

Weekly Economic Update

15 May 2018

FOR PROFESSIONAL ADVISERS ONLY



UK

- The FTSE 100 closed the week at 7,725, up 2.4%. The UK 10 year gilt yield moved from 1.40% to 1.44%.
- The Bank of England (BoE) left its benchmark interest rate unchanged at 0.5% last week as expected. Members voted by 7 to 2 to leave rates unchanged as opposed to hiking, with the BoE mentioning a 'temporary soft patch' in the UK economy. The growth forecast for the year was cut from 1.8% (forecasted in February) to 1.4%, with the central bank citing poor weather in March as a reason.
- The Office for National Statistics (ONS) released data showing just an increase of 0.1% in industrial production between February and March. While describing the economy as 'sluggish' the ONS somewhat contradicted the BoE by stating that bad weather in March had little impact on the economy.

GLOBAL

- Global equities moved higher last week despite uncertainty stemming from the US withdrawal from the Iran nuclear deal.
- US president Donald Trump removed the US from the Iran nuclear deal in a move towards increased sanctions on Iran. Trump's view of the deal is that it is not sufficient to prevent Iran from building a nuclear capability. Other parties in the deal have stated that the agreement is not the responsibility of a single signatory and therefore the US cannot simply terminate the deal.
- The US Consumer Price Index (CPI) rose 0.2% in April after its 0.1% fall in March. This translates to a 2.5% increase in the year to April, up from 2.4% to the end of March.
- Italy's populist Five Star Movement and far-right League parties progressed coalition talks over the weekend in a bid to build a common policy programme and to elect a prime minister. It was expected that on Monday, a provisional vision would be set out for the coalition with a nominee for prime minister named. However, it appears that differences remain in opinion between the two parties on key issues and so negotiators have asked for more time.
- West Texas Intermediate oil ended the week at \$70.70, as markets weighed risks from increased US sanctions on Iran's oil supply.
- Canada unexpectedly lost 1,100 jobs in April versus analyst estimates of 20,000 jobs being added. 32,300 jobs had been added in March.

Equity Markets	Index Level 11 May 18	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	4242	3.1%	2.2%	8.8%
FTSE 100	7725	3.2%	2.3%	9.0%
FTSE 250	20786	2.6%	1.3%	7.8%
MSCI World	2132	4.0%	2.2%	9.8%
S&P 500	2728	4.7%	2.5%	10.4%
DAX	13001	3.5%	-0.1%	6.9%
Nikkei 225	22758	2.9%	2.8%	12.9%
Hang Seng	31122	2.6%	3.8%	21.3%
MSCI World EM	1164	1.6%	0.9%	13.5%

Bond Markets	Yield 11 May 18	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	1.68	-0.4%	-1.2%	-0.3%
FTA All Stock ILG index	-1.50	-0.6%	-3.1%	-2.9%
FTA Over 5 Year ILG index	-1.49	-0.7%	-3.4%	-3.1%
FTA Under 5 Year FIG Index	0.86	0.0%	-0.4%	-0.9%
FTA Over 15 Year FIG Index	1.80	-0.9%	-1.6%	0.5%

Interest Rates & Yields	Yield	Yield	Yield	Yield
	11 May 18	30 Apr 17	31 Dec 17	11 May 17
UK 10 Year Gilt Yield	1.44	1.42	1.19	1.16
UK 15 Year Gilt Yield	1.71	1.68	1.51	1.55
US 10 Year Treasury Yield	2.97	2.95	2.41	2.39
German 10 Year Yield	0.56	0.56	0.43	0.43
Spanish 10 Year Yield	1.27	1.28	1.57	1.65
Greek 10 Year Yield	4.00	3.84	4.07	5.58
Japan 10 Year Yield	0.05	0.05	0.05	0.05

Currencies Exchange Rate	11 May 18	30 Apr 17	31 Dec 17	11 May 17
	GBP / USD	1.36	1.38	1.35
GBP / EURO	1.13	1.14	1.13	1.18
GBP / YEN	148.01	150.21	152.26	146.53

Commodities	Price Level	Price Level	Price Level	Price Level
	11 May 18	30 Apr 17	31 Dec 17	11 May 17
Oil - WTI \$	70.70	68.57	60.42	47.83
Gold \$	1,318.30	1,315.35	1,303.05	1,225.05
Wheat \$	489.50	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
14/05/2018	JN	PPI YoY	2.00%	2.00%	2.10%
15/05/2018	CH	Industrial Production YoY	6.40%	7.00%	6.00%
15/05/2018	GE	GDP SA QoQ	0.40%	0.30%	0.60%
15/05/2018	FR	CPI YoY	1.60%	1.60%	1.60%
15/05/2018	UK	Jobless Claims Change	--	31.2k	11.6k
15/05/2018	GE	ZEW Survey Expectations	-8.2	-8.2	-8.2
15/05/2018	US	Retail Sales Advance MoM	0.30%	0.30%	0.60%
16/05/2018	JN	GDP SA QoQ	0.00%	--	0.40%
16/05/2018	JN	Industrial Production MoM	--	--	1.20%
16/05/2018	GE	CPI MoM	0.00%	--	0.00%
16/05/2018	IT	CPI EU Harmonized YoY	0.60%	--	0.60%
16/05/2018	US	MBA Mortgage Applications	--	--	-0.40%
16/05/2018	US	Housing Starts	1310k	--	1319k
16/05/2018	US	Industrial Production MoM	0.60%	--	0.50%
17/05/2018	US	Initial Jobless Claims	215k	--	211k

Source: Bloomberg

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