



FOR RETAIL INVESTORS

WEEKLY MARKET ROUND-UP

NOVEMBER BEGINS WITH A BANG

WEEK ENDING 3 NOVEMBER 2017



MARKETS OPTIMISTIC ON GLOBAL GROWTH HOPES

Many stock markets hit record highs mid-week, before easing back. The positive sentiment was fuelled by an economic expansion that seems well-distributed globally, by strong company earnings, by pro-growth policies in many countries such as Japan and India, by the hope of tax cuts in the US, and by the prospect of a continuation of light touch policy at the US Federal Reserve (see below). The growth hopes spurred industrial commodities, such as copper, while Brent crude oil settled around US\$61 per barrel. The pound fell and UK gilts rose as the UK's historic rate rise (see below) came cotton-wrapped in dovish statements.



BOE RAISES RATES FOR FIRST TIME IN A DECADE

So much time has passed since the Bank of England (BoE) last raised interest rates that one could be forgiven for wondering whether the central bank had forgotten how to do so. Yet the BoE did exactly this last Thursday, lifting the bank rate from 0.25% to 0.5%. The last time it increased borrowing costs across the economy, Tony Blair had just stepped down as prime minister. On Thursday, the bank indicated it would not make a habit of it over the coming years, sending the pound down against the US dollar.



POWELL POWERS INTO FED CHAIR

US President Donald Trump has picked Jay Powell to succeed Janet Yellen as chair of the Federal Reserve (Fed), the custodian of the global reserve currency. 64-year old Powell, who has served as a governor at the central bank since 2012, is due to take over when Yellen's first term ends in February. Due to his time at the Fed, and public statements that mark him as a moderate, he is seen as bringing continuity to the role. As such, he may not seek to speed up the pace of rate increases on which the Fed has already embarked. A trained lawyer, he previously worked for private equity firm Carlyle.



OIL SHARES: BACK IN THE BLACK

Profits announcements from BP and Royal Dutch Shell made a slick impression on investors last week. Higher oil prices and further cost cuts are finally heralding a recovery in big, multinational oil companies on a global scale, leading to much better than expected numbers. Royal Dutch Shell's profit improvements were particularly impressive, helped by cost savings following its purchase of BG group, completed last year. Shares in BP, which as a sign of confidence announced a share buyback with its results, jettied 4% higher. Royal Dutch B shares also gushed 4% greater, both in US dollar terms.



US TECH GIANTS' INEXORABLE ASCENT

US technology darlings soared to yet dizzy heights, boosted by stellar results recently by Amazon, Google, Microsoft, and Apple. Amazon's were particularly eye-catching, and its shares have leaped 12.5% since its third quarter results on 26 October. Amazon dominates US e-commerce, with a far bigger market share than eBay, Apple or Walmart. According to research by eMarketer, by the end of this year 44 cents of every dollar spent online in the US will go to Amazon, up from 38 cents last year. The technology sector of the S&P 500 is up 36.4% so far this year, more than double the 16.9% of the broader market index.

ALL REVVED UP



LAST WEEK'S ANNUAL GATHERING OF METALS AND MINING BOSSES WAS A POLISHED AFFAIR



Source: Bloomberg, all prices year-to-date in GBP, as at 01 & 02/11/2017. *Source: Consultants Wood Mackenzie as at 30/10/2017.

MARKET DATA – % CHANGE IN WEEK ENDING 03/11/2017

	LAST VALUE	% CHANGE
EQUITIES		
FTSE All-Share (UK)	4,163	+1.07%*
MSCI All Country World	498	+1.01%*
S&P 500 (US)	2,580	+0.40%*
Stoxx 600 (Europe)	396	+1.42%*
Topix (Japan)	1,794	+1.64%*
MSCI Asia ex Japan	698	+2.27%*
MSCI Emerging Markets	1,127	+1.99%*
FIXED INCOME		
Bloomberg Barclays Global Aggregate bond index, GBP-hedged – total return	605	+0.95%
10-year Gilt yield	1.25%	-0.10%**
10-year US Treasury yield	2.35%	-0.06%**
10-year Bund yield	0.37%	-0.02%**
10-year Japanese government bond yield	0.06%	-0.02%**
COMMODITIES		
Gold (US\$, per troy ounce)	1,275	+0.15%
Brent Crude (US\$, per barrel)	60.88	+0.73%
CURRENCIES		
GBP/USD	1.31	-0.49%
GBP/EUR	1.12	-0.79%

Source: All data sourced from Bloomberg as at 11.00am, 3 November 2017. *In GBP terms. **Yields move inversely to prices.

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