

FOR RETAIL INVESTORS

WEEKLY MARKET ROUND-UP

IT'S NOT AS EASY AS ECB

WEEK ENDING 9 SEPTEMBER 2016



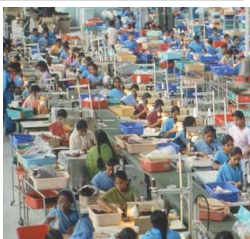
EMERGING MARKET STOCKS, BONDS SHINE

Global stock markets bounced, with the MSCI All Country World Index snapping a three-week decline in sterling terms, as investors shrugged off mixed economic data and the price of raw materials such as oil rose. Company shares in emerging markets like Brazil outperformed, as many such economies continue to improve and investors grow more sanguine on the outlook for further interest-rate increases by the US Federal Reserve. The debt of emerging-market nations, which offers higher yields than government bonds in developed markets, also remained in favour.



UK GILT YIELDS PLUMB NEW DEPTHS

The UK sold £2.5bn of 10-year government debt at a record low yield of 0.685% on Tuesday last week, beating the 0.91% yield on offer at its July auction. The UK government's borrowing costs have fallen since June's vote to leave the EU as investors have flocked into traditionally-perceived 'safe haven' assets. This, along with August's interest rate cut, could provide Chancellor Philip Hammond with a windfall of around £18bn; such a war chest could prove handy as Hammond makes his Autumn Statement debut on 23 November.



MAKING IT IN INDIA

More good news for India's manufacturing sector. The latest manufacturing survey for July continued a spate of strong showings, producing its highest reading for over a year, on the back of a sharp pick-up in new business. The survey will come as welcome news for India's prime minister, Narendra Modi, as part of his ongoing drive to put India on the map as a top manufacturing hub. Since he launched the 'Make in India' initiative in 2014, India has succeeded in attracting significant new flows of foreign investment.



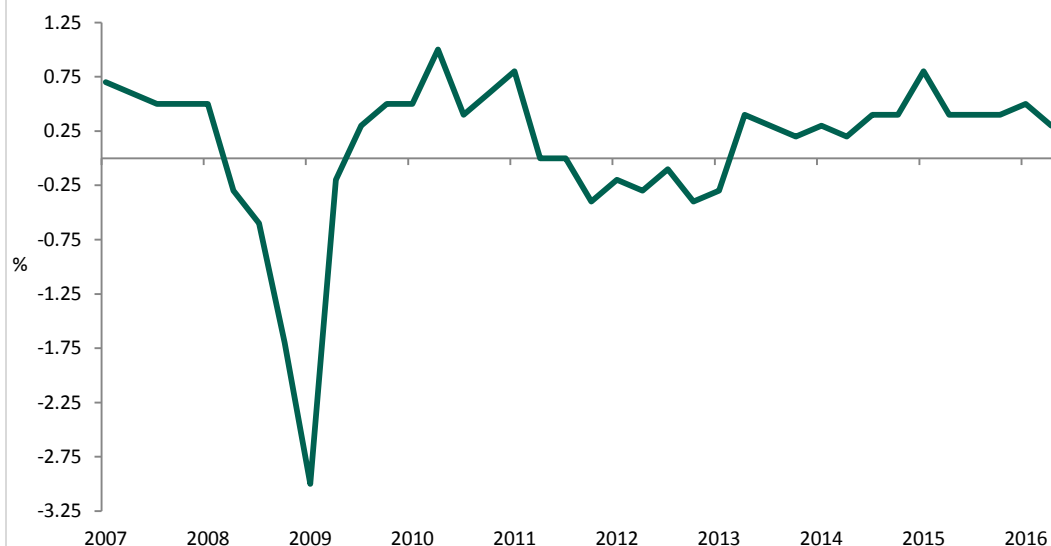
STERLING-DOLLAR RATE GOES ON ROUND TRIP

The pound rose to a two-month high against the US dollar on Tuesday, following the release of far stronger-than-expected data on the UK services sector. The rebound in the figures suggests the UK will avoid recession, easing concerns that the Brexit vote will trigger a downturn. Most other data of late have indicated a bounce in UK economic confidence. The gains did not last for long, though: on Wednesday, Bank of England Governor Mark Carney hinted at further interest-rate cuts, spurring sterling to give up much of its gains.



SPORTS DIRECT FEELS THE HEAT

The UK's largest sportswear retailer is under the cosh. The FTSE 250-listed company (it fell out of the FTSE 100 Index earlier this year) has been making the news for all the wrong reasons in 2016, with high profile scandals over its employment practices and working conditions. Mike Ashley, the company's founder and owner of a 55% stake, has refused to blame the board despite recognising the firm's shortcomings. The company's shares have fallen by 42% this year and rumours abound that Ashley intends to remove the business from the stock market.

SNAIL'S PACE: EUROZONE GROWTH STALLS ONCE AGAIN

Economic growth in the eurozone has slowed to a crawl. Data released last week confirmed that the region's GDP growth slowed to just 0.3% in the second quarter of this year, dragged lower by the likes of France and Italy. And a sharp pick-up in fortunes doesn't look likely any time soon, either; other data points suggest the eurozone faces a period of sluggish growth.

On Thursday, Mario Draghi, president of the European Central Bank (ECB), refrained from extending the ECB's asset-buying programme beyond its March 2017 end but hinted such a move could be possible in the future.

MARKET DATA – % CHANGE IN WEEK ENDING 09/09/2016

EQUITIES	LAST VALUE	
FTSE All-Share (UK)	3,736	-0.49%
MSCI All Country World	424	+0.96%
S&P 500 (US)	2,181	+0.18%
Stoxx 600 (Europe)	348	+0.14%
Topix (Japan)	1,344	+1.40%
MSCI Asia ex Japan	562	+3.37%
MSCI Emerging Markets	927	+3.21%
FIXED INCOME		
Global developed government bonds index (price return)	119.45	+1.16%
10-year Gilt yield	0.85%	+0.12%
10-year US Treasury yield	1.63%	+0.03%
10-year Bund yield	-0.02%	+0.03%
10-year Japanese government bond yield	-0.02%	+0.02%
COMMODITIES		
Gold (US\$, per troy ounce)	1,334	+0.64%
Brent Crude (US\$, per barrel)	49.25	+5.17%
CURRENCIES		
GBP/USD	1.33	+0.16%
GBP/EUR	1.18	-0.81%

All data sourced from Bloomberg as at 12:05pm, 9 September 2016. *In GBP terms. **Yields move inversely to prices.

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