

Weekly Economic Update

26 November 2018



FOR PROFESSIONAL ADVISERS ONLY

UK

- The FTSE 100 closed the week at 6,953, down 0.7%. The UK 10 year gilt yield moved from 1.41% to 1.38%.
- Sunday saw the remaining 27 European Union (EU) leaders unofficially sign off May's Brexit agreement despite Spain's last-minute disagreements over Gibraltar. The consensus of Britain's deal from the EU leaders is that its fair and the best deal possible for Britain.
- Prime Minister May might have seen the summit as a positive however, she knows the bigger challenge awaits as she needs to gain Parliamentary approval for the deal. Lawmakers in the Labour party, Liberal Democrats and some Conservatives have indicated they will vote against the deal, along with the promise from the Scottish National Party that they will all vote against it. The Northern Irish DUP which forms the coalition with the conservative have also said they will vote against the deal.
- On the contrary detailed research from the Japanese bank Nomura gives a 60% chance the deal will be passed as lawmakers are opposed the chance of a no deal Brexit.

GLOBAL

- John Williams a member of Federal Reserve an ally of Jerome Powell reiterated the strength of the US economy and that rates are still at a very low level. Williams indicated that that rates will rise at the next meeting inline with expectation despite a slow down in global growth.
- Housing starts in the US increased 1.5% from September however, lower than the market expectation of a 1.6% increase. Housing completions hit a 12-month low and building permits also declined during October. Prices are also rising due to a shortage in land and labour combined with an increase in borrowing costs.
- Initial claims for state unemployment benefits for the week rose by 3,000 to 224,000. The previous weeks figure was also revised upwards by an extra 5,000 claims than previously reported. The four-week moving average also increased by 2,000 to 218,500. However, the unemployment rate held near a 49-year low of 3.7%.
- The European Commission took the first step towards sanctioning Italy over its 2019 budget as the Italian government stood by their proposal. Italy's debt stands at 131% of its GDP and is proportionally the second highest in the eurozone. Sanctions could include a 0.2% GDP fine but the European Commission needs backing from EU's deputy finance ministers.
- Flash Manufacturing PMI showed a decrease globally month on month while also missing forecasts as many countries were expected to increase marginally or remain flat. France and German both missed forecasts by 0.6 and 0.7 to 50.7 and 51.6 respectively, with Germany nearing a 4-year low. Japan and the US also fell missing expectations however, they stayed ahead of the 50-point

Equity Markets	Index Level 23 Nov 18	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	3812	-2.0%	-6.2%	-2.7%
FTSE 100	6953	-2.0%	-5.8%	-2.3%
FTSE 250	18533	-1.9%	-8.4%	-4.8%
MSCI World	1975	-2.6%	1.4%	2.4%
MSCI World EM	969	1.0%	-9.4%	-10.2%

Bond Markets	Yield 23 Nov 18	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	1.71	-0.3%	-0.7%	0.0%
FTA All Stock ILG index	-1.51	-2.1%	-1.5%	-1.2%
FTA Over 5 Year ILG index	-1.51	-2.3%	-1.7%	-1.4%
FTA Under 5 Year FIG Index	0.82	0.1%	0.2%	0.3%
FTA Over 15 Year FIG Index	1.87	-1.1%	-2.1%	-0.9%

Interest Rates & Yields	Yield	Yield	Yield	Yield
	23 Nov 18	31 Oct 18	31 Dec 17	16 Nov 17
UK 10 Year Gilt Yield	1.38	1.44	1.19	1.25
UK 15 Year Gilt Yield	1.59	1.61	1.51	1.57
US 10 Year Treasury Yield	3.04	3.14	2.41	2.32
German 10 Year Yield	0.34	0.39	0.43	0.35
Spanish 10 Year Yield	1.63	1.55	1.57	1.46
Greek 10 Year Yield	4.54	4.21	4.07	5.30
Japan 10 Year Yield	0.10	0.13	0.05	0.02

Currencies Exchange Rate	23 Nov 18	31 Oct 18	31 Dec 17	16 Nov 17
	GBP / USD	1.28	1.28	1.35
GBP / EURO	1.13	1.13	1.13	1.12
GBP / YEN	144.53	144.19	152.26	147.95

Commodities	Price Level	Price Level	Price Level	Price Level
	23 Nov 18	31 Oct 18	31 Dec 17	16 Nov 17
Oil - WTI \$	50.42	65.31	60.42	58.02
Gold \$	1,223.19	1,214.76	1,303.05	1,291.34
Wheat \$	499.75	500.50	427.00	422.75

Source: Mobius Life, Bloomberg

Index Source: London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). © LSE Group 2018. FTSE Russell is a trading name of certain of the LSE Group companies. "FTSE®" is a trade mark(s) of the relevant LSE Group companies and is used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data. No further distribution of data from the LSE Group is permitted without the relevant

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Weekly Economic Update

Upcoming Data Releases



Date	Region	Event	Survey	Actual	Prior
26/11/2018	JN	Nikkei Japan PMI Mfg	--	51.8	52.9
26/11/2018	GE	IFO Business Climate	102.3	102	102.8
27/11/2018	FR	Consumer Confidence	94	--	95
27/11/2018	IT	Consumer Confidence Index	116	--	116.6
28/11/2018	US	MBA Mortgage Applications	--	--	-0.10%
28/11/2018	US	Wholesale Inventories MoM	0.40%	--	0.40%
28/11/2018	US	GDP Annualized QoQ	3.50%	--	3.50%
28/11/2018	US	New Home Sales	575k	--	553k
29/11/2018	FR	GDP QoQ	0.40%	--	0.40%
29/11/2018	SP	CPI EU Harmonised YoY	2.00%	--	2.30%
29/11/2018	GE	Unemployment Change (000's)	-10k	--	-11k
29/11/2018	UK	Mortgage Approvals	64.5k	--	65.3k
29/11/2018	GE	CPI YoY	2.40%	--	2.50%
29/11/2018	US	Personal Spending	0.40%	--	0.40%
29/11/2018	US	Initial Jobless Claims	220k	--	224k
29/11/2018	JN	Jobless Rate	2.30%	--	2.30%
30/11/2018	UK	Nationwide House PX MoM	0.10%	--	0.00%
30/11/2018	FR	CPI YoY	2.00%	--	2.20%

Source: Bloomberg

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