

# Weekly Economic Update

30 January 2017



FOR PROFESSIONAL ADVISERS ONLY

## UK

- The FTSE 100 closed the week at 7,184, down 0.2%. The UK 10 year gilt yield moved from 1.43% to 1.47%.
- The UK Supreme Court rejected the government's appeal last week, ruling that parliament must vote on the decision to start the EU exiting process through the triggering of Article 50. The court argued that UK laws will be affected by the departure from the EU and therefore the 2 year exit process cannot be initiated without parliament's approval. However, the court ruled that permission did not need to be sought from Scotland, Wales or Northern Ireland. The government have since presented a brief 'Brexit bill' to parliament in order to seek their approval, although there have been calls from MPs for a more detailed 'white paper' to detail the government's proposals.
- Prime minister, Theresa May, met the new US president Donald Trump on Friday, becoming the first foreign leader to meet with Trump since his inauguration.

## GLOBAL

- Global equities climbed on the whole, driven by new highs in US markets as Trump served his first week in office.
- Trump signed an executive order over the weekend to ban people from 7 predominantly Muslim countries from entering into the US (Iraq, Iran, Somalia, Sudan, Syria, Libya and Yemen). The order has been met with fierce criticism and protests with equity markets opening the week lower due to uncertainty on its economic impacts. Both governments and businesses have voiced their concerns, including Theresa May, just 2 days after her amicable meeting with Trump. UK Foreign Secretary, Boris Johnson, requested that UK residents with dual citizenship were exempt from the travel ban, which was accepted by Trump's administration.
- It has been a busy week for Trump, who has signed several orders including moving along the construction of Keystone XL and Dakota Access pipelines, reintroducing a ban on abortion funding, withdrawing from the Trans-Pacific partnership and outlining plans to build a wall on the Mexican border. A meeting between Trump and the Mexican president, Enrique Peña Nieto, was cancelled as Nieto adamantly refuses to accept that Mexico will pay for the wall as requested by Trump.
- Economic growth in the US was an annualised 1.9% in Q4, down from 3.5% in Q3, as exports suffered with the strengthening of the dollar. Despite political events, US equity indices continued to reach all time highs, with the Dow Jones exceeding 20,000 for the very first time.
- The Bank of Japan (BoJ) is expected to leave monetary policy unchanged when it meets on Tuesday. There was heightened volatility in Japanese bond markets last week, with the BoJ catching markets off guard with the timing and volume of bond purchases as they seek to control their yield curve. Exports rose in Japan in December for the first time in 15 months, helped by a weaker yen at the end of the year. Japan ran a trade balance surplus in 2016, for the first time in 6 years.

Equity Markets	Index Level 27 Jan 17	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	3897	0.7%	0.7%	23.1%
FTSE 100	7184	0.6%	0.6%	24.8%
FTSE 250	18191	0.7%	0.7%	14.9%
MSCI World	1803	1.5%	1.5%	37.6%
S&P 500	2295	1.0%	1.0%	41.8%
DAX	11814	2.6%	2.6%	33.7%
Nikkei 225	19467	1.5%	1.5%	33.2%
Hang Seng	23361	4.5%	4.5%	45.7%
MSCI World EM	916	4.6%	4.6%	49.6%

Bond Markets	Yield 27 Jan 17	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	1.77	-2.3%	-2.3%	4.9%
FTA All Stock ILG Index	-1.56	-1.6%	-1.6%	17.9%
FTA Over 5 Year ILG Index	-1.55	-1.7%	-1.7%	19.9%
FTA Under 5 Year FIG Index	0.41	-0.4%	-0.4%	1.5%
FTA Over 15 Year FIG Index	1.99	-4.2%	-4.2%	8.6%

Interest Rates & Yields	Yield 27 Jan 17	Yield 31 Dec 16	Yield 31 Dec 16	Yield 27 Jan 16
UK 15 Year Gilt Yield	1.84	1.63	1.63	2.04
US 10 Year Treasury Yield	2.48	2.44	2.44	2.00
German 10 Year Yield	0.46	0.21	0.21	0.44
Spanish 10 Year Yield	1.59	1.38	1.38	1.62
Greek 10 Year Yield	7.11	7.02	7.02	9.27
Japan 10 Year Yield	0.08	0.04	0.04	0.22

Currencies Exchange Rate	27 Jan 17	31 Dec 16	31 Dec 16	27 Jan 16
GBP / EURO	1.17	1.17	1.17	1.31
GBP / YEN	144.47	144.01	144.01	169.66

Commodities	Price Level 27 Jan 17	Price Level 31 Dec 16	Price Level 31 Dec 16	Price Level 27 Jan 16
Gold \$	1,191.30	1,152.27	1,152.27	1,124.95
Wheat \$	420.50	408.00	408.00	476.50

Source: Mobius Life, Bloomberg  
Please Note: Past performance is not a guide to future performance

### Mobius Life Limited

7th Floor, 20 Gresham Street, London EC2V 7JE

t +44 (0) 20 7847 3300 f +44 (0) 20 7847 3399

e enquiries@mobiuslife.co.uk

www.mobiuslife.co.uk

# Weekly Economic Update

## Upcoming Data Releases



Date	Region	Event	Survey	Actual	Prior
30/01/2017	GE	CPI YoY	2.00%	--	1.70%
30/01/2017	US	Personal Income	0.40%	--	0.00%
30/01/2017	US	Personal Spending	0.50%	--	0.20%
30/01/2017	JN	Jobless Rate	3.10%	--	3.10%
30/01/2017	JN	Job-To-Applicant Ratio	1.42	--	1.41
30/01/2017	JN	Industrial Production MoM	0.30%	--	1.50%
31/01/2017	FR	GDP QoQ	0.40%	--	0.20%
31/01/2017	FR	CPI YoY	1.10%	--	0.60%
31/01/2017	SP	CPI EU Harmonised YoY	2.20%	--	1.40%
31/01/2017	GE	Unemployment Change (000's)	-5k	--	-17k
31/01/2017	UK	Mortgage Approvals	69.0k	--	67.5k
31/01/2017	US	Chicago Purchasing Manager	55	--	54.6
01/02/2017	JN	Nikkei Japan PMI Mfg	--	--	52.8
01/02/2017	CH	Manufacturing PMI	51.2	--	51.4
01/02/2017	UK	Nationwide House PX MoM	0.00%	--	0.80%
01/02/2017	SP	Markit Spain Manufacturing PMI	55	--	55.3
01/02/2017	IT	Markit/ADACI Italy Manufacturing PMI	53.3	--	53.2
01/02/2017	FR	Markit France Manufacturing PMI	53.4	--	53.4
01/02/2017	GE	Markit/BME Germany Manufacturing PMI	56.5	--	56.5
01/02/2017	UK	Markit UK PMI Manufacturing SA	55.9	--	56.1
01/02/2017	US	MBA Mortgage Applications	--	--	4.00%
01/02/2017	US	ADP Employment Change	167k	--	153k
01/02/2017	US	Markit US Manufacturing PMI	55.1	--	55.1
01/02/2017	US	ISM Manufacturing	55	--	54.7
01/02/2017	US	FOMC Rate Decision (Upper Bound)	0.75%	--	0.75%
02/02/2017	SP	Unemployment MoM Net ('000s)	60.6	--	-86.8
02/02/2017	UK	Bank of England Bank Rate	0.25%	--	0.25%
02/02/2017	UK	Bank of England Inflation Report			
02/02/2017	US	Initial Jobless Claims	250k	--	259k
03/02/2017	IT	CPI EU Harmonized YoY	0.80%	--	0.50%
03/02/2017	US	Change in Nonfarm Payrolls	175k	--	156k
03/02/2017	US	Unemployment Rate	4.70%	--	4.70%
03/02/2017	US	Factory Orders	1.00%	--	-2.40%
03/02/2017	US	Durable Goods Orders	--	--	-0.40%

Source: Bloomberg

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### Mobius Life Limited

7th Floor, 20 Gresham Street, London EC2V 7JE

t +44 (0) 20 7847 3300 f +44 (0) 20 7847 3399

e enquiries@mobiuslife.co.uk

www.mobiuslife.co.uk