



FOR RETAIL INVESTORS

WEEKLY MARKET ROUND-UP

SHARES REACH NEW HIGHS

WEEK ENDING 6 OCTOBER 2017



EQUITY MARKETS SURGE AHEAD

Company shares (equities) continued to scale fresh heights. US equities reached all-time highs, lifted by Republican Party plans to cut taxes, and also by a benign economic backdrop of good GDP growth, low unemployment, low inflation and low interest rates. The S&P 500 index is up 25% since President Donald Trump was elected last year. Emerging markets have gained even more. Hong Kong and Japanese equities are at two year highs. Risks, of course, remain, especially around North Korea, and the possibility that a new chair of the US Federal Reserve could be appointed in January who might raise interest rates more quickly than dovish incumbent Janet Yellen.



PAIN IN SPAIN AFTER CATALANS VOTE

Spanish company shares and government bonds underperformed their euro-area counterparts after a reported two million Catalans voted to break away from Spain in a referendum on Sunday. Investor disquiet over the ensuing political crisis grew as Catalonia's president, Carles Puigdemont, pledged to push ahead with a formal declaration of independence in the coming days. Spain's IBEX 35 stock market index dropped 3% on Wednesday, while its bond yields lurched higher for a third day (yields move inversely to prices). Still, market tensions eased somewhat after Puigdemont called for external help in brokering a deal with the Spanish government.



CHINESE CELEBRATIONS

Chinese investors celebrated their annual Mid-Autumn Festival last week, an occasion marking the end of harvest and the fullest moon of the year. It seems they can afford to take a break from participating in the stock market: year-to-date, the MSCI China index has increased by over 38% in sterling terms. Chinese shares have been buoyed by a slew of better than expected economic data, particularly in manufacturing. China's central bank also orchestrated looser monetary conditions last week in a bid aimed at helping Chinese smaller companies.



NISSAN REQUIRES CLOSER INSPECTION

Nissan Motor, the Japanese car giant, is to recall 1.2 million vehicles sold in Japan over the past three years. Following a failure to adhere to agreed domestic vehicle inspection processes, the Japanese Ministry of Land, Infrastructure and Transport has demanded the company, 43% owned by France's Renault, re-inspect all relevant vehicles. Meanwhile, the car maker has temporarily suspended new vehicle registrations. Shares in Nissan fell by 2% on the week, compared to modest share price rises for Toyota Motor and Honda Motor, the other two members of Japan's 'big three' car manufacturers.



AFTER LAS VEGAS TRAGEDY, US GUN MAKERS RALLY

Even as the full extent of last week's horrific Las Vegas mass shooting was yet to become clear, share prices in America's largest listed gun manufacturers were already shifting higher in pre-market trading. Mass shootings such as this – an all too familiar tale in the US – often result in the strange quirk of prompting shares in gun makers to rise, as the prospect of tighter gun controls in the country triggers increased demand. Shares in Sturm Ruger and American Outdoor Brands (the owner of Smith & Wesson) were both up by around 7% at one stage, before retreating slightly.

THE EU's TAX GRAB BACK



Source: Bloomberg as at 04/10/2017.

MARKET DATA – % CHANGE IN WEEK ENDING 06/10/2017

EQUITIES

	LAST VALUE	% CHANGE
FTSE All-Share (UK)	4,125	+1.91%*
MSCI All Country World	491	+2.94%*
S&P 500 (US)	2,552	+3.34%*
Stoxx 600 (Europe)	390	+2.26%*
Topix (Japan)	1,687	+3.00%*
MSCI Asia ex Japan	673	+3.91%*
MSCI Emerging Markets	1,103	+3.99%*

FIXED INCOME

Bloomberg Barclays Global Aggregate bond index, GBP-hedged – total return	600	+1.70%
10-year Gilt yield	1.38%	+0.02%**
10-year US Treasury yield	2.36%	+0.03%**
10-year Bund yield	0.48%	+0.01%**
10-year Japanese government bond yield	0.06%	-0.01%**

COMMODITIES

Gold (US\$, per troy ounce)	1,269	-0.85%
Brent Crude (US\$, per barrel)	56.90	-1.11%

CURRENCIES

GBP/USD	1.31	-2.50%
GBP/EUR	1.12	-1.60%

Source: All data sourced from Bloomberg as at 11.00am, 6 October 2017. *In GBP terms. **Yields move inversely to prices.

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