

Weekly Economic Update

27 March 2017



FOR PROFESSIONAL ADVISERS ONLY

UK

- The FTSE 100 closed the week at 7,337, down 1.2%. The UK 10 year gilt yield moved from 1.24% to 1.20%.
- Prime minister, Theresa May, labelled 29th March as the official start date of the 2-year process for leaving the EU. The path of negotiations is likely to guide sentiment around the departure, with the EU expected to take a hard line approach in order to discourage further departures.
- News in the UK was dominated by an attack in Westminster, where 5 people died and 50 were injured. The attacker, Khalid Masood, drove a car into pedestrians on the Westminster bridge and stabbed a police officer before he was shot.

GLOBAL

- Global equities fell alongside the US dollar as investors begin to doubt Donald Trump's ability to implement his promised reforms. The US dollar has reached its lowest level in 4 months as risky assets were sold, with both the yen and gold prices strengthening.
- A vote was scheduled for Thursday on America's new Health Care Act, but it had to be withdrawn given that it was not expected to gain enough Republican votes. The decision was taken by Trump and Paul Ryan, house speaker, in a somewhat embarrassing development for the Trump administration. Replacing Obamacare and the Affordable Care Act was at the forefront of Trump's campaign policies. There was some mildly more positive news for Trump as a judge in Virginia ruled that the latest travel ban order from the president was justified, increasing the possibility of the order being put in front of the Supreme Court.
- The governor of the Bank of Japan, Haruhiko Kuroda, stated clearly that they are not considering a higher target for interest rates at this time given that inflation remains below their 2% target. Kuroda also encouraged that monetary policy should be guided by underlying levels of inflation rather than the headline price levels that have been driven largely by oil prices.
- The Eurozone's composite purchasing managers' index (PMI) climbed to 56.7 in March according to IHS Markit, which is its highest level in almost 6 years. The euro strengthened in response to the data.
- Chinese iron ore futures fell last week over doubts regarding China's demand for steel. Selling pressures on iron ore have intensified as China are expected to take further action to cool their property market which in turn is expected to inhibit steel construction.
- Oil prices edged further downwards as increased US production continued to undo some of the gains that have arisen from cuts in oil production from members of the Organisation of the Petroleum Exporting Countries.

Equity Markets	Index Level 24 Mar 17	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	3995	1.3%	4.1%	23.6%
FTSE 100	7337	1.2%	3.8%	24.9%
FTSE 250	18980	1.5%	5.5%	17.2%
MSCI World	1845	-0.3%	4.4%	32.2%
S&P 500	2351	-1.4%	3.9%	33.4%
DAX	12064	3.2%	6.4%	34.3%
Nikkei 225	19263	1.1%	4.8%	31.6%
Hang Seng	24358	2.0%	9.7%	41.0%
MSCI World EM	968	2.7%	11.0%	38.4%

Bond Markets	Yield 24 Mar 17	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	1.52	-0.6%	0.7%	6.2%
FTA All Stock ILG Index	-1.62	-1.0%	0.2%	18.4%
FTA Over 5 Year ILG Index	-1.62	-1.1%	0.1%	20.4%
FTA Under 5 Year FIG Index	0.28	-0.2%	0.1%	1.4%
FTA Over 15 Year FIG Index	1.74	-1.0%	0.9%	11.4%

Interest Rates & Yields	Yield	Yield	Yield	Yield
	24 Mar 17	28 Feb 17	31 Dec 16	24 Mar 16
UK 10 Year Gilt Yield	1.20	1.15	1.24	1.45
UK 15 Year Gilt Yield	1.55	1.50	1.63	2.00
US 10 Year Treasury Yield	2.40	2.39	2.44	1.90
German 10 Year Yield	0.40	0.21	0.21	0.18
Spanish 10 Year Yield	1.69	1.66	1.38	1.52
Greek 10 Year Yield	7.31	7.06	7.02	8.63
Japan 10 Year Yield	0.07	0.05	0.04	-0.10

Currencies Exchange Rate	24 Mar 17	31 Jan 17	31 Dec 16	24 Mar 16
	GBP / USD	1.25	1.24	1.23
GBP / EURO	1.16	1.17	1.17	1.27
GBP / YEN	138.47	139.00	144.01	159.84

Commodities	Price Level	Price Level	Price Level	Price Level
	24 Mar 17	31 Jan 17	31 Dec 16	24 Mar 16
Oil - WTI \$	47.75	54.01	53.72	39.46
Gold \$	1,248.70	1,248.33	1,152.27	1,216.79
Wheat \$	423.75	424.75	408.00	463.00

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
29/03/2017	UK	Mortgage Approvals	69.1k	--	69.9k
29/03/2017	US	MBA Mortgage Applications	--	--	-2.70%
29/03/2017	US	Pending Home Sales MoM	2.10%	--	-2.80%
30/03/2017	SP	CPI YoY	2.60%	--	3.00%
30/03/2017	GE	CPI YoY	1.80%	--	2.20%
30/03/2017	US	GDP Annualized QoQ	2.00%	--	1.90%
30/03/2017	US	Initial Jobless Claims	247k	--	261k
31/03/2017	JN	Jobless Rate	0.03	--	0.03
31/03/2017	JN	Job-To-Applclicant Ratio	144.00%	--	143.00%
31/03/2017	JN	Natl CPI YoY	0.20%	--	0.40%
31/03/2017	JN	Industrial Production MoM	1.20%	--	-0.40%
31/03/2017	CH	Manufacturing PMI	51.7	--	51.6
31/03/2017	UK	Nationwide House PX MoM	0.30%	--	0.60%
31/03/2017	FR	CPI YoY	0.012	--	0.012
31/03/2017	SP	Retail Sales YoY	--	--	-0.001
31/03/2017	GE	Unemployment Change (000's)	-10k	--	-14k
31/03/2017	UK	GDP QoQ	0.007	--	0.007
31/03/2017	IT	CPI EU Harmonized YoY	0.016	--	0.016
31/03/2017	US	Personal Income	0.004	--	0.004
31/03/2017	US	Personal Spending	0.002	--	0.002
31/03/2017	US	Chicago Purchasing Manager	56.9	--	57.4
31/03/2017	US	U. of Mich. Sentiment	97.6	--	97.6

Source: Bloomberg

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