



FOR RETAIL INVESTORS

WEEKLY MARKET ROUND-UP

INVESTORS SLOW THE PACE

WEEK ENDING 13 OCTOBER 2017



INVESTORS PAUSE FOR BREATH AS STERLING RALLIES

Following an impressive run, investors in the stock markets of the US and euorozone region paused for breath last week. Gains were pared by the strength of sterling against a basket of currencies, following an easing of tensions in the latest round of Brexit negotiations. The FTSE 100 index ended higher, having lagged overseas stock markets over the last few weeks. Commodities, or natural resources, such as copper and oil rose over last week. Elsewhere, good growth prospects in Asia and the emerging market region (countries such as Taiwan and South Korea) helped drive share prices higher. Gold capped a lacklustre few weeks and ended in positive territory.



IMF UPGRADES GLOBAL GROWTH

Much like a carefully crafted sequel to a good film, the global economy is on track, next year, to enjoy solid growth at a pace slightly higher than that enjoyed this year, according to the International Monetary Fund. The organisation expects the world economy to expand by 3.7% in 2018, versus its forecast of 3.6% for this year, with lacklustre expansion in the US and UK offset by improvements elsewhere. While these growth rates may not be exactly fast and furious – let alone 2 *Fast 2 Furious* – they may help keep investor morale buoyant.



SOUTH KOREA SHAKES OFF WAR WORRIES

Despite fears of war with its Communist neighbour to the north, South Korea's stock market has soared ahead of most others. The Kospi index has gained 19.9% this year in sterling terms, well ahead of the MSCI World's 9.1%. Samsung Electronics, South Korea's largest company, is up 50.4% year-to-date, benefiting from strong demand for computer chips, and shaking off an embarrassing recall last year of its Galaxy Note 7 phone. Meanwhile, last week, two US Air Force B-1B Lancer bombers flew over the Korean Peninsula in a show of force against North Korea.



ITALY RACES AHEAD OF G7 RIVALS

The top performing G7 stock market so far this year is ... Italy. The FTSE Milano Italia Borsa index is up 19.5% year- to-date, beating the French CAC 40's 13.2% and the German DAX's 12.9% in euro terms. The eurozone currency has been relatively strong, so Italian returns are even higher in sterling terms: increasing by 25.3%. Part of the reason is a bounce-back after Italian shares fell sharply in early 2016. But the country bristles with strong brands: global marques such as Ferrari, whose shares have raced ahead 80%, and smaller ones such as luxury ski jacket outfitters, Moncler, whose shares have climbed 49% year-to-date.



TURKISH ASSETS SAG ON US VISA SPAT

Turkish company shares, bonds and the lira slipped after the US said it was suspending the processing of most new visas in Turkey, underscoring a crisis in the relationship between the two Nato allies. The US cited security reasons for the move, which came after one of its consulate employees was detained in Turkey. The Borsa Istanbul 100 stock market index fell sharply last Monday following the announcement – to which Turkey responded by saying it was suspending US non-immigrant visa applications – while the US dollar spiked 3% against the Turkish currency.

CHINESE WHISPERS



Source: Bloomberg, as at June 2017. *Source: Bloomberg, MSCI China Index, as at 11 October 2017, total return terms.

MARKET DATA – % CHANGE IN WEEK ENDING 13/10/2017

EQUITIES

	LAST VALUE	% CHANGE
FTSE All-Share (UK)	4,139	+0.35%*
MSCI All Country World	494	-0.82%*
S&P 500 (US)	2,551	-1.37%*
Stoxx 600 (Europe)	391	-0.22%*
Topix (Japan)	1,709	+0.22%*
MSCI Asia ex Japan	687	+0.12%*
MSCI Emerging Markets	1,122	+0.22%*

FIXED INCOME

Bloomberg Barclays Global Aggregate bond index, GBP-hedged – total return	602	-0.22%
10-year Gilt yield	1.40%	+0.04%**
10-year US Treasury yield	2.32%	-0.03%**
10-year Bund yield	0.42%	-0.04%**
10-year Japanese government bond yield	0.06%	+0.01%**

COMMODITIES

Gold (US\$, per troy ounce)	1,294	+1.36%
Brent Crude (US\$, per barrel)	57.28	+2.98%

CURRENCIES

GBP/USD	1.33	+1.52%
GBP/EUR	1.12	+0.66%

Source: All data sourced from Bloomberg as at 11.00am, 13 October 2017. *In GBP terms. **Yields move inversely to prices.

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