

FOR RETAIL INVESTORS

# WEEKLY MARKET ROUND-UP

## GROWTH HOPES PREVAIL

WEEK ENDING 31 MARCH 2017



### BREXIT BEGINS

In an historic week, which officially marked the beginning of Brexit, global shares generally continued their positive run. The notable exception was Japan which suffered on worries that yen strength would negatively impact shares in Japanese exporters. Continued hopes of higher economic growth were only marginally tempered at the beginning of last week by investor concerns about President Trump's ability to push ahead with his economic agenda. While bond prices recorded mixed performances, metal prices as measured by the broader commodity index, and which include copper and zinc, staged an impressive late rally to end the week higher in US dollar terms.



### DON'T JUST BOOK IT, THOMAS COOK IT

UK holidaymakers seem to be doing both, despite sterling's fall typically making holidays abroad more expensive. After last year was dogged by political upheaval, and a series of terrorist attacks in tourist hotspots, the holiday market looks to be picking up in 2017. Thomas Cook is reporting summer bookings up 10% compared to a year ago, with rebounding appetite for destinations such as Turkey and Egypt. Meanwhile, Greek bookings are up a whopping 40%. Appetite for UK-based holidays remains largely unchanged, suggesting UK holidaymakers are happy to endure the currency pain for guaranteed sun.



### LA VIE EST BELLE

Elections, what elections? While France is gearing up for its presidential elections – which could have potentially seismic consequences for the political make-up of the country – the French consumer seems impervious to the hype. With employment expectations chugging along nicely, French consumer confidence is at its highest level since October 2007. The major political party candidates are expected to fall at the first round of voting on 23 April and polls suggest the May run-off will be between centrist Emmanuel Macron and far-right candidate Marine Le Pen. Macron is currently odds-on favourite to win.



### CHINESE TECH GIANT BACKS TESLA

Chinese technology giant, Tencent, has splashed out US\$1.78bn on buying a 5% stake in US electric car manufacturer Tesla. It follows a string of investments by Chinese tech leaders, such as Alibaba and Baidu, in the future of driving. Tesla developed the world's first electric sports car, and is at the vanguard of driverless technology. Tencent is big in internet, mobile chat apps and gaming. Prices of both Tencent and Tesla have been stockmarket darlings: shares in Tencent and Tesla have risen more than 400% and 600% respectively over the last five years in US dollar terms.

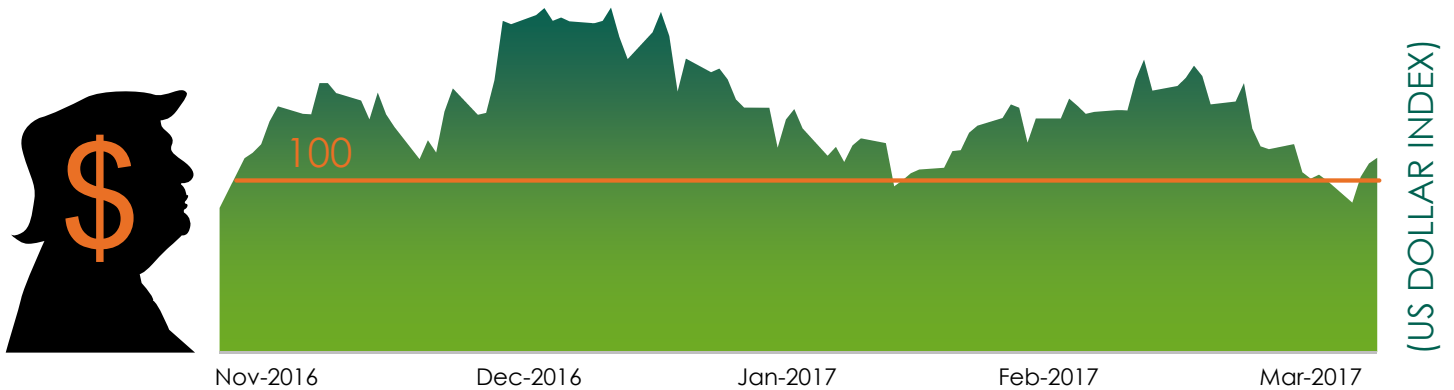
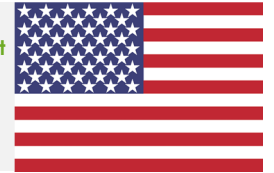


### SUN SETS ON OBAMA'S CLIMATE POLICIES

Donald Trump has signed an executive order aimed at rolling back a number of Obama-era climate policies, as part of the US president's plan to boost US fossil fuel production and achieve energy independence. The move begins a reversal of former US president Barack Obama's efforts aimed at curbing climate change. Meanwhile, oil prices last week extended a bounce from their lowest levels since November 2016 – to which they had dropped as increasing US supplies countered output cuts by other producers – with the price of Brent crude rebounding off the closely watched US\$50 a barrel mark.

## IN SICKNESS AND IN HEALTH: THE DOLLAR TREATMENT

As we near five months since the election of Donald Trump as US president, the dollar is coming back down to earth. The greenback initially rallied versus its major peers on expectations that the Trump presidency would herald significant infrastructure spending, softer and more business-friendly regulation and, all-importantly, decisive policy-making. But the lack of policy progress made by the Trump administration, culminating in last week's collapse of his so-called 'Trumpcare' plans – his much talked-up healthcare replacement bill – has seen the dollar give up its gains. The process of government is proving rather tougher than Trump had imagined.



## MARKET DATA – % CHANGE IN WEEK ENDING 31/03/2017

	LAST VALUE	% CHANGE
<b>EQUITIES</b>		
FTSE All-Share (UK)	3,989	-0.10%*
MSCI All Country World	451	+0.96%*
S&P 500 (US)	2,368	+1.22%*
Stoxx 600 (Europe)	379	+0.08%*
Topix (Japan)	1,513	-1.78%*
MSCI Asia ex Japan	585	+0.33%*
MSCI Emerging Markets	969	+0.25%*
<b>FIXED INCOME</b>		
Bloomberg Barclays Global Aggregate bond index, GBP-hedged – total return	608	-0.06%
10-year Gilt yield	1.12%	-0.08%**
10-year US Treasury yield	2.41%	0.00%**
10-year Bund yield	0.33%	-0.08%**
10-year Japanese government bond yield	0.07%	+0.01%**
<b>COMMODITIES</b>		
Gold (US\$, per troy ounce)	1,242	-0.11%
Brent Crude (US\$, per barrel)	52.55	+3.44%
<b>CURRENCIES</b>		
GBP/USD	1.25	-0.14%
GBP/EUR	1.17	+0.94%

Source: All data sourced from Bloomberg as at 12.00pm, 31 March 2017. \*In GBP terms. \*\*Yields move inversely to prices.

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