FOR RETAIL INVESTORS

WEEKLY MARKET ROUND-UP
MARKETS STUMBLE AS CLOUDS RUMBLE

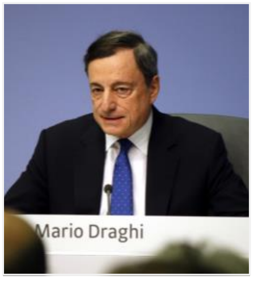
WEEK ENDING 8 SEPTEMBER 2017

INVESTORS SEEK SHELTER

Global company shares (equities) were mixed, as anxieties about the North Korean missile crisis, and the economic impact of hurricane damage, led investors towards perceived safe havens. Gold continued recent strength, reaching its highest level in a year. Government bonds were also strong, the yield on the 10-year US Treasury falling to 2.03%, its lowest level since the US presidential election of November 2016 (yields move inversely to prices). Oil firmed as hurricanes disrupted production. Meanwhile, US unemployment benefit claims rose in the wake of devastation caused by Hurricane Harvey in Texas and Louisiana.

US GOVERNMENT AVERTS SHUTDOWN… FOR NOW

The US government is to avoid a potential shutdown later this month after President Donald Trump, in cahoots with the opposition Democrats, agreed to a three-month increase in the amount the US government can legally borrow (currently US$19.8tn), enabling a prompt Hurricane Harvey aid package. The decision wasn't well received by Trump's Republicans, who had hoped for the debt debate to be delayed until after the 2018 mid-term elections. Instead, the coming months will see Republicans forced to horse-trade on immigration and healthcare issues while trying to agree a debt ceiling deal.



ECB EYES OCTOBER TAPERING

The European Central Bank (ECB) indicated it just might make a decision next month about whether and when it should start scaling back its massive purchases of euro-area assets. 'Naturally one thinks about risks that may materialise in the coming weeks or months, so that is the caution behind not specifying a date,' ECB president Mario Draghi told journalists, before adding: 'Probably the bulk of these decisions will be taken in October.' He also said officials were monitoring fluctuations in the value of the euro – which promptly jumped towards its highest level since 2015.

FRANCE IN SLICK OIL PLEDGE

Just two months after it announced its intention to ban the sale of petrol and diesel cars by 2040, the French government tabled a plan to prohibit the production and exploration of oil and natural gas on the French mainland and overseas territories, again by 2040. The plan would see current drilling permits expire with no option for renewal. While seemingly a seismic shift in policy, in practice it is rather more symbolic; the vast majority of French oil and gas consumption is imported. However, it shows further willing from France to meets its Paris climate accord commitments.

PAY WITH A SMILE

No cash, credit card, or smartphone? No problem. Just smile to pay. That's now possible, in China, thanks to tech giant Alibaba's new facial recognition system, live at a KFC restaurant in Hangzhou. After selecting a meal (healthy options available), customers can authenticate payment by having their faces scanned for one or two seconds, and cross-referenced with a government database. Currently, they also punch in their mobile number for security. Meanwhile, shareholders in Alibaba also have reason to smile. The shares, which are listed on the New York Stock Exchange, are up 91.5% year to date.

PALLADIUM POWERS HIGHER

Source: Bloomberg, as at 6 September 2017.

MARKET DATA – % CHANGE IN WEEK ENDING 08/09/2017

EQUITIES	LAST VALUE	% CHANGE
FTSE All-Share (UK)	4,041	-0.77%*
MSCI All Country World	480	-0.90%*
S&P 500 (US)	2,465	-1.31%*
Stoxx 600 (Europe)	374	-0.24%*
Topix (Japan)	1,594	-0.75%*
MSCI Asia ex Japan	661	-1.20%*
MSCI Emerging Markets	1,090	-0.93%*
FIXED INCOME		
Bloomberg Barclays Global Aggregate bond index, GBP-hedged – total return	616	+0.02%
10-year Gilt yield	0.98%	-0.08%**
10-year US Treasury yield	2.03%	-0.13%**
10-year Bund yield	0.32%	-0.06%**
10-year Japanese government bond yield	0.00%	+0.01%**
COMMODITIES		
Gold (US$, per troy ounce)	1,353	+2.06%
Brent Crude (US$, per barrel)	54.69	+3.68%
CURRENCIES		
GBP/USD	1.32	+1.60%
GBP/EUR	1.09	-0.14%

Source: All data sourced from Bloomberg as at 11.00am, 8 September 2017. *In GBP terms. **Yields move inversely to prices.

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