

Weekly Economic Update

25 June 2018

FOR PROFESSIONAL ADVISERS ONLY



UK

- The FTSE 100 closed the week at 7,682, up 0.7%. The UK 10 year gilt yield moved from 1.33% to 1.32%.
- The Bank of England left the benchmark interest rate unchanged at 0.5%. However, there was a surprise vote from the chief economist Andy Haldane to increase rates, leaving the committee split at 6 votes to 3. Sterling strengthened from its lows following Haldane's decision, reading this as a signal of potential rate rises in August or November.
- Prime minister Theresa May has indicated that the NHS will be given an extra 3.4% in funding each year from 2019 to 2024, meaning an extra £20.5 billion. Chancellor Philip Hammond confirmed in a speech on Thursday that taxes would need to be increased to fund the extra payments to the NHS.

GLOBAL

- Chinese stocks fell earlier in the week as US president Donald Trump threatened to put further tariffs on approximately £150 billion of Chinese goods. China responded by promising to 'forcefully fight back' if the move goes ahead. China imports less from the US than the US does from China, leading to speculation in markets in regards to measures China could take in response. China reduced the reserve requirement ratio for its large commercial banks by 0.5% on Sunday, freeing up more than \$100 billion for banks to deploy.
- The European Union implemented retaliatory tariffs on Friday against the US on products including whiskey, orange juice, motorcycles and peanut butter. The tariffs were imposed on £2.4 billion worth of US goods. Trump responded by threatening a 20% tariff on European cars imported into the US, tweeting 'Build them here!'.
- Eurozone ministers agreed a debt relief package with Greece last week. Greece will end its current bailout in August and has been offered a deferral of 10 years on a large portion of the debt in addition to €15 billion in further credit. Rating agency Moody's reported the deal as a positive for the credit position of the country.
- Recep Tayyip Erdogan was victorious in the Turkish presidential election over the weekend, gaining 53% of the vote. The closest challenger was Muharrem Ince who gained 31% of the vote after claiming voting manipulation. The mandate won by Erdogan gives the long-serving leader a further five years in office.

Equity Markets	Index Level 22 Jun 18	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	4230	0.4%	2.3%	7.9%
FTSE 100	7682	0.3%	2.2%	7.5%
FTSE 250	21010	0.9%	2.7%	9.7%
MSCI World	2115	1.5%	4.0%	7.8%
MSCI World EM	1088	-2.4%	-3.2%	5.7%

Bond Markets	Yield 22 Jun 18	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	1.59	-1.0%	0.0%	-0.7%
FTA All Stock ILG index	-1.56	-0.9%	-1.1%	-2.2%
FTA Over 5 Year ILG index	-1.55	-1.0%	-1.3%	-2.3%
FTA Under 5 Year FIG Index	0.80	-0.3%	-0.2%	-0.7%
FTA Over 15 Year FIG Index	1.70	-1.6%	0.4%	-0.4%

Interest Rates & Yields	Yield	Yield	Yield	Yield
	22 Jun 18	31 May 18	31 Dec 17	22 Jun 17
UK 10 Year Gilt Yield	1.32	1.23	1.19	1.02
UK 15 Year Gilt Yield	1.61	1.53	1.51	1.39
US 10 Year Treasury Yield	2.89	2.86	2.41	2.15
German 10 Year Yield	0.34	0.34	0.43	0.25
Spanish 10 Year Yield	1.35	1.50	1.57	1.39
Greek 10 Year Yield	4.11	4.55	4.07	5.51
Japan 10 Year Yield	0.03	0.03	0.05	0.06

Currencies Exchange Rate	22 Jun 18	31 May 18	31 Dec 17	22 Jun 17
	GBP / USD	1.33	1.33	1.35
GBP / EURO	1.14	1.14	1.13	1.14
GBP / YEN	145.71	144.55	152.26	141.00

Commodities	Price Level	Price Level	Price Level	Price Level
	22 Jun 18	31 May 18	31 Dec 17	22 Jun 17
Oil - WTI \$	68.58	67.04	60.42	42.74
Gold \$	1,269.41	1,298.52	1,303.05	1,250.45
Wheat \$	491.25	526.25	427.00	461.25

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
25/06/2018	GE	IFO Business Climate	101.8	101.8	102.2
25/06/2018	US	New Home Sales	667k	--	662k
27/06/2018	US	MBA Mortgage Applications	--	--	5.10%
27/06/2018	US	Durable Goods Orders	-0.90%	--	-1.60%
28/06/2018	US	Initial Jobless Claims	220k	--	218k
28/06/2018	US	GDP Annualized QoQ	2.20%	--	2.20%
28/06/2018	UK	Nationwide House PX MoM	0.20%	--	-0.20%
29/06/2018	JN	Jobless Rate	2.50%	--	2.50%
29/06/2018	JN	Industrial Production MoM	-1.00%	--	0.50%
29/06/2018	GE	Unemployment Change (000's)	-8k	--	-11k
29/06/2018	UK	Mortgage Approvals	62.2k	--	62.5k
29/06/2018	UK	GDP QoQ	0.10%	--	0.10%
29/06/2018	UK	GDP YoY	1.20%	--	1.20%

Source: Bloomberg

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