



FOR RETAIL INVESTORS

WEEKLY MARKET ROUND-UP

A TAXING TIME FOR MARKETS

WEEK ENDING 10 NOVEMBER 2017



GLOBAL SHARES RETREAT FROM RECORD HIGHS

Global shares retreated from historic highs last week, paring gains in the last few days on news that the US Senate would delay any plans to reduce US corporate taxes until 2019. (Lower taxes typically increase profits growth). European shares fell, as did eurozone bond prices, with bond yields moving higher (yields move inversely to prices). This was on the news that the European Commission had lowered its inflation outlook, despite being optimistic on growth prospects for the eurozone (but not the UK; citing Brexit uncertainties). Japanese shares retreated from multi-decade highs, although ended the week in positive territory, as did Asian shares.



HALF-TERM SOBRIETY HAMPERS RETAILERS

UK retail sales stuttered in October as non-food sales endured their toughest month in more than five years, according to the British Retail Consortium, citing consumers favouring outdoor experiences over shopping trips during the school half-term period. Retail giant Marks & Spencer is a particularly high profile casualty; despite quadrupling its half-yearly profits, the bellwether of the UK retail sector is experiencing ongoing struggles in its high-end food and clothing businesses. By contrast, retail sales in the eurozone are growing at their fastest rate in more than two years, according to Eurostat, reflecting improving economic conditions on the continent.



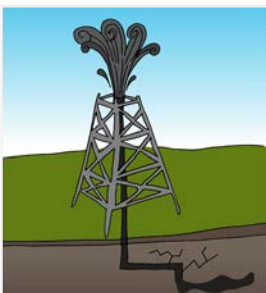
A FEEL-GOOD STORY

Shares in China Literature jumped by 87% in sterling terms when the company made its debut listing on the Hong Kong stock exchange last week. The strong interest comes at a time when China's middle-class millennials are demanding higher value added, better quality services, such as pay-for-content literature. China Literature, a producer of serialised short stories and eBooks, is the first in a series of spin-offs from China's technology giant, Tencent. Sogou, the Tencent-backed search engine listed in New York last week, while shares in the world's third largest music streaming service, Tencent Music, will start trading soon.



AUSSIE MINERS GROW UP

Australia's mining companies and metal producers enjoyed a good week as a rally in steel and iron ore prices in China lifted share prices. Indeed, Australia's S&P/ASX 300 Metals & Mining index ended last week close to its three-year high in local currency terms; it has risen by more than 25% since its 2017 low in early May. While the iron ore price, as measured by the Qingdao benchmark, has fallen by more than 20% year to date, it has increased by 6.4% since the start of November. The price of iron ore, a key component of steel, had been weak on fears of steel output cuts.



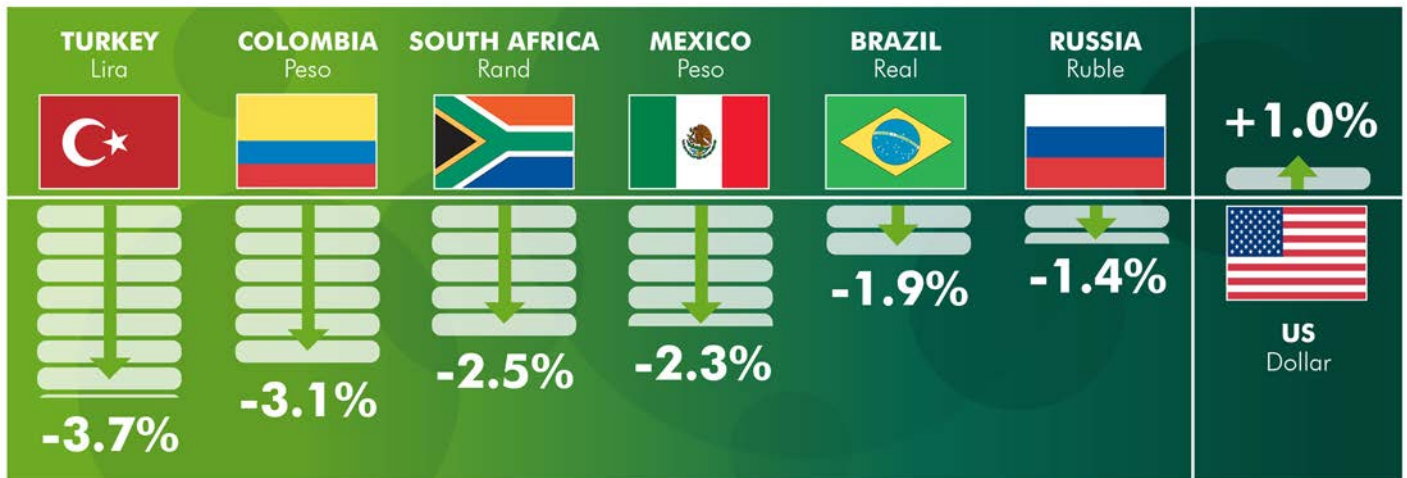
OIL SURGES ON SAUDI PURGE

Oil prices rose sharply as Saudi Arabia's heir apparent, Prince Mohammad bin Salman, coordinated the arrest of several princes and ministers. The crackdown was variously described as an anti-corruption drive, or as a consolidation of power by the 32-year old, who in June was appointed crown prince by his father King Salman. Political turmoil in Saudi Arabia, which vies with Russia as the world's largest oil producer, is often associated with a price rise. The crown prince is thought likely to uphold OPEC agreements on production cuts. Brent crude oil topped US\$65 per barrel, its highest level since June 2015.

EM CURRENCIES WOBBLE



Some emerging markets currencies have weakened over the last month on expectations of higher US interest rates and fears of political instability



Source: Bloomberg. Prices against the US dollar from 9 October 2017 to 8 November 2017. US dollar against a basket of currencies.

MARKET DATA – % CHANGE IN WEEK ENDING 10/11/2017

EQUITIES

	LAST VALUE	% CHANGE
FTSE All-Share (UK)	4,097	-1.33%*
MSCI All Country World	499	-0.64%*
S&P 500 (US)	2,585	-0.71%*
Stoxx 600 (Europe)	389	-1.99%*
Topix (Japan)	1,800	+0.20%*
MSCI Asia ex Japan	704	+0.07%*
MSCI Emerging Markets	1,134	+0.06%*

FIXED INCOME

Bloomberg Barclays Global Aggregate bond index, GBP-hedged – total return	602	-0.24%
10-year Gilt yield	1.30%	+0.04%**
10-year US Treasury yield	2.38%	+0.04%**
10-year Bund yield	0.39%	+0.03%**
10-year Japanese government bond yield	0.04%	-0.01%**

COMMODITIES

Gold (US\$, per troy ounce)	1,284	+1.13%
Brent Crude (US\$, per barrel)	64.03	+3.16%

CURRENCIES

GBP/USD	1.32	+0.56%
GBP/EUR	1.13	+0.22%

Source: All data sourced from Bloomberg as at 11.10am, 10 November 2017. *In GBP terms. **Yields move inversely to prices.

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