

FOR RETAIL INVESTORS

WEEKLY MARKET ROUND-UP

STERLING SOARS AMID RATE HIKE TALK

WEEK ENDING 15 SEPTEMBER 2017



STOCKS AND BONDS SLIP BUT STERLING SHINES

Company shares worldwide edged lower in sterling terms, with the MSCI All Country World index slipping for a second week, largely due to strength in the pound, which lowers the value of overseas assets. Financial stocks outperformed amid a rise in bond yields, to which bank profits are linked. The move in yields, which move inversely to bond prices, came as investors' expectations for interest-rate increases grew. Comments by the Bank of England (see below) fanned these expectations – and a rise in sterling, which hit its highest level versus the US dollar since the Brexit vote.



BOE EYES IMMINENT RATE HIKE

The Bank of England has indicated that it may increase interest rates soon, surprising many investors who believed the central bank would refrain from doing so until late 2018. In a statement, the so-called Old Lady of Threadneedle Street said that for a majority of policy makers, 'some withdrawal of monetary stimulus was likely to be appropriate over the coming months in order to return inflation sustainably to target.' If the central bank does indeed hike rates, it would follow its US and Canadian counterparts in starting to remove post-crisis measures to prop up the economy.



UK GOVERNMENT CLUCKS OVER SKY'S FOX APPROACH

Rupert Murdoch's takeover bid for Sky was delayed last week after the UK government said it would refer it to the Competition and Markets Authority for a 24-week review. Murdoch's Twenty-First Century Fox, which plans to buy the 60% of Sky it does not already own, paying £10.75 per share, will now have to prove it can uphold broadcasting standards in the UK. Shares in Sky fell last week to close to £9.30 on the news, but they are still well above their price of around £7.70 last December before the bid was announced.



CHINA ADDS FUEL TO THE ELECTRIC VEHICLE FIRE

China, the world's largest car market, has declared its intention to cease the production of petrol and diesel cars. This follows in the footsteps of France and the UK, which have committed to ending the production of combustion engine vehicles by 2040. China accounts for some 30% of the world's car production; it produced 28 million vehicles in 2016, according to the International Organisation of Motor Vehicle Manufacturers. China also plans to broaden foreign investor access to its electric vehicle industry; US companies Tesla and Palo Alto are already eyeing manufacturing and production plants in the country.

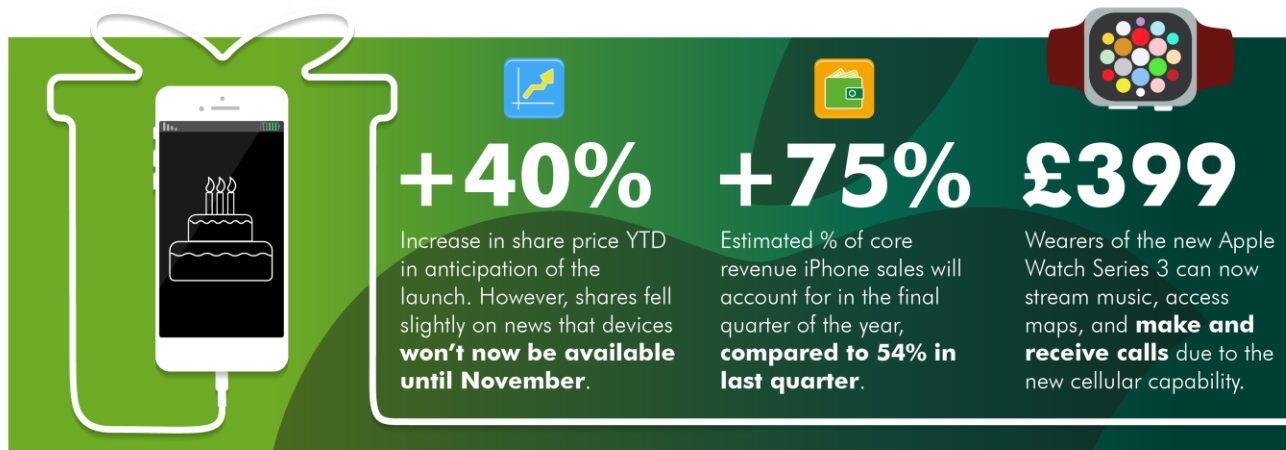


BANK CEO CALLS BITCOIN A BUBBLE

Cryptocurrency Bitcoin fell 19% last week after JPMorgan chief executive Jamie Dimon predicted it would blow up. 'It's worse than tulip bulbs. It won't end well,' he said. Unlike dollars, pounds, euros or yen, Bitcoin has no government backing, and no physical form, but it could be a taste of the future because it is entirely digital. On the other hand, governments and banks might develop their own digital currencies unrelated to Bitcoin. Many seem to have faith in Bitcoin, though; it has soared more than 500% against the US dollar over the last year.

HAPPY ANNIVERSARY iPhone

Apple celebrates 10th anniversary with launch of its super premium £999 iPhone X.



Source: Bloomberg/FT.

MARKET DATA – % CHANGE IN WEEK ENDING 15/09/2017

EQUITIES

	LAST VALUE	% CHANGE
FTSE All-Share (UK)	3,964	-1.96%*
MSCI All Country World	484	-0.52%*
S&P 500 (US)	2,496	-0.08%*
Stoxx 600 (Europe)	381	-1.95%*
Topix (Japan)	1,639	-3.12%*
MSCI Asia ex Japan	670	-0.51%*
MSCI Emerging Markets	1,100	-0.65%*

FIXED INCOME

Bloomberg Barclays Global Aggregate bond index, GBP-hedged – total return	598	-2.48%
10-year Gilt yield	1.31%	+0.32%**
10-year US Treasury yield	2.20%	+0.15%**
10-year Bund yield	0.44%	+0.13%**
10-year Japanese government bond yield	0.03%	+0.03%**

COMMODITIES

Gold (US\$, per troy ounce)	1,324	-1.69%
Brent Crude (US\$, per barrel)	55.57	+3.33%

CURRENCIES

GBP/USD	1.36	+2.81%
GBP/EUR	1.14	+3.63%

Source: All data sourced from Bloomberg as at 11.05am, 15 September 2017. *In GBP terms. **Yields move inversely to prices.

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