

Weekly Economic Update

24 September 2018

FOR PROFESSIONAL ADVISERS ONLY



UK

- The FTSE 100 closed the week at 7,490, up 2.6%. The UK 10 year gilt yield moved from 1.53% to 1.55%.
- Prime minister Theresa May gave a bold speech on Friday, stating that negotiations are at an 'impasse', and asking for respect from the EU. May asked for explanations where her proposals have been rejected and for counter proposals. May stated that she would not accept Northern Ireland retain rules that mirror those of the EU. May also vowed to 'not overturn the result of the referendum'. She ended the monologue with the words 'we stand ready'. The pound weakened in response to the speech with some Conservative party members thought to be considering resignation if May's stance to negotiations does not change.
- The Labour party will vote today on a motion for a further Brexit referendum, should there not be a general election. Shadow chancellor, John McDonnell, has denied that the referendum will include an option to remain in the EU and instead that it will be 'about the nature of the deal'. Former foreign secretary Boris Johnson has spoken out against May's current 'Chequers' plan and has asked instead for an alternative trade agreement similar to Canada's. The Institute of Economic Affairs think tank are releasing their own proposal, backed by Conservative party rebels including former Brexit secretary David Davis.

GLOBAL

- China have warned the US that as Donald Trump's imposition of tariffs continues, they will not enter into trade negotiations. The US implemented additional tariffs last week on \$200 billion of Chinese goods, meaning \$250 billion of tariffed goods in total. Trump has threatened further tariffs if China retaliate and this appears to be likely as China have cancelled trade talks and promised action. China are expected to apply tariffs on \$60 billion of US goods today. US equity indices continued advances to record highs on Thursday despite the escalation of trade tensions.
- Reports this week suggested that North Korean leader Kim Jong-un wants to continue with its denuclearisation and to meet Trump again in order to speed the process along. Kim agreed to close one of North Korea's testing and launch facilities last week in Tongchang-ri.
- The Organisation for Economic Co-operation and Development has moderately downgraded its global growth forecasts for 2018 and 2019 on the basis of tightening fiscal conditions in emerging markets, trade tensions and political risks.
- Crude oil prices climbed further last week on supply concerns in Venezuela and Iran. The Organisation of Petroleum Exporting Countries have refused to immediately increase oil production despite calls from Trump for lower oil prices.

Equity Markets	Index Level 21 Sep 18	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	4129	0.7%	0.9%	7.6%
FTSE 100	7490	0.9%	0.7%	7.4%
FTSE 250	20590	-0.2%	1.4%	8.9%
MSCI World	2200	0.3%	10.2%	17.5%
MSCI World EM	1051	-1.2%	-4.0%	1.1%

Bond Markets	Yield 21 Sep 18	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	1.72	-1.3%	-1.1%	1.1%
FTA All Stock ILG index	-1.48	-1.0%	-2.0%	1.4%
FTA Over 5 Year ILG index	-1.48	-1.1%	-2.3%	1.5%
FTA Under 5 Year FIG Index	0.96	-0.2%	-0.3%	0.0%
FTA Over 15 Year FIG Index	1.84	-2.4%	-1.9%	2.2%

Interest Rates & Yields	Yield	Yield	Yield	Yield
	21 Sep 18	31 Aug 18	31 Dec 17	21 Sep 17
UK 10 Year Gilt Yield	1.55	1.43	1.19	1.37
UK 15 Year Gilt Yield	1.70	1.57	1.51	1.68
US 10 Year Treasury Yield	3.06	2.86	2.41	2.28
German 10 Year Yield	0.46	0.33	0.43	0.46
Spanish 10 Year Yield	1.50	1.47	1.57	1.62
Greek 10 Year Yield	4.05	4.37	4.07	5.52
Japan 10 Year Yield	0.13	0.11	0.05	0.03

Currencies Exchange Rate	21 Sep 18	31 Aug 18	31 Dec 17	21 Sep 17
	GBP / USD	1.31	1.30	1.35
GBP / EURO	1.11	1.12	1.13	1.14
GBP / YEN	147.31	143.95	152.26	152.61

Commodities	Price Level	Price Level	Price Level	Price Level
	21 Sep 18	31 Aug 18	31 Dec 17	21 Sep 17
Oil - WTI \$	70.78	69.80	60.42	50.55
Gold \$	1,199.00	1,201.40	1,303.05	1,291.17
Wheat \$	521.75	518.50	427.00	452.50

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
24/09/2018	GE	IFO Business Climate	103.2	103.7	103.8
26/09/2018	US	MBA Mortgage Applications	--	--	1.60%
26/09/2018	US	New Home Sales	630k	--	627k
26/09/2018	US	FOMC Rate Decision (Upper Bound)	2.25%	--	2.00%
27/09/2018	US	GDP Annualized QoQ	4.20%	--	4.20%
27/09/2018	US	Durable Goods Orders	1.90%	--	-1.70%
27/09/2018	US	Initial Jobless Claims	210k	--	201k
28/09/2018	JN	Job-To-Applicant Ratio	1.63	--	1.63
28/09/2018	JN	Jobless Rate	2.50%	--	2.50%
28/09/2018	JN	Industrial Production MoM	1.50%	--	-0.10%
28/09/2018	CH	Caixin China PMI Mfg	50.5	--	50.6
28/09/2018	FR	CPI YoY	2.30%	--	2.30%
28/09/2018	SP	CPI EU Harmonised YoY	2.30%	--	2.20%
28/09/2018	UK	GDP QoQ	0.40%	--	0.40%
28/09/2018	IT	CPI EU Harmonized YoY	1.70%	--	1.60%
28/09/2018	US	U. of Mich. Sentiment	100.5	--	100.8

Source: Bloomberg

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