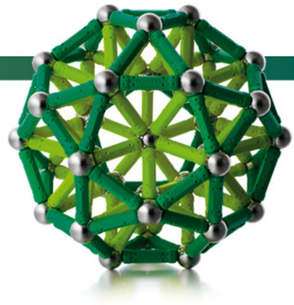
OLD MUTUAL GLOBAL INVESTORS



FOR RETAIL INVESTORS

# WEEKLY MARKET ROUND-UP
# INVESTORS STAND RESOLUTE

## WEEK ENDING 26 MAY 2017

### SECURITY TOPS AGENDA AT WORLD LEADER SUMMIT

Despite the sombre mood brought about the atrocities in Manchester last week, global stock markets rallied. Powering them higher were share price gains in technology, utility and defence companies, in addition to investors believing economic growth could withstand an imminent increase in US interest rates. Asian stock markets largely shrugged off a negative report on China debt, while emerging markets also saw strong gains. Investors avoided the global energy sector on the back of a weaker oil price. Mixed global economic data, resulting in a tempering of inflation expectations, led to a generally positive week for bonds, although not Greek bonds (see below).

### MEXICO SHRUGS OFF TRUMP EFFECT

Mexico's economy grew by 0.7% in the first three months of 2017 and expanded by 2.8% in the year to the end of April, beating market expectations. This fillip for the Mexican economy is a far cry from the pessimism seen last November; newly-elected US President Donald Trump promised work would start immediately on a Mexican border wall and that the North American Free Trade Agreement (NAFTA) would be scrapped – both were expected to hinder Mexico's economic prospects. But fast-forward six months and NAFTA is still there (and to be renegotiated) while the wall is conspicuous by its absence.

### REVAMPS AND REORGANISATIONS RILE RETAILERS

Last week was probably one to forget for most retailers. While retail tycoon, Sir Philip Green, staged a last-minute rescue bid for the bankrupt Australian arm of his British brand, Topshop, other retailers were busy unveiling poor trading statements of their own. In the UK, Marks & Spencer attributed one-off restructuring costs to its annual profits fall, while home improvement group, Kingfisher, blamed France for its woes. CEO, Véronique Laury, is hoping to lure the French back into stores with a refreshed product range as a part of a five-year revamping programme. Vive le DIY.

### THE SUN SHINES ON SPAIN'S ECONOMY

As holidaymakers around Europe eagerly prepare for their annual sun-drenched Iberian jaunts, the sun is shining on the Spanish economy too. The eurozone's fourth largest economy has rebounded strongly from its 2012 depths – when it was on the receiving end of a eurozone bailout – and continues to show remarkable resilience. The economy grew by 0.8% in the first quarter of the year (outgrowing both France and Germany), and by 3.0% in the 12 months to the end of April. Meanwhile, the Spanish unemployment rate continues its steady descent; it now sits at 18%, some 8% below its 2013 peak.

### CREDITORS FAIL TO CUT GREEK GORDIAN KNOT

Greece's creditors were unable to resolve differences over steps to ease the country's debt burden – again – after the International Monetary Fund (IMF) rejected a compromise suggested by the eurozone. The IMF's involvement in an aid programme for Greece is key to the disbursement of further aid by the euro area, required for the repayment of more than €7bn in July, because many countries in the currency union believe the fund's participation would help ensure the credibility of the bailout. Amid the impasse, a strong rally in Greece's bond and stock markets has stalled.


## MARKET DATA – % CHANGE IN WEEK ENDING 26/05/2017

| EQUITIES | LAST VALUE | % CHANGE |
|---|---|---|
| FTSE All-Share (UK) | 4,121 | +0.84%* |
| MSCI All Country World | 465 | +1.68%* |
| S&P 500 (US) | 2,415 | +1.92%* |
| Stoxx 600 (Europe) | 390 | +1.41%* |
| Topix (Japan) | 1,569 | +2.44%* |
| MSCI Asia ex Japan | 620 | +2.29%* |
| MSCI Emerging Markets | 1015 | +2.42%* |
| **FIXED INCOME** | | |
| Bloomberg Barclays Global Aggregate bond index, GBP-hedged – total return | 599 | +0.68% |
| 10-year Gilt yield | 1.02% | -0.08%** |
| 10-year US Treasury yield | 2.24% | 0.00%** |
| 10-year Bund yield | 0.33% | -0.04%** |
| 10-year Japanese government bond yield | 0.04% | 0.00%** |
| **COMMODITIES** | | |
| Gold (US$, per troy ounce) | 1,267 | +0.88% |
| Brent Crude (US$, per barrel) | 51.69 | -3.58% |
| **CURRENCIES** | | |
| GBP/USD | 1.29 | -1.43% |
| GBP/EUR | 1.15 | -1.55% |

Source: All data sourced from Bloomberg as at 12.05pm, 26 May 2017. *In GBP terms. **Yields move inversely to prices.

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