

FOR RETAIL INVESTORS

# WEEKLY MARKET ROUND-UP

## SHARES SHAKE OFF KOREA WORRIES

WEEK ENDING 1 SEPTEMBER 2017



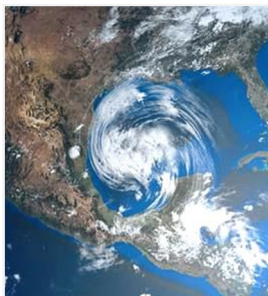
### INVESTORS FOCUS ON ECONOMIC STRENGTH

Global company shares (equities) initially moved lower on North Korea's aggressive action (see below) of Tuesday, but quickly recovered, most ending the week slightly higher, as investors focused on favourable economic and corporate news. Government bonds, seen as a safe harbour, rose on the missile launch, but then lost some gains. Currencies known for their perceived safety, such as the Japanese Yen and the Swiss Franc, rose. The Chinese renminbi continued a recent strong run after good manufacturing data, and reached a 14-month high against a US dollar weakened by disappointment in President Donald Trump's slow delivery on campaign promises.



### GOLD BOOSTED BY MISSILE THREAT

The price of the yellow metal rose to its highest level since last November's US presidential election, following news that a North Korean-launched ballistic missile flew over northern Japan and fell into waters east of the country. The price of gold – historically perceived by investors as a 'safe haven' asset – rose to US\$1,325 before losing some ground. The gold price has edged upwards this year, owing to increased global geopolitical concerns prompting investors to move into the asset; however, the price of the metal is still well below its all-time high of US\$1,921 in 2011.



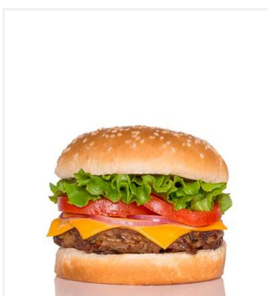
### COUNTING THE COST OF HURRICANE HARVEY

The terrible human aspect aside, Hurricane Harvey could be one of the costliest superstorms in US history, perhaps surpassed only by Hurricane Katrina, which cost US\$108bn (£84bn) in 2005. Preliminary estimates from Moody's Analytics put the damage from Harvey at between US\$51bn (£39bn) and US\$75bn (£58bn), with other estimates higher. Shares in some leading property insurance companies weakened during August: Travelers slipped 5.4% and Swiss Re lost 6.9%. Tragically, many victims in Houston lack insurance cover for flooding. They will be looking to the US government for support.



### AMAZON IN ALL-AMERICAN FOOD FIGHT

With the ink barely dry on its acquisition of the US food retailer Whole Foods, Amazon is primed to take the fight to its new food retailer competitors. The company recently announced plans to slash prices on a number of key items; a move which prompted some US\$11bn (£8.5bn) to be wiped off the market values of America's leading supermarkets. It also hurt the share prices of the UK's major supermarkets, despite the current limited size of Whole Foods' UK presence. Amazon's US\$13.7bn (£10.6bn) purchase of Whole Foods is its largest deal to date.



### THE WHOPPERCOIN: CRYPTO-CURRENCY OR LOYALTY SCHEME?

Fast food giant Burger King has launched blockchain-based digital tokens, in Russia. Customers will be given 1 whoppercoin for each rouble (1.3p) that they spend, and one Whopper can be bought for 1,700 whoppercoins. Apple and Android apps will be released so whoppercoins can be saved and freely traded, with transactions recorded in a digital ledger. 'Eating Whoppers now is a strategy for financial prosperity,' claimed a company spokesman. However, whoppercoins would only become a currency if they were to be accepted outside Burger King restaurants. Big Mac, anyone?

# TOPPED DOLLAR



Source: Bloomberg, as at 30 August 2017.

## MARKET DATA – % CHANGE IN WEEK ENDING 1/09/2017

EQUITIES	LAST VALUE	% CHANGE
FTSE All-Share (UK)	4,080	+0.63%*
MSCI All Country World	478	+0.67%*
S&P 500 (US)	2,472	+1.13%*
Stoxx 600 (Europe)	376	+0.16%*
Topix (Japan)	1,620	+0.25%*
MSCI Asia ex Japan	663	+0.40%*
MSCI Emerging Markets	1,088	+0.22%*
FIXED INCOME		
Bloomberg Barclays Global Aggregate bond index, GBP-hedged – total return	620	+0.02%
10-year Gilt yield	1.05%	0.00%**
10-year US Treasury yield	2.13%	-0.04%**
10-year Bund yield	0.37%	-0.01%**
10-year Japanese government bond yield	0.00%	-0.02%**
COMMODITIES		
Gold (US\$, per troy ounce)	1,319	+2.12%
Brent Crude (US\$, per barrel)	52.27	-0.27%
CURRENCIES		
GBP/USD	1.29	+0.39%
GBP/EUR	1.09	+0.64%

Source: All data sourced from Bloomberg as at 11.00am, 1 September 2017. \*In GBP terms. \*\*Yields move inversely to prices.

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