



FOR RETAIL INVESTORS

# WEEKLY MARKET ROUND-UP

## INVESTORS SPOOKED AS SKELETONS UNearthED IN RACE FOR WHITE HOUSE

WEEK ENDING 4 NOVEMBER 2016



### SOME TRICKS, FEW TREATS

Hallowe'en wouldn't be the same without some good old-fashioned skeletons being unearthed. And last week's US political shenanigans in the race for the White House didn't disappoint. Weakness in US shares dragged Asian and European stock markets lower as investors digested news of a second FBI led investigation into Hillary Clinton's emails, potentially resulting in the (truly frightening, for some) possibility of a Trump victory. Gold and the Japanese yen, traditionally perceived as safe-haven investments, made good gains. Sterling was given a brief respite on news of a court ruling that Article 50 should not be triggered without the consent of parliament, sending it higher on the week.



### IRON ORE SHOWS ITS METTLE

The price of iron ore, a key constituent of steel, has continued its recovery from multi-year lows seen in early 2016. It has now risen by almost 60% since the end of January in US dollar terms. This year was a good one for metal prices; the price of zinc has jumped by over 50%, also in US dollar terms, while silver, gold and nickel have all made handsome gains. Another area of stark commodity-price strength has been coal: the price of the mineral has been pushed higher by increased demand from China – rising by almost 90% this year.



**BANK OF ENGLAND**

### BOE SAYS INFLATION TO TAKE OFF AS CARNEY VOWS TO STAY PUT

The Bank of England forecast the biggest sustained overshoot of its inflation target since it gained independence to set interest rates in 1997. The weaker pound means foreign goods and services will cost more in the UK, the bank said, noting that there were limits to its tolerance of rising prices. Meanwhile, the bank's governor, Mark Carney, who has faced calls to leave from Brexit campaigners, announced that he will stay in his post one year longer than originally planned, to mid-2019. This should take him past Britain's exit from the European Union.



### RIDING HIGH ON THE CREST OF A GLOBAL MERGER & ACTIVITY WAVE

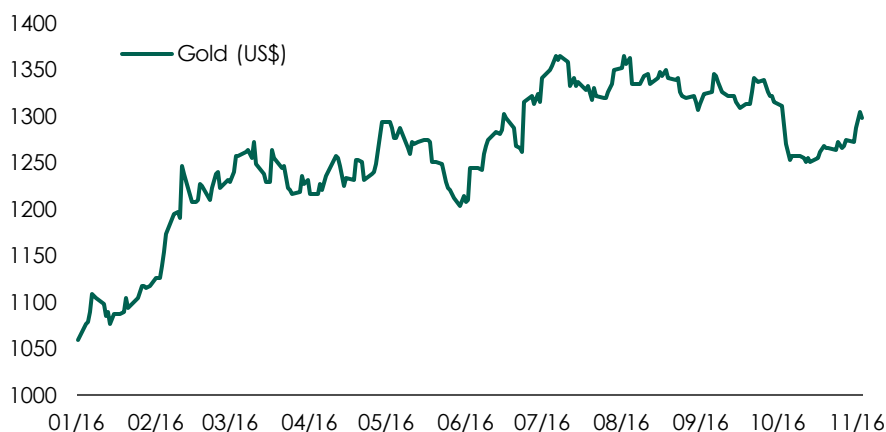
According to those in the know (data from Dealogic, announced last week), October was one of the busiest on record for global corporate deal-making. Last Monday alone saw General Electric of the US agree to buy oil and gas services provider Baker Hughes, on top of the intention of US telecommunications group, CenturyLink to buy larger rival, Level 3 Communications. The continuing low-growth environment, making the ability of companies to generate profits harder, means more activity of this kind is likely on a global scale.



### JOBS FOR THE GERMANS

Good news for the German employment market: unemployment fell to its lowest level on record in October, according to data released last week. Sitting smugly at 6.0%, its current level is a far cry from the 12.1% seen during the mid-2000s. It is also in stark contrast to some of Germany's European peers; France's unemployment rate sits at 9.9%, Italy has a jobless rate of 11.4%, while the eurozone as a whole has an unemployment rate of 10.1%. Yet despite its record low, Germany still trails the UK in the job's race – UK unemployment stands at 4.9%.

## GOLD SHINES BRIGHTER AS TRUMP CLIMBS IN POLLS



Source: Bloomberg as at 04 November 2016.

Brighter opinion poll results for Republican presidential hopeful, Donald Trump, have helped the price of gold, up 2% over last week. Gold is favoured during unpredictable times, and the Republican candidate has become known for his unpredictability.

Gold is up 22.4% in US dollar terms since the start of the year, despite modest losses in early October due to prospects of the US Federal Reserve's raising interest rates in December. Higher rates would help the US dollar, to which gold is seen as an alternative.

## MARKET DATA – % CHANGE IN WEEK ENDING 04 NOVEMBER 2016

### EQUITIES

	LAST VALUE	% CHANGE
FTSE All-Share (UK)	3,647	-3.72%*
MSCI All Country World	405	-3.72%*
S&P 500 (US)	2089	-3.98%*
Stoxx 600 (Europe)	329	-4.71%*
Topix (Japan)	1347	-3.66%*
MSCI Asia ex Japan	535	-3.85%*
MSCI Emerging Markets	885	-4.29%*

### FIXED INCOME

Global developed government bonds index (price return)	116	+1.49%
10-year Gilt yield	1.19%	-0.08%**
10-year US Treasury yield	1.80%	-0.05%**
10-year Bund yield	0.15%	-0.02%**
10-year Japanese government bond yield	-0.06%	-0.02%**

### COMMODITIES

Gold (US\$, per troy ounce)	1300	+1.93%
Brent Crude (US\$, per barrel)	46	-7.10%

### CURRENCIES

GBP/USD	1.25	+2.54%
GBP/EUR	1.13	+1.22%

Source: All data sourced from Bloomberg as at 12pm, 04 Nov 2016. \*Total return, in GBP terms. \*\*Yields move inversely to prices.

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