



FOR RETAIL INVESTORS

WEEKLY MARKET ROUND-UP

SHARES SURGE AHEAD

WEEK ENDING 17 FEBRUARY 2017



GLOBAL STOCKS ROMP TO RECORD HIGH

Stock markets worldwide advanced to an all-time peak, as measured by the MSCI World All Country Index, which rallied for a third week in sterling terms. Financial and materials companies were among the biggest gainers. Shares in consumer goods giant Unilever rose after the news broke that the company had rejected a bid from Kraft Heinz. Company shares in emerging economies like Brazil outperformed, while the bonds and currencies of such countries also gained. The US dollar edged lower, declining for the fifth in six weeks, despite a suggestion by the Federal Reserve that further interest rates hikes are likely.



ROLLS-ROYCE STALLS

Jet engine maker Rolls-Royce had an unwelcome present for shareholders on Valentine's Day: a record annual loss of £4.6bn. However, the figure was largely due to the way the effects of the weakened pound has been reported in the company's accounts. It also includes £671m that the company has agreed to pay to UK and US authorities to settle bribery and corruption cases. The management has previously apologised for the behaviour. 'We have made operational progress,' said Warren East, who was brought in as chief executive in 2015 and given the task of turning the company around. Rolls-Royce's shares fell 6% in the three days after it unveiled the results.



FEARS OF A TOSHIBA MELTDOWN

Shares in Japanese giant Toshiba tumbled 12% as its management huddled with bankers and secured an extension on loans despite heavy losses, and amidst reports that its chairman is to resign. Best known for its televisions and computer chips, Toshiba has got into hot water over its US nuclear reactor subsidiary, Westinghouse Electric, which in 2015 paid over the odds for a US construction company and has been dogged by cost overruns and delays. Toshiba has postponed its end of 2016 accounts by a month as it tries to sort things out. Worldwide just three nuclear reactors began construction last year.



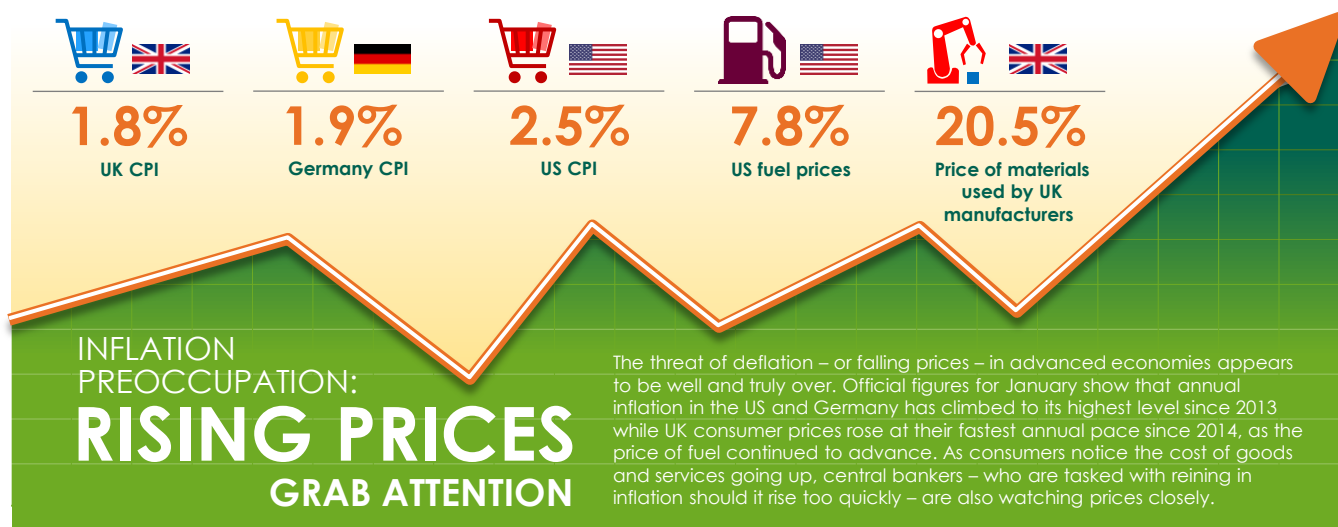
HAS HEINEKEN GONE FLAT?

The Dutch brewing giant, the world's second largest by sales, is feeling the strain as it strives to keep pace with Anheuser-Busch InBev. In results released last week, Heineken reported a double-digit fall in profits over the past year. Pre-tax profits fell by 15%, hit by 'currency headwinds' and a difficult trading environment in Africa, Eastern Europe and the Middle East. The company has been acquisitive in recent times, agreeing to buy the Brazilian arm of Japanese brewer Kirin and the UK pub operator Punch Taverns, in efforts to bolster its market position.



STOCKS SOAR DESPITE TRUMP FURORE

While the drama of US politics has grabbed most of the headlines over recent days, US equities (company shares) quietly hit new all-time highs. The S&P500 and Russell 3000 broke new ground despite the spectacle of a Trump administration struggling to gain traction and a US Federal Reserve predicting imminent interest rate hikes. But can this market strength be sustained? The post-election rally owed much to promises of lower tax, lower regulation and higher spending. Recently, Trump's government seems to have become side-tracked, and may be wondering when it can get back to its main agenda.



MARKET DATA – % CHANGE IN WEEK ENDING 17/02/2017

EQUITIES

	LAST VALUE	% CHANGE
FTSE All-Share (UK)	3,965	+0.71%*
MSCI All Country World	445	+1.50%*
S&P 500 (US)	2,347	+1.60%*
Stoxx 600 (Europe)	369	+1.32%*
Topix (Japan)	1,545	+0.93%*
MSCI Asia ex Japan	564	+1.40%*
MSCI Emerging Markets	946	+1.85%*

FIXED INCOME

Bloomberg Barclays Global Aggregate bond index, GBP-hedged – total return	602	-0.04%
10-year Gilt yield	1.23%	-0.03%**
10-year US Treasury yield	2.42%	+0.02%**
10-year Bund yield	0.31%	-0.01%**
10-year Japanese government bond yield	0.09%	0.00%**

COMMODITIES

Gold (US\$, per troy ounce)	1,243	+0.73%
Brent Crude (US\$, per barrel)	55.35	-2.38%

CURRENCIES

GBP/USD	1.24	-0.60%
GBP/EUR	1.17	-0.65%

Source: All data sourced from Bloomberg as at 12.00pm, 17 February 2017. *In GBP terms. **Yields move inversely to prices.

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