



FOR RETAIL INVESTORS

WEEKLY MARKET ROUND-UP

PROFIT REPORTS POWER SENTIMENT

WEEK ENDING 28 APRIL 2017



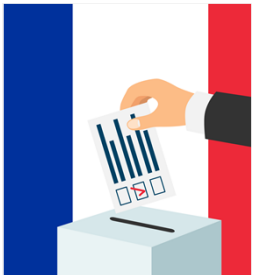
GEOPOLITICAL TENSIONS FAIL TO DAMPEN SPIRITS

Against a background of higher world growth, global equities continued to make handsome gains. A 'relief' rally, following the result of the first round of the French presidential elections (see below), ignited European markets further. Investor optimism also came from a raft of company earnings results' announcements from the US, Europe and Asia – with analysts commenting they were the strongest showings for over six years. Gains in shares came despite heightened political tensions between the US and North Korea and an unveiling of President Trump's much-awaited tax plans which underwhelmed investors. Elsewhere, prices of developed market bonds fell (yields rose).



TRACTORS, BURGERS AND TECHNOLOGY IN US CHARGE

US companies posted robust results last week, and US share markets followed suit, as optimistic sentiment seemed to be borne out by hard numbers about revenues and profits. Shares in tractor and mining equipment maker, Caterpillar, surged 9% on bright prospects for construction, while shares in McDonald's, the world's largest burger chain, rose 5% on strong sales. All the main US equities indices rose, and the Nasdaq Composite Index, especially known for technology stocks, soared above the milestone 6,000 to record highs, super-charged by gains in tech heavyweights such as Apple and Microsoft.



MACRON SEEKS TO ERASE LE PEN

This time last year, who would have guessed that neither candidate from France's two major political parties would feature in 2017's presidential run-off? Not many. But with the Republican and Socialist party candidates falling at the first hurdle, 7 May will see centrist Emmanuel Macron and far-right candidate Marine Le Pen fight it out to become the country's next president. The French market reacted positively to the news of Macron's victory in the first round of voting – he took 24% of the vote – and the euro rose sharply versus the dollar. The centrist is odds-on favourite to win the run-off.



MIXED FORTUNES FOR METAL PRODUCERS

It was a week of mixed fortunes for holders of gold, silver and copper. Shares in Mexican-based gold and silver producer, Fresnillo, fell on the back of falling gold production, although the company assured investors its silver production was on track for the year. Meanwhile, Anglo-Australian mining giant, BHP Billiton, was forced to reduce its profits guidance for copper production following the six week strike at Chile's Escondida, the world's largest copper mine. The lengthy strike, which ended in March, caused turbulence in the copper market as the Escondida mine supplies some 5% of global output.



A TAXING TIME FOR TRUMP

After almost 100 days of waiting, US President Donald Trump finally announced his much vaunted tax reform plans last week. And they proved something of a damp squib. The broad plans included a cut to the corporate tax rate (down to 15%) and incentives for multinational companies to repatriate cash piles held overseas. However, it seems very unlikely that the reforms will be passed by Congress in their current guise – they would require the support of almost every single Republican in Senate. US stock markets retreated from their highs in reaction to the news.

A TASTE FOR LUXURY

The global luxury goods sector index stands at its highest levels for two years.

Up until recently luxury goods have been impacted by a slowdown in Chinese consumption.

LVMH billionaire boss, Bernard Arnault, made some luxury purchases of his own last week by buying out the minority shareholders of Christian Dior for around €12.1bn.

27 Apr 2015
130.98

26 Apr 2017
131.16

A 34% surge in sales at French luxury goods group Kering - owner of Gucci, Balenciaga and Yves Saint Laurent - sent the French luxury group's shares up more than 14% last week.

Source: Bloomberg as at 26/04/2017.

MARKET DATA – % CHANGE IN WEEK ENDING 28/04/2017

EQUITIES

	LAST VALUE	% CHANGE
FTSE All-Share (UK)	3,971	+1.56%*
MSCI All Country World	456	+1.32%*
S&P 500 (US)	2,389	+0.90%*
Stoxx 600 (Europe)	387	+3.77%*
Topix (Japan)	1,532	-0.48%*
MSCI Asia ex Japan	596	+1.46%*
MSCI Emerging Markets	980	+1.09%*

FIXED INCOME

Bloomberg Barclays Global Aggregate bond index, GBP-hedged – total return	595	-0.97%
10-year Gilt yield	1.10%	+0.07%**
10-year US Treasury yield	2.31%	+0.06%**
10-year Bund yield	0.35%	+0.10%**
10-year Japanese government bond yield	0.02%	+0.00%**

COMMODITIES

Gold (US\$, per troy ounce)	1,267	-1.38%
Brent Crude (US\$, per barrel)	51.74	-0.42%

CURRENCIES

GBP/USD	1.29	+0.96%
GBP/EUR	1.18	-0.92%

Source: All data sourced from Bloomberg as at 12.00pm, 28 April 2017. *In GBP terms. **Yields move inversely to prices.

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