

Weekly Economic Update

26 February 2018



FOR PROFESSIONAL ADVISERS ONLY

UK

- The FTSE 100 closed the week at 7,244, down 0.4%. The UK 10 year gilt yield moved from 1.58% to 1.52%.
- Prime minister Theresa May is reportedly putting together a contingency plan to hold back Brexit bill payments to the European Union in the event that the UK government is dissatisfied with the trade deal. The EU have stated that their expectation is for just a 'statement of intent' to be in place in regards to a future trade deal when the UK leaves and pays the exit fees.
- Jeremy Corbyn set out the Labour party's stance on Brexit today, revealing Labour's plan to retain some form of customs union with the EU after Brexit. While the plans have been met with some scepticism as to their true meaning in practice, there is speculation that several Conservative party members are in favour of a customs union. May has stated that the UK will leave the single market and the customs union.
- The unemployment rate in the UK increased to 4.4% in December, up from the long term low of 4.3%. Unexpectedly, the number of people classed as unemployed increased by 46,000 during the quarter. According to the Office of National Statistics, there was a 109,000 fall in 'inactive' workers which contributed to the increase in the unemployment rate.

GLOBAL

- Global equities rallied on Friday to end the week marginally higher, in a relatively quiet week for economic data releases.
- The ISM manufacturing index in the US read 59.1 in January, marginally lower than the 59.3 in December, but showing a continuation of the strong expansion in manufacturing into the new year.
- Japan's consumer price index (CPI) climbed by 1.4% in the year to January, up from 1.0%. Core CPI increased by 0.1% to 0.4%, its highest level in 18 months.
- Chinese president, Xi Jinping, has shocked the political landscape in China by recommending the removal of the two-term limit for Chinese presidents. The move comes just months after Xi started his 2nd term in office, and would further support his ambition to lead the country for a sustained period of time. The limit was introduced in the 1980s by then-leader Deng Xiaoping, in a bid to avoid the pitfalls of a sustained dictatorship.
- Following the recent mass shooting at a school in Florida, the gun ownership debate in the US has intensified. President Donald Trump has suggested that arming teachers with weapons could act as a deterrent to future school shooters. Students have been at the forefront of calls for gun control and Trump's view appeared to change last week, as he spoke of potential improvements to background checks and an increase in the legal age requirement for certain weapons.

Equity Markets	Index Level 23 Feb 18	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	3992	-3.0%	-4.9%	4.7%
FTSE 100	7244	-3.2%	-5.1%	3.5%
FTSE 250	19801	-2.1%	-4.3%	9.1%
MSCI World	2141	-1.7%	-1.3%	6.6%
S&P 500	2747	-1.1%	-0.3%	6.4%
DAX	12484	-4.8%	-4.3%	9.2%
Nikkei 225	21893	-1.3%	-1.7%	7.3%
Hang Seng	31267	-3.4%	1.2%	19.7%
MSCI World EM	1216	-1.5%	1.7%	17.6%

Bond Markets	Yield 23 Feb 18	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	1.72	0.0%	-2.0%	-0.4%
FTA All Stock ILG index	-1.53	-0.2%	-2.8%	-0.4%
FTA Over 5 Year ILG index	-1.53	-0.2%	-3.0%	-0.4%
FTA Under 5 Year FIG Index	0.86	0.0%	-0.6%	-1.0%
FTA Over 15 Year FIG Index	1.85	0.2%	-2.9%	0.5%

Interest Rates & Yields	Yield	Yield	Yield	Yield
	23 Feb 18	31 Jan 17	31 Dec 17	23 Feb 17
UK 10 Year Gilt Yield	1.52	1.51	1.19	1.15
UK 15 Year Gilt Yield	1.78	1.76	1.51	1.59
US 10 Year Treasury Yield	2.87	2.71	2.41	2.37
German 10 Year Yield	0.65	0.70	0.43	0.23
Spanish 10 Year Yield	1.60	1.43	1.57	1.69
Greek 10 Year Yield	4.36	3.71	4.07	7.21
Japan 10 Year Yield	0.05	0.08	0.05	0.08

Currencies Exchange Rate	23 Feb 18	31 Jan 17	31 Dec 17	23 Feb 17
	GBP / USD	1.40	1.42	1.35
GBP / EURO	1.14	1.14	1.13	1.19
GBP / YEN	149.00	155.12	152.26	141.41

Commodities	Price Level	Price Level	Price Level	Price Level
	23 Feb 18	31 Jan 17	31 Dec 17	23 Feb 17
Oil - WTI \$	63.55	64.73	60.42	54.45
Gold \$	1,328.75	1,345.15	1,303.05	1,249.78
Wheat \$	452.25	451.75	427.00	438.00

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
26/02/2018	US	New Home Sales	648k	--	625k
27/02/2018	GE	CPI YoY	1.50%	--	1.60%
27/02/2018	US	Durable Goods Orders	-2.00%	--	2.80%
27/02/2018	JN	Industrial Production MoM	-4.00%	--	2.90%
28/02/2018	CH	Manufacturing PMI	51.2	--	51.3
28/02/2018	GE	Unemployment Change (000's)	-15k	--	-25k
28/02/2018	US	MBA Mortgage Applications	--	--	-6.60%
28/02/2018	US	GDP Annualized QoQ	2.50%	--	2.60%
28/02/2018	US	Chicago Purchasing Manager	64.6	--	65.7
28/02/2018	UK	Nationwide House PX MoM	0.10%	--	0.60%
01/03/2018	JN	Nikkei Japan PMI Mfg	--	--	54
01/03/2018	CH	Caixin China PMI Mfg	51.3	--	51.5
01/03/2018	GE	Markit/BME Germany Manufacturing PMI	60.3	--	60.3
01/03/2018	UK	Mortgage Approvals	62.0k	--	61.0k
01/03/2018	UK	Markit UK PMI Manufacturing SA	55	--	55.3
01/03/2018	US	Personal Spending	0.20%	--	0.40%
01/03/2018	US	Initial Jobless Claims	226k	--	222k
01/03/2018	JN	Jobless Rate	2.80%	--	2.80%

Source: Bloomberg

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