



FOR RETAIL INVESTORS

WEEKLY MARKET ROUND-UP

STOCK MARKETS MAKE HEADWAY

WEEK ENDING 5 MAY 2017



SHARES RISE, BONDS RETREAT

Stock markets advanced worldwide, with the MSCI All Country World index gaining for a second week in sterling terms, as companies reported improving earnings and some economic data pointed to robust global growth. Bond prices edged lower, as the prospects for stronger growth raised the appeal of assets more closely linked to economic growth, such as shares. Elsewhere, oil prices dropped on investor concerns of a glut in supply from the US and a slowdown in Chinese demand (see below). As a result, energy companies underperformed globally, while technology stocks were among the biggest gainers.



OIL SLIPS AHEAD OF OPEC POW-WOW

Oil prices slipped 7% last week, as traders began to fear that the Organization of the Petroleum Exporting Countries' (OPEC) meeting on 25 May could turn out to be decidedly sticky. The cartel of oil nations will decide whether to continue the production restriction agreement it first forged last November. Meanwhile, oil production from the US (not an OPEC member) has increased: thanks to the shale revolution, it is now pumping out 9.3 million barrels per day, nearly as much as world oil leader Saudi Arabia. Shares in oil companies were mildly weaker last week, with BP falling 2% and Chevron just 1% weaker.



BREXIT BLUES AS BRUSSELS SPROUTS EXIT PLAN

While the UK's politicians are busy pestering the general public ahead of June's general election, the European Union (EU) has been quick to agree its Brexit plan. Having formally triggered the EU exit process in March, time is ticking down on the UK's membership; it will leave in March 2019. But with negotiations on hold until after the election, last week saw the EU agree its negotiating position in double-quick time. It also saw some hard-lined rhetoric from Europe's top brass, coupled with rumours of a €100bn divorce bill for the UK, much to the consternation of some within the UK government.



HOW BIG CAN A GIANT APPLE GROW?

Last week Apple reported a whopping US\$52.9 billion of sales, and that's just for one quarter. International revenues accounted for 65% of the total, and 63% came from the iPhone, way ahead of its Macs and iPads. Given its already giant size, and its reliance on the iPhone, can Apple keep on growing? Yet that's just the question people were asking a year ago, since when its share price has risen 53.2%, leaving the S&P 500 Index's very respectable 15.4% return for dust. Apple's market capitalisation is now a staggering US\$763 billion, 3.6% of the index.



VOLKSWAGEN RETURNS TO THE FAST LANE

The German car giant, Volkswagen (VW) at last seems to be emerging from the 2015 emissions crisis that has long cast a cloud over the business. Results for the first quarter of 2017 revealed profits of €3.4bn, up 44% compared with the first three months of last year; the company has been making concerted efforts to improve efficiency and productivity in recent times. VW is the world's largest carmaker and boasts Audi, Porsche and Skoda among its stable of household car names. The group sold just shy of 2.5m vehicles in the first quarter.

A NEW MEXICAN WAVE

There's a new wave enveloping culinary circles... and it's the taste for Mexican food.

*Source: Bloomberg as at May 2017.

Mexican food chain, Taco Bell, a subsidiary of American fast food giant Yum!, dished-up tasty figures last week. Same store sales growth was 8%* for the first three months of 2017. But it looks as though we might have to pay more for our guacamole...

China's appetite for avocados and poor crop yields in Mexico, the largest producer of the fruit, have driven prices 175% higher over the last 12 months*.

TACO BELL

8%

175%

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

EQUITIES

	LAST VALUE	% CHANGE
FTSE All-Share (UK)	3,982	+0.55%*
MSCI All Country World	457	+0.70%*
S&P 500 (US)	2,390	+0.47%*
Stoxx 600 (Europe)	391	+1.99%*
Topix (Japan)	1,550	0.78%*
MSCI Asia ex Japan	598	+1.00%*
MSCI Emerging Markets	980	+0.48%*

FIXED INCOME

Bloomberg Barclays Global Aggregate bond index, GBP-hedged – total return	592	-0.09%
10-year Gilt yield	1.11%	+0.02%**
10-year US Treasury yield	2.36%	+0.08%**
10-year Bund yield	0.38%	+0.07%**
10-year Japanese government bond yield	0.02%	+0.00%**

COMMODITIES

Gold (US\$, per troy ounce)	1,233	-2.74%
Brent Crude (US\$, per barrel)	48.58	-6.09%

CURRENCIES

GBP/USD	1.29	-0.12%
GBP/EUR	1.18	-0.69%

Source: All data sourced from Bloomberg as at 12.00pm, 5 May 2017. *In GBP terms. **Yields move inversely to prices.

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