

# Weekly Economic Update

23 July 2018

FOR PROFESSIONAL ADVISERS ONLY



## UK

- The FTSE 100 closed the week at 7,679, up 0.2%. The UK 10 year gilt yield moved from 1.27% to 1.23%.
- Inflation, as measured by the consumer price index, remained unchanged at 2.4% in June according to data released by the Office for National Statistics. The figure was marginally below consensus estimates of a small increase.
- Retail sales fell unexpectedly by 0.5% in June after increases in both April and May. Sterling weakened against the pound to below \$1.30 following the data release.

## GLOBAL

- US president Donald Trump last week spoke out against the Federal Reserve's (Fed) decision to raise interest rates in the US, breaking usual protocol for a president. Trump complained that a stronger dollar puts the US at a disadvantage. However, he stated that he is letting the Fed 'do what they think is best'.
- In a press conference on Monday, when speaking about Russian interference in the 2016 US election, Trump said that he didn't see 'any reason why it would be' Russia. The next day however Trump looked to clarify his remarks explaining that he meant to say 'wouldn't' rather than 'would'. It was confirmed later in the week that Trump had invited Russian president Vladimir Putin to Washington for a summit in Autumn.
- The International Monetary Fund (IMF) left the projections for global growth unchanged at 3.9% for 2018 and 2019. However, growth projections for the eurozone, Japan and the UK were revised downwards. According to the IMF, the recent implementation of trade tariffs have increased downside risks and threatened growth prospects in the medium term.
- President of the European Commission, Jean-Claude Juncker, will meet Trump in Washington this week. Trade will undoubtedly be a key item on the agenda.
- The Chinese economy grew at an annualised rate of 6.7% in the second quarter of 2018, marginally down from the 6.8% figure recorded in the first quarter. The ongoing trade dispute with the US is expected to weigh on GDP growth going forward, together with slowing domestic demand.

Equity Markets	Index Level 20 Jul 18	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	4225	0.6%	2.3%	7.1%
FTSE 100	7679	0.6%	2.2%	6.8%
FTSE 250	20926	0.6%	2.5%	8.7%
MSCI World	2139	3.0%	6.4%	10.4%
MSCI World EM	1070	1.1%	-3.1%	2.6%

Bond Markets	Yield 20 Jul 18	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	1.52	0.5%	0.9%	2.1%
FTA All Stock ILG index	-1.62	1.3%	0.3%	4.4%
FTA Over 5 Year ILG index	-1.61	1.4%	0.3%	4.9%
FTA Under 5 Year FIG Index	0.77	0.0%	-0.1%	-0.3%
FTA Over 15 Year FIG Index	1.63	0.9%	2.0%	4.8%

Interest Rates & Yields	Yield 20 Jul 18	Yield 30 Jun 18	Yield 31 Dec 17	Yield 20 Jul 17
UK 15 Year Gilt Yield	1.51	1.56	1.51	1.59
US 10 Year Treasury Yield	2.89	2.86	2.41	2.26
German 10 Year Yield	0.37	0.30	0.43	0.53
Spanish 10 Year Yield	1.31	1.32	1.57	1.49
Greek 10 Year Yield	3.85	3.93	4.07	5.22
Japan 10 Year Yield	0.03	0.03	0.05	0.07

Currencies Exchange Rate	20 Jul 18	30 Jun 18	31 Dec 17	20 Jul 17
GBP / EURO	1.12	1.13	1.13	1.12
GBP / YEN	146.52	146.16	152.26	145.00

Commodities	Price Level 20 Jul 18	Price Level 30 Jun 18	Price Level 31 Dec 17	Price Level 20 Jun 17
Gold \$	1,232.00	1,253.16	1,303.05	1,244.48
Wheat \$	516.00	497.50	427.00	505.75

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
23/07/2018	US	Existing Home Sales	5.45m	--	5.43m
24/07/2018	JN	Nikkei Japan PMI Mfg	--	--	53
24/07/2018	FR	Markit France Manufacturing PMI	52.5	--	52.5
24/07/2018	GE	Markit/BME Germany Manufacturing PMI	55.5	--	55.9
24/07/2018	US	Markit US Manufacturing PMI	55.1	--	55.4
25/07/2018	GE	IFO Business Climate	101.5	--	101.8
25/07/2018	US	MBA Mortgage Applications	--	--	-2.50%
25/07/2018	US	New Home Sales	669k	--	689k
26/07/2018	IT	Consumer Confidence Index	116	--	116.2
26/07/2018	US	Initial Jobless Claims	215k	--	207k
26/07/2018	US	Durable Goods Orders	3.00%	--	-0.40%
27/07/2018	US	GDP Annualized QoQ	4.30%	--	2.00%
27/07/2018	US	U. of Mich. Sentiment	97.1	--	97.1
27/07/2018	UK	Nationwide House PX MoM	0.10%	--	0.50%

Source: Bloomberg

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