

Weekly Economic Update

20 August 2018

FOR PROFESSIONAL ADVISERS ONLY



UK

- The FTSE 100 closed the week at 7,559, down 1.2%. The UK 10 year gilt yield was unchanged at 1.24%.
- Unemployment in the UK fell by 65,000 in the second quarter, down to 1.36 million (4.2% to 4%), the lowest for 43 years according to data from the Office for National Statistics. Average weekly earnings increased at an annualised 2.4% in the three months to June, down from 2.5% in May.
- Retail sales in the UK increased by 0.7% in July, ahead of average forecasts of 0.2%. The increase took retail sales 3.5% above the figure a year earlier. The sales growth is believed to have been driven by warm weather and the FIFA World Cup in Russia, and it comes at a time where high-street retailers have struggled.

GLOBAL

- China and the US will convene this week for trade talks, just before the planned date for the further US tariffs on \$16 billion of Chinese goods to be implemented. There was a rebound in US and Chinese equities last week as markets look ahead to the talks with cautious optimism. These will be the first formal talks since the US introduced tariffs on \$50 billion of Chinese goods.
- Minutes from the August meeting of the Federal Reserve (Fed) will be released this week, when investors will look for further insight on the Fed's most recent assessment of the US economy. Global central banks will meet from Friday through the weekend in Jackson Hole for their annual event, where the Fed's policy and uncertainty in Turkey are expected to be on the agenda.
- Qatar announced a \$15 billion investment into Turkey to help support its economy. A spokesperson of Turkish president Recep Tayyip Erdogan spoke of the 'true friendship and solidarity' between Turkey and Qatar following the announcement of the funding. The deal gave a brief boost to the Turkish lira before it fell once more against the dollar on Friday following further tensions between Turkey and the US. Turkey continue to deny the release of US Pastor Andrew Brunson and announced retaliatory tariffs on the US.
- Growth in Eurozone GDP was revised upwards to 0.4%, from the previous estimate of 0.3% by the European Commission's statistics bureau. The revisions were driven by increases in consumer and government spending in Germany.

Equity Markets	Index Level 17 Aug 18	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	4154	-1.7%	1.2%	6.4%
FTSE 100	7559	-1.7%	1.5%	6.5%
FTSE 250	20444	-1.9%	0.3%	6.1%
MSCI World	2138	2.6%	9.8%	14.4%
MSCI World EM	1023	-2.9%	-4.3%	-0.1%

Bond Markets	Yield 17 Aug 18	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	1.54	0.8%	0.8%	0.9%
FTA All Stock ILG index	-1.65	1.4%	1.0%	2.2%
FTA Over 5 Year ILG index	-1.64	1.5%	1.0%	2.4%
FTA Under 5 Year FIG Index	0.80	0.2%	0.0%	-0.5%
FTA Over 15 Year FIG Index	1.65	1.2%	1.7%	2.5%

Interest Rates & Yields	Yield	Yield	Yield	Yield
	17 Aug 18	31 Jul 18	31 Dec 17	17 Aug 17
UK 10 Year Gilt Yield	1.24	1.33	1.19	1.09
UK 15 Year Gilt Yield	1.53	1.59	1.51	1.47
US 10 Year Treasury Yield	2.86	2.96	2.41	2.19
German 10 Year Yield	0.31	0.44	0.43	0.43
Spanish 10 Year Yield	1.45	1.40	1.57	1.44
Greek 10 Year Yield	4.31	3.94	4.07	5.57
Japan 10 Year Yield	0.10	0.06	0.05	0.05

Currencies Exchange Rate	17 Aug 18	31 Jul 18	31 Dec 17	17 Aug 17
	GBP / USD	1.27	1.31	1.35
GBP / EURO	1.12	1.12	1.13	1.10
GBP / YEN	140.53	146.76	152.26	141.36

Commodities	Price Level	Price Level	Price Level	Price Level
	17 Aug 18	31 Jul 18	31 Dec 17	17 Aug 17
Oil - WTI \$	65.91	68.76	60.42	47.09
Gold \$	1,185.05	1,224.09	1,303.05	1,288.06
Wheat \$	560.50	553.75	427.00	414.00

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

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Mobius Life Limited

7th Floor, 20 Gresham Street, London EC2V 7JE

t +44 (0) 20 7847 3300 f +44 (0) 20 7847 3399

e enquiries@mobiuslife.co.uk

www.mobiuslife.co.uk

Weekly Economic Update

Upcoming Data Releases



Date	Region	Event	Survey	Actual	Prior
20/08/2018	UK	Rightmove House Prices MoM	--	-2.30%	-0.10%
21/08/2018	UK	Public Sector Net Borrowing	-2.0b	--	4.5b
22/08/2018	JN	All Industry Activity Index MoM	-0.80%	--	0.10%
22/08/2018	US	MBA Mortgage Applications	--	--	-2.00%
22/08/2018	US	Existing Home Sales	5.41m	--	5.38m
23/08/2018	JN	Nikkei Japan PMI Mfg	--	--	52.3
23/08/2018	FR	Markit France Manufacturing PMI	53.5	--	53.3
23/08/2018	GE	Markit/BME Germany Manufacturing PMI	56.5	--	56.9
23/08/2018	US	Initial Jobless Claims	215k	--	212k
23/08/2018	US	Markit US Manufacturing PMI	55	--	55.3
23/08/2018	US	New Home Sales	648k	--	631k
24/08/2018	US	Durable Goods Orders	-0.50%	--	0.80%

Source: Bloomberg

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Mobius Life Limited

7th Floor, 20 Gresham Street, London EC2V 7JE

t +44 (0) 20 7847 3300 f +44 (0) 20 7847 3399

e enquiries@mobiustlife.co.uk

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