

FOR RETAIL INVESTORS

WEEKLY MARKET ROUND-UP

BOND MARKET IN THE DRIVING SEAT

WEEK ENDING 7 JULY, 2017



EUROZONE YIELDS RISE ON ECB OUTLOOK

Company shares worldwide were little changed in sterling terms, with the MSCI All Country World index remaining close to a record peak, as fresh weakness in debt markets restrained sentiment. Bank stocks, whose profits are linked to the level of bond yields, topped the leaderboard on the index. (Yields move inversely to prices.) The moves came amid further indications that the European Central Bank (ECB) is growing more confident of the economic outlook and may start to wind down its stimulus policies over the coming months, which helped push yields on euro-area government bonds higher.



OUT WITH COMBUSTION, IN WITH THE PLUG-IN

Volvo last week called time on its combustion engine. The Chinese-Swedish car maker declared that from 2019 all of its new models would be powered by electricity. Last year, according to market researchers IDTechEX, electric car sales made up less than 1% of the global market. But technological improvements in batteries, bringing down the overall cost of production, mean that number could soon be set to rise. Volvo joins a long list of manufacturers ready to do battle for market share in the electric car space – most notably Tesla, but also Daimler and General Motors.



LONDON RETAINS EUROPE'S 'TECH HUB' TITLE

A year on from Brexit vote and London looks no closer to relinquishing its title of Europe's 'tech hub.' According to London & Partners, the Mayor of London's promotional agency, London received some £1.8bn in venture capital (VC) funding – money provided to early stage, private companies – into its technology sector since the EU vote on 23 June 2016, spread across 544 deals. Indeed, London's tech sector received double the VC investment of its closest competitor, Berlin. Meanwhile, the UK-wide sector has received more private equity investment than any other European country since the referendum.



CHINA THROWS OPEN US\$9TN BOND MARKET

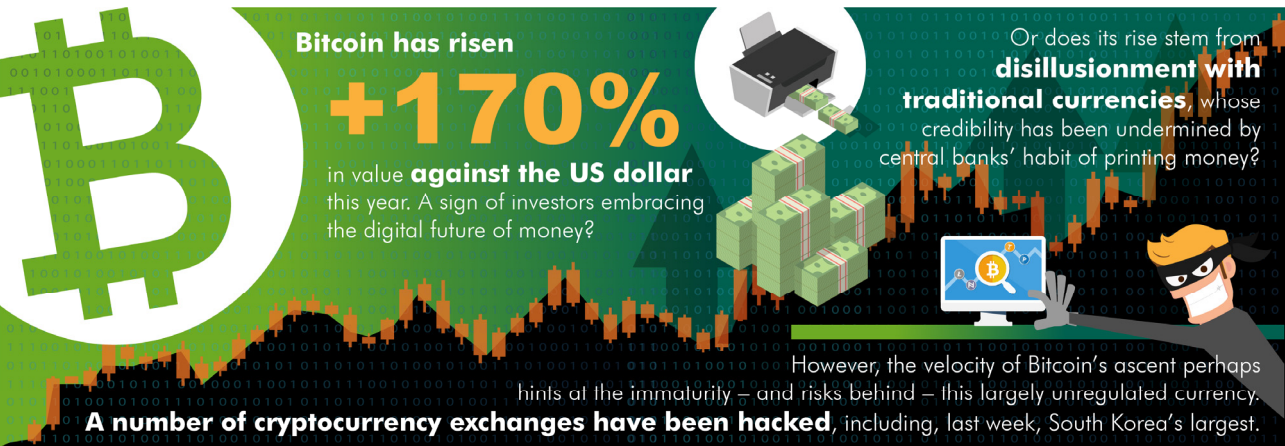
China has opened its US\$9 trillion bond market to foreign investors. The Bond Connect programme allows foreign banks, insurers and fund managers to buy bonds issued by the Chinese government and companies. The country's bond market is the third largest in the world, but only 2% of it is foreign-owned. The move could encourage Chinese provinces and cities to issue more debt, reducing their reliance on borrowing from banks – where Chinese authorities are keen to reduce risks. The liberalisation also follows the opening of Chinese domestic shares to foreign investors in November 2014.



NOT YOUR TYPICAL MUNDANE MONDAY

What do US tech companies Apple, Amazon and Zynga, have in common? The answer is that a glitch on the Nasdaq stock exchange meant shares in the electronics giant, internet retailer and games maker were all quoted at a price of US\$123.47 on Monday. That came as a bit of a shock to holders, who watched unusual – albeit temporary – gyrations in share prices. The incorrect prices were triggered after financial data providers wrongly interpreted a Nasdaq test as 'live' data. The ensuing turbulence was thought to be related to the exchange closing early for the 4 July break.

BITCOIN'S BULL RUN



Source: Bloomberg.

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

EQUITIES

	LAST VALUE	% CHANGE
FTSE All-Share (UK)	4,013	+0.32%*
MSCI All Country World	463	-0.03%*
S&P 500 (US)	2,410	-0.20%*
Stoxx 600 (Europe)	379	+0.87%*
Topix (Japan)	1,607	-0.59%*
MSCI Asia ex Japan	622	+0.01%*
MSCI Emerging Markets	1,006	+0.07%*

FIXED INCOME

Bloomberg Barclays Global Aggregate bond index, GBP-hedged – total return	598	-0.18%
10-year Gilt yield	1.31%	+0.05%**
10-year US Treasury yield	2.38%	+0.08%**
10-year Bund yield	0.57%	+0.11%**
10-year Japanese government bond yield	0.09%	+0.00%**

COMMODITIES

Gold (US\$, per troy ounce)	1,222	-1.60%
Brent Crude (US\$, per barrel)	46.69	-2.57%

CURRENCIES

GBP/USD	1.29	-1.03%
GBP/EUR	1.13	-0.90%

Source: All data sourced from Bloomberg as at 12.00pm, 7 July 2017. *In GBP terms. **Yields move inversely to prices.

Please remember that past performance is not a guide to future performance. The value of investments and the income from them can go down as well as up and investors may not get back the amount originally invested. Exchange rate changes may cause the value of overseas investments to rise or fall. Issued by Old Mutual Global Investors (UK) Limited (trading name, Old Mutual Global Investors), a member of the Old Mutual Group. Old Mutual Global Investors is registered in England and Wales under number 02949554 and its registered office is 2 Lambeth Hill London EC4P 4WR. Old Mutual Global Investors is authorised and regulated by the UK Financial Conduct Authority ("FCA") with FCA register number 171847 and is owned by Old Mutual Plc, a public limited company limited by shares, incorporated in England and Wales under registered number 3591559. This communication is for information purposes only and does not constitute a financial promotion (as defined in the Financial Services and Markets Act 2000) or other financial, professional or investment advice in any way. Nothing in this document constitutes a recommendation suitable or appropriate to a recipient's individual circumstances or otherwise constitutes a personal recommendation. It is distributed solely for information purposes, it does not constitute an advertisement and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments in any jurisdiction. No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained herein, nor is it intended to be a complete statement or summary of the securities, markets or developments referred to in the document. Any opinions expressed in this document are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of Old Mutual Global Investors as a result of using different assumptions and criteria. This communication is for retail investors. OMGI 07_17_0041.