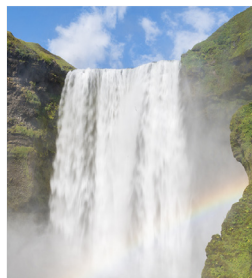


FOR RETAIL INVESTORS

# WEEKLY MARKET ROUND-UP

## A TOUCH OF SUMMERTIME BLUES?

WEEK ENDING 28 JULY 2017



### INVESTORS DRENCHED IN A DELUGE OF RESULTS

Stock markets experienced a mixture of sunshine and showers last week as a raft of half-yearly company results dominated individual share prices. Globally, company results were mixed – in the US, Boeing pleased investors, but Amazon disappointed. In Europe, sluggish sales growth from Nestlé and a major drug trial setback for AstraZeneca (see below) led to both share prices falling. Shares in Asian and emerging markets, by contrast, continued their recent run. Elsewhere, in macroeconomic news, the US Federal Reserve ruled there was no immediate need to raise interest rates, sapping an already weak US dollar.



### A TALE OF TWO DRUGS GIANTS

Swiss-based pharmaceuticals giant, Roche, reported typically solid results last week. Sales strengthened 5%, profits by a reassuring 6%. The shares firmed mildly. In sharp contrast, UK-Swedish rival AstraZeneca announced that trials of its lung cancer treatment had failed to show hoped-for benefits, and its shares fell by 15%, a magnitude unusual for such a large company. Astra's shares had done well this year, outperforming the FTSE 100 index, until the downturn wiped out all of this year's gains. Recent rumours are that respected CEO, Pascal Soriot, could be planning to move on.



### RISE IN COPPER PRICE SETS MINING SHARES ALIGHT

Several changes could be behind the recent rise in the copper price – increased demand from a stronger Chinese economy, labour disputes shutting down mine production, or a weaker US dollar perhaps (commodities are bought in dollars). But the undisputed fact is that the red metal is at its highest level for over two years. The price move certainly wasn't lost on mining shares last week. Shares in copper producers BHP Billiton and Rio Tinto both ground higher on the week. Prices of some other commodities – notably iron ore and Brent crude oil – also increased.



### (ALMOST) ALL IS FORGIVEN, BOND MARKET INVESTORS TELL GREECE

Much as Odysseus, the legendary king of Ithaca, was forced to spend years abroad before staging an eventful homecoming, Greece has been locked out of the bond market for three years – until it returned last Tuesday. The country, which has been bailed out repeatedly and imposed losses on bondholders in 2011, sold €3bn of five-year debt. Still, the yield of 4.625% on the bonds compares with a rate of 0.80% on equivalent Italian debt, suggesting investors remain wary enough to demand a significantly higher annual payment for lending the crisis-wracked nation more money.



### A STREETCAR ON MAINS POWER


The UK's roads will be getting cleaner from 2040, following an announcement by the environment secretary, Michael Gove, that the government will follow in the footsteps of France and ban the sale of new petrol and diesel cars. The 2040 deadline for all new cars to be 'zero-emission' was set in the government's 'air quality plan'. In other electric car news, the German car giant, BMW, handed the UK a welcome boost after it revealed the fully electric version of the iconic Mini will be assembled at the company's Oxford plant. BMW has owned the Mini brand since 1994.

# MIXERS AND SHAKERS

Results and M&A reveal the differing fortunes of premium goods suppliers.



FEVER-TREE



Shares in the **premium mixer maker** fizzed more than **20%** higher on yet another impressive pre-tax profits rise.

77%

up for the six months to 30 June.

LINDT & SPRÜNGLI



While luxury chocolate sales in Germany and the UK were **‘very good’**, according to the group’s interim results to 30 June, those in North America fell by 3%.

MICHAEL KORS

Elsewhere, luxury shoemaker, **Jimmy Choo**, faced another ownership shake-up, with luxury giant, **Michael Kors**, paying US\$1.2bn for the business. Let’s hope the shoe finally fits this time.

\$1.2bn



Source: Bloomberg.

## MARKET DATA – % CHANGE IN WEEK ENDING 28/07/2017

### EQUITIES

	LAST VALUE	% CHANGE
FTSE All-Share (UK)	4,051	-0.66%*
MSCI All Country World	478	-0.35%*
S&P 500 (US)	2,475	-0.55%*
Stoxx 600 (Europe)	378	-0.82%*
Topix (Japan)	1,621	-1.45%*
MSCI Asia ex Japan	657	+0.43%*
MSCI Emerging Markets	1,069	+0.17%*

### FIXED INCOME

Bloomberg Barclays Global Aggregate bond index, GBP-hedged – total return	602	-0.93%
10-year Gilt yield	1.23%	+0.05%**
10-year US Treasury yield	2.33%	+0.09%**
10-year Bund yield	0.58%	+0.08%**
10-year Japanese government bond yield	0.08%	+0.01%**

### COMMODITIES

Gold (US\$, per troy ounce)	1,259	+0.28%
Brent Crude (US\$, per barrel)	51.77	+7.72%

### CURRENCIES

GBP/USD	1.31	+0.65%
GBP/EUR	1.12	+0.21%

Source: All data sourced from Bloomberg as at 11.00am, 28 July 2017. \*In GBP terms. \*\*Yields move inversely to prices.

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