

Weekly Economic Update

21 May 2018

FOR PROFESSIONAL ADVISERS ONLY



UK

- The FTSE 100 closed the week at 7,779, up 0.8%. The UK 10 year gilt yield moved from 1.44% to 1.50%.
- The week ahead in the UK will see data releases for inflation, retail sales and GDP, which are expected to give clues to the current performance of the UK economy.

GLOBAL

- Global equities were relatively unchanged as investors monitored trade talks between the US and China as well as political developments in Europe.
- Steven Mnuchin, US Secretary of the Treasury, has said that a trade war with China is 'on hold' following continued talks between the US and China over the week. President Donald Trump's administration has suspended implementing imposed tariffs on China to ease tensions while trade talks continue. This decision came after China committed to 'substantially reduce' the trade deficit between the two economies through an increase in the purchase of goods and services from the US.
- US retail sales increased by 0.3% in April, driven by clothing stores and petrol prices. The amount of new residential housing that gained planning permission and had building work started in April fell by 3.7%, linked to a fall in activity on multi-family housing according to the US Commerce Department.
- The Japanese economy contracted in the first quarter of 2018 at an annualised rate of 0.6%, below forecasts of a 0.2% contraction. This was the first time in two years that there had been a shrinking in the Japanese economy. A fall in business investment and flat consumer spending drove the fall in GDP.
- The Chinese economy grew at an annualised rate of 6.8% in the first quarter of 2018 and for the third successive quarter. April data has revealed slower growth numbers for fixed asset investment and retail sales, while industrial activity grew by more than expected. Analysts on the whole are forecasting a slowdown from the current rate of GDP growth.
- Russian real GDP increased in the first quarter of the year to an annualised 1.3%, up from 0.9% in the last quarter of 2017. Consumer demand has been supported by falling inflation in a period where the ruble has stabilised.

Equity Markets	Index Level 18 May 18	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	4274	3.9%	3.0%	9.0%
FTSE 100	7779	4.0%	3.1%	8.8%
FTSE 250	20990	3.7%	2.4%	9.4%
MSCI World	2121	4.1%	2.3%	11.3%
S&P 500	2713	4.8%	2.6%	12.7%
DAX	13078	3.1%	-0.5%	6.0%
Nikkei 225	22930	2.8%	2.8%	13.4%
Hang Seng	31048	3.2%	4.4%	22.4%
MSCI World EM	1138	-0.1%	-0.9%	13.8%

Bond Markets	Yield 18 May 18	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	1.71	-0.8%	-1.5%	-1.7%
FTA All Stock ILG index	-1.47	-1.2%	-3.7%	-4.6%
FTA Over 5 Year ILG index	-1.46	-1.4%	-4.1%	-4.9%
FTA Under 5 Year FIG Index	0.88	-0.1%	-0.5%	-1.0%
FTA Over 15 Year FIG Index	1.83	-1.5%	-2.2%	-2.0%

Interest Rates & Yields	Yield	Yield	Yield	Yield
	18 May 18	30 Apr 17	31 Dec 17	18 May 17
UK 10 Year Gilt Yield	1.50	1.42	1.19	1.06
UK 15 Year Gilt Yield	1.76	1.68	1.51	1.45
US 10 Year Treasury Yield	3.06	2.95	2.41	2.23
German 10 Year Yield	0.58	0.56	0.43	0.34
Spanish 10 Year Yield	1.44	1.28	1.57	1.57
Greek 10 Year Yield	4.50	3.84	4.07	5.70
Japan 10 Year Yield	0.06	0.05	0.05	0.05

Currencies Exchange Rate	18 May 18	30 Apr 17	31 Dec 17	18 May 17
	GBP / USD	1.35	1.38	1.35
GBP / EURO	1.14	1.14	1.13	1.17
GBP / YEN	149.14	150.21	152.26	144.19

Commodities	Price Level	Price Level	Price Level	Price Level
	18 May 18	30 Apr 17	31 Dec 17	18 May 17
Oil - WTI \$	71.28	68.57	60.42	49.35
Gold \$	1,292.60	1,315.35	1,303.05	1,247.13
Wheat \$	518.25	512.50	427.00	425.75

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
21/05/2018	UK	Rightmove House Prices MoM	--	0.80%	0.40%
21/05/2018	JN	Trade Balance	¥440.0b	¥626.0b	¥797.3b
23/05/2018	JN	Nikkei Japan PMI Mfg	--	--	53.8
23/05/2018	JN	All Industry Activity Index MoM	0.10%	--	0.40%
23/05/2018	FR	Markit France Manufacturing PMI	53.7	--	53.8
23/05/2018	GE	Markit/BME Germany Manufacturing PMI	57.9	--	58.1
23/05/2018	UK	CPI MoM	0.50%	--	0.10%
23/05/2018	UK	PPI Output NSA MoM	0.20%	--	0.20%
23/05/2018	US	MBA Mortgage Applications	--	--	-2.70%
23/05/2018	US	Markit US Manufacturing PMI	56.5	--	56.5
23/05/2018	US	New Home Sales	679k	--	694k
24/05/2018	UK	Retail Sales Ex Auto Fuel MoM	0.50%	--	-0.50%
24/05/2018	US	Initial Jobless Claims	220k	--	222k
24/05/2018	US	Existing Home Sales	5.55m	--	5.60m
25/05/2018	GE	IFO Business Climate	102	--	102.1
25/05/2018	UK	GDP QoQ	0.10%	--	0.10%
25/05/2018	US	Durable Goods Orders	-1.40%	--	2.60%
25/05/2018	US	U. of Mich. Sentiment	98.8	--	98.8

Source: Bloomberg

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