

FOR RETAIL INVESTORS

WEEKLY MARKET ROUND-UP

GEOPOLITICS BACK IN THE SPOTLIGHT

WEEK ENDING 10 FEBRUARY 2017



STOCK MARKETS EKE OUT GAINS, DOLLAR BOUNCES

Global stock markets edged higher, with the MSCI All Country World index rising for a second straight week in sterling terms, amid largely better-than-expected company earnings and solid economic data. Stocks that are seen as having bond-like qualities (dividend-paying companies whose share prices are relatively stable) were among the best performers in the index, as declining bond yields on many developed-market bonds drove investors to seek out the income offered by company shares. Euro area shares underperformed on growing investor concerns over political risk (see below); by contrast, Asian stock markets outperformed. The US dollar bounced, breaking a four-week decline.



NATURAL RESOURCES GIANTS STIR

International mining behemoth Rio Tinto unveiled a dividend that, although lower than last year's, was higher than expected. Prices of iron ore and aluminium, two of its hallmark products, have increased over recent months. Meanwhile, France's oil major Total tweaked its dividend up a notch to signal confidence on improved profits. But UK-based oil multinational BP's annual results disappointed on Tuesday, the shares sagged by around 4% by week end. Both have been helped by oil's lift since lows of a year ago, but shares in BP remain burdened by multi-billion dollar payments after its Gulf of Mexico oil spill of 2010.



MARTIN'S MOMENT? GERMANY EYES CHANGE

Brexit and Trump stole the headlines in 2016; will Le Pen and Schulz do the same in 2017? While France goes to the polls in April, it's not until September that German Chancellor Angela Merkel faces the Bundestag elections and a possible end to her 12-year stretch as German leader. And for the first time in years, opinion polls suggest Merkel's conservatives could be given a run for their money: a surge in support for the country's social democrats, galvanised by the leadership of newly appointed Martin Schulz, suggests a shock result could still be in the offing.



LIFE IN THE FAST LANE

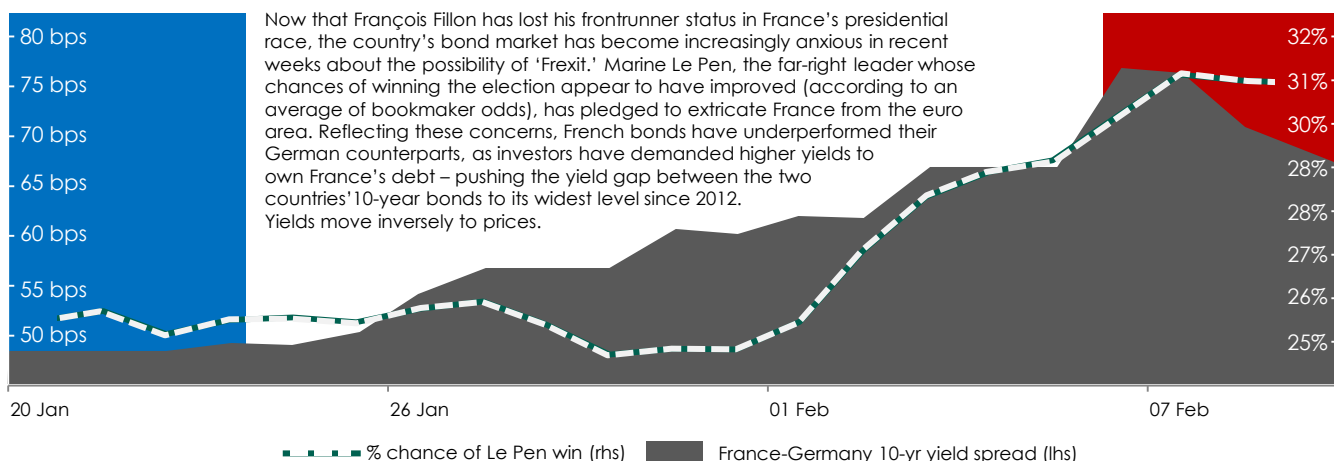
The world's top three car makers are under the pump – Renault-Nissan is edging closer to taking its position on the podium. The Franco-Japanese alliance, boosted by the addition of Mitsubishi Motors last year, sold 9.96 million cars in 2016, falling 4,000 short of overtaking General Motors and snaffling third place in the global car race. However, there's still clear road between third place and the top two; Volkswagen and Toyota, numbers one and two, respectively, sold around 300,000 and 200,000 more vehicles in 2016. Renault and Nissan are separate companies but own significant stakes in one another.



PLAIN VANILLA? NOT ANY MORE

Forget the broccoli shortage in Europe, the real crisis dominating the food industry is the affordability of natural vanilla. Hoarding by local middlemen in Madagascar, the world's largest producer, has resulted in a three-fold price increase over the past two years to US\$450 per kilogramme. Moves from food giants, Nestlé and Hershey, aiming to phase out synthetic substitutes in favour of the real thing, have also led to price pressures. That said, around 90% of vanilla flavouring used by global cake and ice-cream makers remains synthetic – derived from petroleum products.

'FREXIT' FEARS: BOND MARKET PENCILS IN LE PEN RISK



MARKET DATA – % CHANGE IN WEEK ENDING 10/02/2017

EQUITIES

	LAST VALUE	% CHANGE
FTSE All-Share (UK)	3,945	+0.99%*
MSCI All Country World	437	+0.21%*
S&P 500 (US)	2,308	+0.50%*
Stoxx 600 (Europe)	367	-0.12%*
Topix (Japan)	1,547	+1.84%*
MSCI Asia ex Japan	556	+1.32%*
MSCI Emerging Markets	926	+0.73%*

FIXED INCOME

Bloomberg Barclays Global Aggregate bond index, GBP-hedged – total return	601	-0.14%
10-year Gilt yield	1.26%	-0.10%**
10-year US Treasury yield	2.41%	-0.06%**
10-year Bund yield	0.32%	-0.09%**
10-year Japanese government bond yield	0.09%	-0.01%**

COMMODITIES

Gold (US\$, per troy ounce)	1,227	+0.57%
Brent Crude (US\$, per barrel)	56.19	-1.09%

CURRENCIES

GBP/USD	1.24	-0.32%
GBP/EUR	1.17	+1.04%

Source: All data sourced from Bloomberg as at 12.02pm, 10 February 2017. *In GBP terms. **Yields move inversely to prices.

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