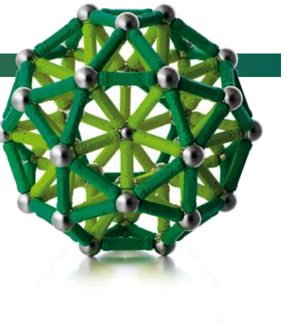
FOR RETAIL INVESTORS

WEEKLY MARKET ROUND-UP

US INVESTORS LEAD THE WAY



WEEK ENDING NOVEMBER 25, 2016

EMERGING MARKETS BOUNCE AS DOLLAR RALLY SLOWS

Global stock markets advanced in US dollar-terms as investors continued to expect a shift in US economic policy to boost growth and inflation, and oil prices rose. But the US dollar appreciated at a slower pace than in recent weeks, hovering near a 13-year peak, helping company shares in emerging markets to bounce. Strength in the greenback has weighed on emerging-market assets, partly because it makes investments in the US appear more attractive. Meanwhile, sterling rose against the US dollar and the euro, paring recent weakness but taking the shine off the gains in overseas stock markets.

SARKOZY SLINKS INTO THE SUNSET

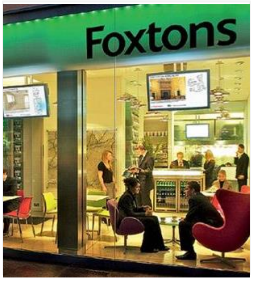
It was supposed to be the comeback of comebacks but in reality, it proved something of a damp squib. Last week Nicolas Sarkozy, former French president, was knocked out in the Republican primary when pushed firmly into third place behind François Fillon and Alain Juppé, who will face each other in a run-off. With the Socialist Party in disarray, the winner is expected to face Marine Le Pen of the Front National in the presidential run-off next April. Having announced his departure from politics, Sarkozy will no doubt return to a life of counting his Rolexes and enjoying the dulcet tones of Celine Dion.

HAMMOND STAYS SAFE, WITHOLDS FIREWORKS

Philip Hammond, in an unadventurous Autumn Statement last Wednesday, his first since becoming the UK's chancellor of the exchequer, acknowledged that lower domestic economic growth and higher national debt was likely, but promised £23bn of spending on infrastructure spread over five years. There were only modest giveaways for those 'just about managing' to keep true to Prime Minister Theresa May's promise of a government for all. Some pundits had expected the new government to announce more of a Trump-style fiscal stimulus to see off any risks posed by Brexit. Sterling was little changed despite the projections of increased government borrowing.

WALKING IN A TRUMP WONDERLAND

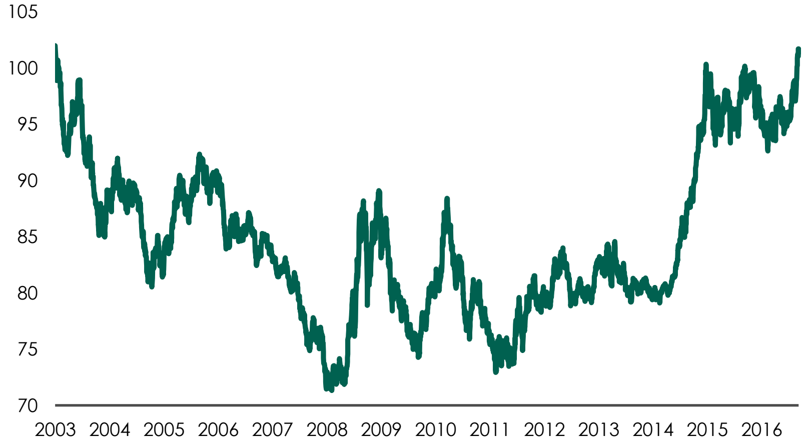
Donald Trump has won, are you listening… Well, Wall Street is and it clearly likes what it has seen of the reality TV star-turned-leader of the free world. Last week saw four major US equity indices – the Dow Jones Industrial Average, the Nasdaq Composite, the Russell 2000 (an index of US smaller companies) and the S&P 500 – climb to all-time highs, bolstered by higher oil prices and expectations of a market-friendly Trump presidency. Indeed, markets expect President-elect Trump and his administration to implement sizeable infrastructure spending plans – the prospect of which has helped push US equities into record territory.



UK ESTATE AGENT MISERY CONTINUES

It never rains but it pours. Poor old estate agents; not only were the share prices of the industry big boys hit by Chancellor Philip Hammond's Autumn Statement promise to ban fees for tenants, but leading estate agent Countrywide then announced that it expects transaction volumes to fall in both 2016 and 2017. Indeed, Countrywide's shares fell to a record low while shares in London-focused Foxtons were also dragged lower. Meanwhile, data showed that while the number of UK residential mortgage approvals picked up in October, they are still some 10% lower than a year earlier.

US DOLLAR SPIKE: EYES ON RATE HIKE



The US dollar index, which measures the currency against a basket of rivals, remained near its highest level since 2003 (see chart), buoyed by expectations of an imminent rise in US interest rates. The US Federal Reserve is due to meet on 13-14 December; the market is virtually united in predicting that its chair, Janet Yellen, will announce a hike in rates.

Higher interest rates typically make a currency more attractive. The greenback has also been helped by economic data that came in ahead of forecasts, indicating that the US economy is in rude health.

MARKET DATA – % CHANGE IN WEEK ENDING 25/11/2016

EQUITIES	**LAST VALUE**	**% CHANGE**
FTSE All-Share (UK)	3,710	+0.58%*
MSCI All Country World	413	-0.03%*
S&P 500 (US)	2,205	+0.06%*
Stoxx 600 (Europe)	342	-0.22%*
Topix (Japan)	1,465	-0.48%*
MSCI Asia ex Japan	519	-0.29%*
MSCI Emerging Markets	852	-0.08%*
FIXED INCOME		
Bloomberg Barclays Global Aggregate bond index, GBP-hedged – total return	755	-0.04%
10-year Gilt yield	1.43%	-0.03%**
10-year US Treasury yield	2.37%	+0.02%**
10-year Bund yield	0.24%	-0.03%**
10-year Japanese government bond yield	0.04%	0.00%**
COMMODITIES		
Gold (US$, per troy ounce)	1,188	-1.62%
Brent Crude (US$, per barrel)	48.24	+2.94%
CURRENCIES		
GBP/USD	1.25	+0.94%
GBP/EUR	1.18	+0.97%

Source: All data sourced from Bloomberg as at 12:07pm, 25 November 2016. *In GBP terms. **Yields move inversely to prices.

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