

FOR RETAIL INVESTORS

WEEKLY MARKET ROUND-UP

INVESTORS PAUSE FOR THOUGHT

AS TRUMP IS SWORN IN

WEEK ENDING 20 JANUARY, 2017



STOCK, BOND MARKETS EDGE LOWER

Global company shares weakened ahead of the inauguration of Donald Trump as US president, with the MSCI All Country World Index halting a two-week rally, as investors questioned whether the former reality TV star will make good on plans to boost economic growth by splurging on infrastructure and cutting taxes. The US dollar eked out gains: while Trump suggested the currency was too strong, the US Federal Reserve indicated it would continue to raise interest rates this year. Global debt markets slid as rate increases are usually accompanied by rising bond yields, which move inversely to prices.



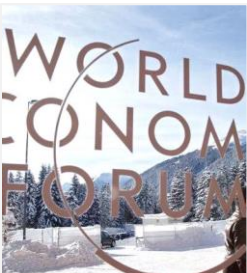
ARE EU FEELING LUCKY?

Prime Minister Theresa May confirmed that the UK would leave the EU's single market for goods and services, when it withdraws from the union. She expressed optimism that the UK could nevertheless reach a deal giving it access to that market – warning leaders on the continent that no such accord were reached, she might slash taxes to attract international business and investment. On the back of the comments, the pound bounced against the US dollar, trimming some of its recent declines. Meanwhile, May's office confirmed she will appear in the April issue of US Vogue.



THE COST OF A CHINESE WALL

Data released last week showed that Chinese house price growth slowed in December for the first time since late 2015. This slowing has been attributed to the dampening effects of purchasing curbs – including the requirement for greater down-payments – on top-tier property markets in China. That said, the average price of new residential property rose almost 12.5% in the 12 months to the end of December and a new home in Beijing costs on average 28% more now than it did a year ago. So much for a bursting bubble.



POSTCARD FROM DAVOS

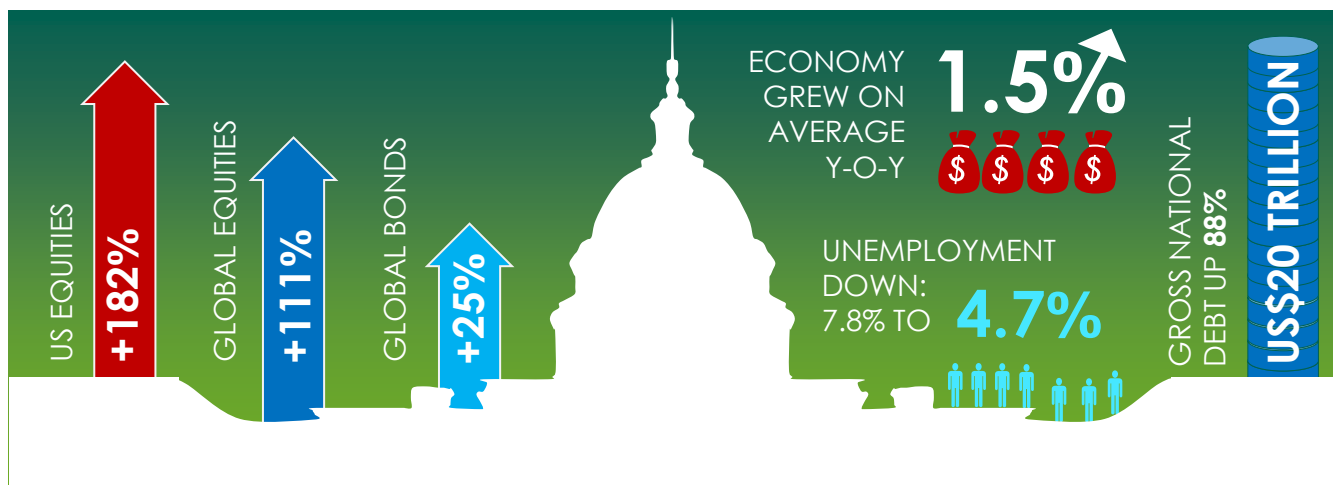
To the Alpine ski resort of Davos where, every year, the 'global elite' – including, for the first time China's president, Xi Jinping – gather to discuss the world's most pressing economic issues. This year, it seems, not all is as difficult as negotiating a black run. 'There is real optimism,' announced the chief executive of consultants, Deloitte, echoing general sentiment that President Trump will push the world towards higher growth. Let's hope she's right. The 'Davos consensus' on all things politics and economics related has earned a pretty consistent reputation for getting it wrong in recent years.



PEARSON FORLORN AS US YOUTH CAST BOOKS ASIDE

Shares in Pearson, the world's largest educational publisher, slumped 29% on Wednesday to their lowest level in eight years, after its management warned that it would cut its dividend for shareholders because of lower-than-expected profits. Revenues in the United States have been hurt by a trend among American students to buy fewer textbooks. The company plans to sell its 47% stake in international book publisher Penguin Random House. In 2015 it sold both the Financial Times and its half-stake in the Economist, in order to focus on education.

THE AUDACITY OF HOPE: OBAMA'S PRESIDENCY IN NUMBERS



MARKET DATA – % CHANGE IN WEEK ENDING 20 JANUARY, 2017

	LAST VALUE	% CHANGE
EQUITIES		
FTSE All-Share (UK)	3,909	-1.56%*
MSCI All Country World	429	-1.41%*
S&P 500 (US)	2,264	+0.70%*
Stoxx 600 (Europe)	363	+1.77%*
Topix (Japan)	1,533	+2.09%*
MSCI Asia ex Japan	538	+2.69%*
MSCI Emerging Markets	895	+2.50%*
FIXED INCOME		
Bloomberg Barclays Global-Aggregate Total Return Index Value Hedged GBP	606.68	-1.36%
10-year Gilt yield	1.44%	+0.08%**
10-year US Treasury yield	2.50%	+0.10%**
10-year Bund yield	0.41%	+0.07%**
10-year Japanese government bond yield	0.07%	+0.02%**
COMMODITIES		
Gold (US\$, per troy ounce)	1,201	+0.32%
Brent Crude (US\$, per barrel)	54.75	-1.26%
CURRENCIES		
GBP/USD	1.23	+0.90%
GBP/EUR	1.16	+0.90%

Source: All data sourced from Bloomberg as at 12:10pm, 20 January, 2017. *In GBP terms. **Yields move inversely to prices.

Building better solutions



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