

FOR RETAIL INVESTORS

WEEKLY MARKET ROUND-UP

ECLIPSE FAILS TO DARKEN MARKETS

WEEK ENDING 25 AUGUST 2017



INVESTOR OPTIMISM LARGELY INTACT

With trading volumes lighter, events appeared to be more skyward than stock market related last week. Hurricane Harvey shut oil refineries in Texas, boosting US energy stocks. While the arrival of Typhoon Hato wreaked havoc in Hong Kong, it failed to dampen the rally in Chinese foreign-owned shares, courtesy of strong profits growth. The euro rose against a fairly sickly looking US dollar and UK pound, as signs of economic strength in the eurozone continued unabated. Government bonds traded in a narrow band, with holders of US Treasury bonds nervous about the possibility of a US government shutdown.



THE SUN: OUR FREE NUCLEAR REACTOR

Last week's solar eclipse had eyes (hopefully protected) gazing sunwards. Millions were amazed as the sun was stained black by the moon, vanishing except for its corona – its outer atmosphere – a halo of light. The sun is a nuclear fusion reactor, pressing together hydrogen to form helium, and delivering enough energy to the earth in a daylight hour to power all humanity's needs for a year. The problem, however, is harvesting it. Solar panel companies trying to do just that include California's SunPower, whose shares are up 36.9% so far this year, and Arizona's First Solar, up 44.8%.



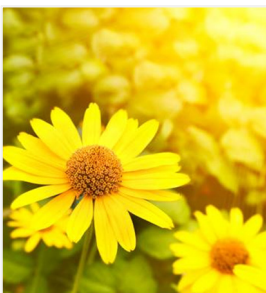
TYPHOON HALTS TRADING IN HONG KONG

Typhoon Hato hit the east coast of China, causing fatalities, flooding and cancellations of flights and trains. On Wednesday it forced the closure of the Stock Exchange of Hong Kong, on which shares worth a total of US\$3.7 trillion are traded, making it the third largest exchange in Asia, behind Tokyo and Shanghai. Gold trading in Hong Kong was also halted due to Typhoon Hato, which is named after the Japanese word for pigeon. So far this year the Hong Kong Hang Seng Index boasts a total return of 28.2% in local currency terms, a strong performance.



TRUMP RAISES GOVERNMENT SHUTDOWN STAKES

Donald Trump complicated efforts to reach a budget deal, by threatening to shut down the government unless Congress approved funding for a border wall with Mexico. Meanwhile, Mexico has rejected Trump's assertion that it would pay for the barrier – a key campaign promise – prompting the president to say the US would fund it initially. Lawmakers need to approve spending measures in September to keep the government open, and had previously not prioritised funding for the wall. US bond markets reflect a degree of investor nervousness that Congress will not succeed in approving the measures.



THE LAZY DAYS OF SUMMER

It's not easy writing copy when everyone else has downed tools and headed for the beach for their annual summer holiday. With financial calendars cleared for some well-earned downtime, the lazy days of summer are well and truly upon us. But for those of us in the financial community who still have to fill in the column inches the task can become that little bit more challenging. Last Monday, a journalist from the *Financial Times* aptly concluded, 'Today there is a single tumbleweed skittering through the empty spot where an economic calendar and corporate earnings line up would normally be found.' Quite.

FANCY A CHINESE TAKEOVER?



Source: Rhodium Group.

MARKET DATA – % CHANGE IN WEEK ENDING 25/08/2017

EQUITIES

	LAST VALUE	% CHANGE
FTSE All-Share (UK)	4,070	+1.27%*
MSCI All Country World	474	+1.24%*
S&P 500 (US)	2,439	+1.11%*
Stoxx 600 (Europe)	376	+1.09%*
Topix (Japan)	1,597	+0.12%*
MSCI Asia ex Japan	659	+2.33%*
MSCI Emerging Markets	1,082	+2.74%*

FIXED INCOME

Bloomberg Barclays Global Aggregate bond index, GBP-hedged – total return	616	+0.42%
10-year Gilt yield	1.07%	-0.02%**
10-year US Treasury yield	2.19%	0.00%**
10-year Bund yield	0.40%	-0.01%**
10-year Japanese government bond yield	0.02%	-0.01%**

COMMODITIES

Gold (US\$, per troy ounce)	1,288	+0.28%
Brent Crude (US\$, per barrel)	52.40	-0.61%

CURRENCIES

GBP/USD	1.28	-0.30%
GBP/EUR	1.10	-0.28%

Source: All data sourced from Bloomberg as at 11.15am, 25 August 2017. *In GBP terms. **Yields move inversely to prices.

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