

Weekly Economic Update

24 April 2017



FOR PROFESSIONAL ADVISERS ONLY

UK

- The FTSE 100 closed the week at 7,115, down 2.9%. The UK 10 year gilt yield moved from 1.08% to 1.03%.
- The UK's prime minister, Theresa May, called for a snap general election in a surprising announcement on Tuesday. May had previously ruled out calling an election until 2020 but chose to call the election in order to strengthen the government's negotiating position for Brexit discussions with the EU. Opinion polls suggest that the Conservative Party are in the driver's seat for the election and are expected to improve on their current majority of 17 seats. The election has been scheduled for 8th June. The pound strengthened following May's statement and equities fell, dragged lower by mining stocks in particular.

GLOBAL

- Global equities were steady as resilient US corporate earnings outweighed geopolitical uncertainty, although sterling denominated investors saw losses as the pound strengthened.
- The first round of voting for the French presidential election took place on Sunday, with 4 candidates all seemingly with a chance of taking the presidency. With the majority of the votes counted, the centrist candidate Emmanuel Macron gained 23.9% of the support with his far-right rival Marine Le Pen trailing with 21.4% of the vote. Macron and Pen will therefore face off in the final round of the election in 2 weeks' time. François Fillon and Jean-Luc Mélenchon are out of the running despite taking 19.9% and 19.6% of the votes respectively. They are now expected to lend their support to Macron, along with the rest of the EU, in a bid to prevent Le Pen's anti-establishment policies from becoming a reality. European equity markets have rallied in early trading today and bond yields have moved lower as investors add risk back to their portfolios following the first French election result.
- Steven Mnuchin, secretary of the US Treasury, has looked to manage expectations around the timing of planned tax reforms. Having previously stated that it could be before August, it appears to have been delayed following the failure to implement changes to the American healthcare system. President Donald Trump is expected to reveal initial plans for tax reforms on Wednesday, which he says will give a 'massive tax cut' to both companies and individuals.
- The Chinese economy grew by more than expected in the first quarter of the year. Annualised growth was 6.9%, ahead of the China's new target of 6.5%. However, April's sell-off in Chinese equities that started 2 weeks ago has continued as Chinese authorities look to tackle risk levels in their financial sector.
- Amidst increasing tensions and mind-games between the US and North Korea in regards to each of their military capabilities, North Korea has threatened a pre-emptive attack on a nearby US aircraft carrier.
- President of Turkey, Recep Tayyip Erdoğan, gained 51% of the votes in his referendum which will mean increased powers for him as the country moves from having a parliament to an executive president.
- Oil prices fell, with West Texas Intermediate ending the week back below \$50 as increasing US production concerns continued.

Equity Markets	Index Level 21 Apr 17	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	3913	-1.7%	2.3%	16.3%
FTSE 100	7115	-2.6%	0.9%	15.9%
FTSE 250	19358	2.3%	7.9%	17.3%
MSCI World	1842	-2.5%	2.3%	25.2%
S&P 500	2349	-2.5%	1.8%	28.5%
DAX	12049	-4.1%	2.6%	22.4%
Nikkei 225	18621	-1.4%	0.6%	20.7%
Hang Seng	24042	-2.3%	5.7%	29.0%
MSCI World EM	962	-1.5%	8.0%	29.6%

Bond Markets	Yield 21 Apr 17	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	1.38	0.8%	2.4%	8.7%
FTA All Stock ILG Index	-1.80	2.7%	4.6%	25.5%
FTA Over 5 Year ILG Index	-1.80	2.9%	4.9%	28.5%
FTA Under 5 Year FIG Index	0.18	0.1%	0.4%	1.7%
FTA Over 15 Year FIG Index	1.59	1.3%	3.9%	16.1%

Interest Rates & Yields	Yield 21 Apr 17	Yield 31 Mar 17	Yield 31 Dec 16	Yield 21 Apr 16
UK 15 Year Gilt Yield	1.41	1.49	1.63	2.10
US 10 Year Treasury Yield	2.25	2.39	2.44	1.86
German 10 Year Yield	0.25	0.33	0.21	0.24
Spanish 10 Year Yield	1.70	1.67	1.38	1.60
Greek 10 Year Yield	6.55	6.90	7.02	8.63
Japan 10 Year Yield	0.01	0.07	0.04	-0.12

Currencies Exchange Rate	21 Apr 17	31 Mar 17	31 Dec 16	21 Apr 16
GBP / EURO	1.20	1.17	1.17	1.27
GBP / YEN	139.46	139.60	144.01	156.92

Commodities	Price Level 21 Apr 17	Price Level 31 Mar 17	Price Level 31 Dec 16	Price Level 21 Apr 16
Gold \$	1,284.10	1,249.35	1,152.27	1,248.06
Wheat \$	405.00	426.50	408.00	495.75

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
24/04/2017	GE	IFO Business Climate	112.4	112.9	112.3
25/04/2017	FR	Manufacturing Confidence	105.0	--	104.0
25/04/2017	US	New Home Sales	584k	--	592k
26/04/2017	JN	All Industry Activity Index MoM	0.60%	--	0.10%
26/04/2017	FR	Consumer Confidence	100.0	--	100.0
26/04/2017	US	MBA Mortgage Applications	--	--	-1.80%
27/04/2017	SP	CPI EU Harmonised YoY	2.30%	--	2.10%
27/04/2017	IT	Consumer Confidence Index	107.4	--	107.6
27/04/2017	GE	CPI YoY	1.90%	--	1.60%
27/04/2017	US	Durable Goods Orders	1.30%	--	1.80%
27/04/2017	US	Initial Jobless Claims	243k	--	244k
27/04/2017	EU	European Central Bank meeting	--	--	--
27/04/2017	JN	Bank of Japan meeting	--	--	--
28/04/2017	JN	Jobless Rate	2.90%	--	2.80%
28/04/2017	JN	Industrial Production MoM	-0.80%	--	3.20%
28/04/2017	FR	GDP QoQ	0.40%	--	0.40%
28/04/2017	FR	CPI YoY	1.20%	--	1.10%
28/04/2017	UK	GDP YoY	2.20%	--	1.90%
28/04/2017	IT	CPI EU Harmonized YoY	1.60%	--	1.40%
28/04/2017	US	GDP Annualized QoQ	1.10%	--	2.10%
28/04/2017	US	U. of Mich. Sentiment	98.0	--	98.0
28/04/2017	UK	Nationwide House PX MoM	0.10%	--	-0.30%

Source: Bloomberg

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