

Weekly Economic Update

18 June 2018

FOR PROFESSIONAL ADVISERS ONLY



UK

- The FTSE 100 closed the week at 7,634, down 0.6%. The UK 10 year gilt yield moved from 1.39% to 1.33%.
- The Bank of England will meet this Thursday and are expected to leave interest rates unchanged. Inflation according to the consumer prices index (CPI) remained unchanged in May at 2.4%.

GLOBAL

- The Federal Reserve (Fed) raised interest rates last week by 0.25% as expected, raising the benchmark rate to between 1.75% and 2%. Perhaps more significantly, the Fed forecasted four rate rises in total this year which is one more than previous estimates. Fed chair, Jerome Powell, spoke in bullish terms about the economy, citing low employment and tax cuts as supporters to growth.
- Inflation in the US as measured by CPI reached 2.8% in May, up from 2.5% in April.
- The European Central Bank (ECB) announced on Thursday that it will end its quantitative easing programme in December. Asset purchases will be reduced from a monthly amount of €30 billion to €15 billion in September before being halted at the end of the year. The ECB left interest rates unchanged while stating expectations that they will remain at current levels 'at least through the summer of 2019'.
- CPI inflation in the Eurozone climbed to 1.9% in May, up from 1.2% in April. Increases in energy prices contributed to the figure, as West Texas Intermediate has moved towards \$70 a barrel. Energy price increases were reported as 6.1% for the year to May, while food, alcohol and tobacco were up 2.6%.
- China announced a new chief of the central bank monetary policy committee, following the departure of Zhou Xiaochuan who was governor of the People's Bank of China (PBOC) until March. Also announced were three new 'academic members' and it is as of yet unclear what effect they will have on monetary policy in China. The PBOC did not follow the rate rise in the US with one of their own despite doing this in recent times.
- The Bank of Japan left monetary policy unchanged despite the continued global trend towards tighter policies. The committee voted 8-1 to leave rates unchanged, with the dissenting member calling for lower yields. Inflation expectations were left 'more or less unchanged'.

Equity Markets	Index Level 15 Jun 18	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	4210	-0.1%	1.8%	7.7%
FTSE 100	7634	-0.4%	1.5%	7.1%
FTSE 250	21006	0.9%	2.6%	10.3%
MSCI World	2134	2.1%	4.7%	9.6%
MSCI World EM	1114	-0.4%	-1.2%	9.4%

Bond Markets	Yield 15 Jun 18	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	1.58	-0.9%	0.1%	0.1%
FTA All Stock ILG index	-1.57	-0.6%	-0.8%	1.5%
FTA Over 5 Year ILG index	-1.57	-0.6%	-0.9%	1.7%
FTA Under 5 Year FIG Index	0.77	-0.2%	-0.1%	-0.6%
FTA Over 15 Year FIG Index	1.69	-1.5%	0.6%	1.4%

Interest Rates & Yields	Yield	Yield	Yield	Yield
	15 Jun 18	31 May 18	31 Dec 17	15 Jun 17
UK 10 Year Gilt Yield	1.33	1.23	1.19	1.03
UK 15 Year Gilt Yield	1.62	1.53	1.51	1.44
US 10 Year Treasury Yield	2.92	2.86	2.41	2.16
German 10 Year Yield	0.40	0.34	0.43	0.28
Spanish 10 Year Yield	1.30	1.50	1.57	1.42
Greek 10 Year Yield	4.45	4.55	4.07	5.80
Japan 10 Year Yield	0.04	0.03	0.05	0.06

Currencies Exchange Rate	15 Jun 18	31 May 18	31 Dec 17	15 Jun 17
	GBP / USD	1.33	1.33	1.35
GBP / EURO	1.14	1.14	1.13	1.14
GBP / YEN	146.92	144.55	152.26	141.55

Commodities	Price Level	Price Level	Price Level	Price Level
	15 Jun 18	31 May 18	31 Dec 17	15 Jun 17
Oil - WTI \$	65.06	67.04	60.42	44.46
Gold \$	1,279.55	1,298.52	1,303.05	1,253.92
Wheat \$	499.50	526.25	427.00	453.75

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
18/06/2018	UK	Rightmove House Prices MoM	--	0.40%	0.80%
18/06/2018	JN	Trade Balance	-¥205.2b	-¥578.3b	¥626.0b
19/06/2018	US	Housing Starts	1312k	--	1287k
20/06/2018	US	MBA Mortgage Applications	--	--	-1.50%
20/06/2018	US	Existing Home Sales	5.53m	--	5.46m
21/06/2018	FR	Manufacturing Confidence	108	--	109
21/06/2018	UK	Bank of England Bank Rate	0.50%	--	0.50%
21/06/2018	US	Initial Jobless Claims	220k	--	218k
22/06/2018	JN	Nikkei Japan PMI Mfg	--	--	52.8
22/06/2018	FR	Markit France Manufacturing PMI	54	--	54.4
22/06/2018	GE	Markit/BME Germany Manufacturing PMI	56.3	--	56.9
22/06/2018	US	Markit US Manufacturing PMI	56.3	--	56.4

Source: Bloomberg

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