approve a pipeline from Canada to the US, which could reduce the demand for oil from the likes of Iran and Saudi Arabia.
- Oil prices fell on Friday after the Organisation of the Petroleum Exporting Countries announced that output reached a new high in October, at 33.64 million barrels per day, which has added to worries that implementing a production limit could pose difficulties.

Equity Markets	Index Level 11 Nov 16	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	3664	-2.5%	10.2%	10.2%
FTSE 100	6730	-2.9%	12.0%	11.4%
FTSE 250	17445	-0.5%	2.6%	4.8%
MSCI World	1697	-2.5%	22.2%	24.2%
S&P 500	2164	-1.1%	26.2%	28.6%
DAX	10668	-3.8%	16.3%	19.4%
Nikkei 225	17375	-4.6%	21.6%	22.8%
Hang Seng	22531	-4.7%	24.6%	26.2%
MSCI World EM	849	-8.9%	28.0%	26.2%

Bond Markets	Yield 11 Nov 16	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	1.69	-1.3%	8.1%	9.1%
FTA All Stock ILG Index	-1.62	-2.7%	23.6%	22.4%
FTA Over 5 Year ILG Index	-1.62	-2.9%	26.6%	25.2%
FTA Under 5 Year FIG Index	0.45	-0.1%	2.0%	2.3%
FTA Over 15 Year FIG Index	1.91	-2.5%	14.9%	16.5%

Interest Rates & Yields	Yield 11 Nov 16	Yield 31 Oct 16	Yield 31 Dec 15	Yield 11 Nov 15
	UK 10 Year Gilt Yield	1.36	1.25	1.96
UK 15 Year Gilt Yield	1.74	1.61	2.29	2.37
US 10 Year Treasury Yield	2.15	1.83	2.27	2.33
German 10 Year Yield	0.31	0.16	0.63	0.61
Spanish 10 Year Yield	1.47	1.20	1.77	1.83
Greek 10 Year Yield	7.09	8.22	8.07	7.45
Japan 10 Year Yield	-0.03	-0.05	0.27	0.32

Currencies Exchange Rate	11 Nov 16	31 Oct 16	31 Dec 15	11 Nov 15
	GBP / USD	1.26	1.22	1.47
GBP / EURO	1.16	1.12	1.36	1.42
GBP / YEN	134.25	128.38	177.09	186.86

Commodities	Price Level 11 Nov 16	Price Level 31 Oct 16	Price Level 31 Dec 15	Price Level 11 Nov 15
	Oil - WTI \$	43.41	46.86	37.04
Gold \$	1,227.85	1,277.30	1,061.42	1,086.32
Wheat \$	403.00	416.25	470.00	494.75

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
14/11/2016	UK	Rightmove House Prices MoM	--	-0.011	0.009
14/11/2016	CH	Industrial Production YoY	0.062	0.061	0.061
14/11/2016	JN	Industrial Production MoM	--	0.006	0
14/11/2016	IT	CPI EU Harmonized YoY	-0.001	-0.001	-0.001
15/11/2016	GE	GDP SA QoQ	0.003	--	0.004
15/11/2016	FR	CPI YoY	0.004	--	0.004
15/11/2016	SP	CPI EU Harmonised YoY	0.005	--	0.005
15/11/2016	SP	CPI YoY	0.007	--	0.007
15/11/2016	UK	CPI YoY	0.011	--	0.01
15/11/2016	UK	CPI Core YoY	0.014	--	0.015
15/11/2016	GE	ZEW Survey Current Situation	61.6	--	59.5
15/11/2016	GE	ZEW Survey Expectations	8.1	--	6.2
15/11/2016	US	Retail Sales Advance MoM	0.006	--	0.006
16/11/2016	UK	Claimant Count Rate	0.023	--	0.023
16/11/2016	UK	Jobless Claims Change	2.0k	--	0.7k
16/11/2016	UK	ILO Unemployment Rate 3Mths	0.049	--	0.049
16/11/2016	US	MBA Mortgage Applications	--	--	-0.012
16/11/2016	US	PPI Final Demand MoM	0.003	--	0.003
16/11/2016	US	Industrial Production MoM	0.002	--	0.001
17/11/2016	UK	Retail Sales Ex Auto Fuel MoM	0.004	--	0
17/11/2016	US	Housing Starts	1155k	--	1047k
17/11/2016	US	CPI MoM	0.004	--	0.003
17/11/2016	US	Initial Jobless Claims	257k	--	254k
18/11/2016	US	Leading Index	0.001	--	0.002

Source: Bloomberg

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