

Weekly Economic Update

29 January 2018



FOR PROFESSIONAL ADVISERS ONLY

UK

- The FTSE 100 closed the week at 7,666, down 0.8%. The UK 10 year gilt yield moved from 1.34% to 1.44%.
- Sterling strengthened to over \$1.40 against the dollar last week. Wednesday was a particularly strong day for the currency, coinciding with job figures that showed increased employment numbers and unchanged wage growth.

GLOBAL

- Global equities held firm last week amidst supportive growth data releases.
- The US economy grew at an annualised rate of 2.6% in the final quarter of 2017, below estimates in the region of 2.9%. Growth for the year was 2.3%, higher than the 1.5% growth in 2016. Strong demand for goods saw an increase in final sales in the quarter of 3.2% on an annualised basis and this was also reflected in increased import numbers.
- US president Donald Trump spoke at the World Economic Forum in Davos on Friday. One of the most notable quotes from his speech was 'America first does not mean American alone', as he looked to reassure onlookers that his attempted steps to increase growth and investment in the US can be of a global benefit. The US government have made visible steps to fix what Steven Mnuchin, secretary of the Treasury, calls 'trade imbalances', by adding tariffs onto certain imported goods. New tariffs on washing machines and solar panels were reported early in the week. Mnuchin also suggested that recent weakness in the US dollar was a positive for US trade before emphasising that the strength of the US economy would mean a stronger dollar in the longer term.
- Jerome Powell, elected by Trump to chair the Federal Reserve from the end of Janet Yellen's term, has been officially approved by the US Senate. Senators voted 84 to 13 in favour of Powell who will start his new role this weekend.
- Mario Draghi, president of the European Central Bank, left rates unchanged last week while stating that a rise in rates this year is unlikely. Draghi also stated that current stimulus measures would be kept in place for as long as required in spite of contradicting views of investors that policy tightening is more imminent. The euro rallied on Thursday to a three-year high against the dollar.
- The Bank of Japan left monetary policy unchanged last week as widely expected. The governor, Haruhiko Kuroda, said that inflation remains weak and as such there is no justification to alter the current easy stance on policy.
- The West Texas Intermediate oil price moved above \$65, to the highest level in three years.

Equity Markets	Index Level 26 Jan 18	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	4209	-0.2%	-0.2%	12.4%
FTSE 100	7666	-0.2%	-0.2%	11.3%
FTSE 250	20616	-0.4%	-0.4%	16.8%
MSCI World	2249	1.9%	1.9%	13.3%
S&P 500	2873	2.5%	2.5%	13.2%
DAX	13340	1.8%	1.8%	16.3%
Nikkei 225	23632	2.7%	2.7%	14.2%
Hang Seng	33154	5.5%	5.5%	29.7%
MSCI World EM	1273	4.8%	4.8%	26.3%

Bond Markets	Yield 26 Jan 18	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	1.68	-1.7%	-1.7%	2.9%
FTA All Stock ILG index	-1.53	-2.0%	-2.0%	2.4%
FTA Over 5 Year ILG index	-1.53	-2.1%	-2.1%	2.7%
FTA Under 5 Year FIG Index	0.80	-0.5%	-0.5%	-0.4%
FTA Over 15 Year FIG Index	1.82	-2.5%	-2.5%	5.8%

Interest Rates & Yields	Yield	Yield	Yield	Yield
	26 Jan 18	31 Dec 17	31 Dec 17	26 Jan 17
UK 10 Year Gilt Yield	1.44	1.19	1.19	1.52
UK 15 Year Gilt Yield	1.70	1.51	1.51	1.89
US 10 Year Treasury Yield	2.66	2.41	2.41	2.50
German 10 Year Yield	0.63	0.43	0.43	0.48
Spanish 10 Year Yield	1.41	1.57	1.57	1.57
Greek 10 Year Yield	3.63	4.07	4.07	6.86
Japan 10 Year Yield	0.08	0.05	0.05	0.09

Currencies Exchange Rate	26 Jan 18	31 Dec 17	31 Dec 17	26 Jan 17
	GBP / USD	1.42	1.35	1.35
GBP / EURO	1.14	1.13	1.13	1.18
GBP / YEN	153.93	152.26	152.26	144.31

Commodities	Price Level	Price Level	Price Level	Price Level
	26 Jan 18	31 Dec 17	31 Dec 17	26 Jan 17
Oil - WTI \$	66.14	60.42	60.42	53.78
Gold \$	1,349.70	1,303.05	1,303.05	1,188.55
Wheat \$	441.00	427.00	427.00	427.00

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
29/01/2018	SP	Retail Sales YoY	--	1.50%	2.90%
29/01/2018	US	Personal Income	0.30%	--	0.30%
29/01/2018	US	Personal Spending	0.40%	--	0.60%
29/01/2018	JN	Jobless Rate	2.70%	--	2.70%
29/01/2018	JN	Job-To-Applicant Ratio	1.57	--	1.56
30/01/2018	UK	Mortgage Approvals	63.5k	--	65.1k
30/01/2018	GE	CPI MoM	-0.60%	--	0.60%
30/01/2018	JN	Industrial Production MoM	1.50%	--	0.50%
31/01/2018	CH	Manufacturing PMI	51.6	--	51.6
31/01/2018	US	MBA Mortgage Applications	--	--	4.50%
31/01/2018	US	FOMC Rate Decision (Upper Bound)	1.50%	--	1.50%
01/02/2018	UK	Markit UK PMI Manufacturing SA	56.5	--	56.3
01/02/2018	US	Initial Jobless Claims	235k	--	233k
01/02/2018	US	ISM Manufacturing	58.6	--	59.7
02/02/2018	US	Change in Nonfarm Payrolls	180k	--	148k

Source: Bloomberg

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