



FOR RETAIL INVESTORS

# WEEKLY MARKET ROUND-UP

## TECH WINNERS AND ENERGY LOSERS

WEEK ENDING 17 NOVEMBER 2017



### LATE RALLY IN GLOBAL SHARES HELPS STEM WEAKNESS

It was a decidedly shaky start to last week, with energy stocks experiencing particularly heavy falls, due to a falling oil price. However, a late rally in US technology and consumer staples stocks, courtesy of good profits announcements resulted in the S&P 500 index moving into positive territory. In Asia, performances were decidedly mixed. While investors in Japan took profits, Indian shares, and bonds, staged a late rally on news that a leading credit rating agency had become more optimistic on the country's outlook under the premiership of Narendra Modi. In Europe, shares drifted lower, while in the UK, trading proved quiet ahead of the eagerly awaited Autumn budget.



### PATIENCE IS ITS OWN REWARD

Every little helps and for patient shareholders in Vodafone and Tesco, last week produced good news for both UK-based companies. Shares in Vodafone, whose profits are quoted in euros despite its shares being registered in London, rose 5% on news of its first upgrade to underlying earnings guidance in 'recent history,' with particularly strong growth coming from its Italian division. Meanwhile, the Competition and Markets Authority gave provisional clearance on Tesco's purchase of wholesaler Booker, despite some shareholder scepticism about the deal. Tesco said it looked forward 'to creating the UK's leading food business.' Shares rallied 4%.



### AIRBUS WINS JUMBO ORDER

Shares in European aircraft manufacturer, Airbus, rallied last week as it unveiled its largest ever order at the Dubai Airshow. Indigo Partners, which owns budget airlines, including American Frontier Airlines and Chile's JetSmart, is to buy 430 aircraft from the A320 family of smaller airliners. The deal with Indigo is valued at US\$49.5bn (£37.6bn) at list prices, though discounts are thought likely to apply. The order takes some pressure off Airbus, whose sales of A380 double-deckers have been disappointing. It had been expected to announce a sale of A380s to Emirates Airline in a deal that would have guaranteed production of the world's largest passenger aircraft for more than a decade.



### ROCKY RIDE FOR BITCOIN BUYERS

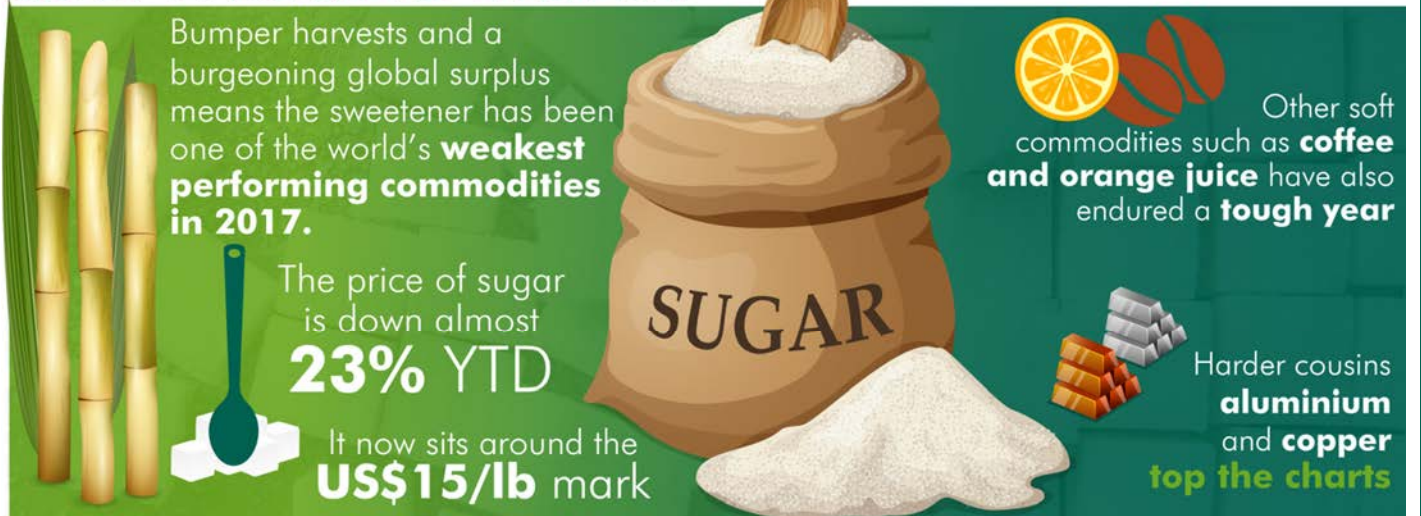
Adulated as a revolutionary innovation by its fans, while condemned as a device for money-laundering by its detractors, bitcoin continues to generate controversy. The cryptocurrency's rise versus the US dollar has added further heat to the debate, given the wild swings in price it has experienced along the way. The currency pair reached a record peak on Friday, with one bitcoin worth US\$7,997 – but only after recovering from a 29% decline suffered from the previous Wednesday to Monday. The currency's status as a game-changer for investors and consumers remains hotly contested; its volatility is undeniable.



### HOW LOW CAN YOU GO?

The US Treasury yield curve – the difference between the rates on short- and long-term government bonds – has continued to 'flatten': shorter-dated yields have risen while longer-dated rates have declined (yields move inversely to prices). The gap between two- and 10-year yields, for example, has dropped to just 0.63%, its lowest level since 2007. The move comes as the US has raised interest rates, lifting short-dated yields, but investor expectations for inflation have ebbed, dragging down longer-term rates. In addition, global investors, repelled by the meagre yields offered by other developed markets, have warmed to longer-dated US debt, also pushing yields lower.

# SWEETS FOR MY SWEET, SUGAR LOSING MONEY



Source: Bloomberg, as at 15 November 2017. Sugar price as measured by Sugar No.11, a key global benchmark for raw sugar trading.

## MARKET DATA – % CHANGE IN WEEK ENDING 17/11/2017

### EQUITIES

	LAST VALUE	% CHANGE
FTSE All-Share (UK)	4,044	-0.83%*
MSCI All Country World	497	-0.13%*
S&P 500 (US)	2,586	+0.23%*
Stoxx 600 (Europe)	384	-0.40%*
Topix (Japan)	1,764	-1.59%*
MSCI Asia ex Japan	701	-0.24%*
MSCI Emerging Markets	1,125	-0.25%*

### FIXED INCOME

Bloomberg Barclays Global Aggregate bond index, GBP-hedged – total return	601	+0.62%
10-year Gilt yield	1.32%	-0.02%**
10-year US Treasury yield	2.37%	-0.03%**
10-year Bund yield	0.38%	-0.03%**
10-year Japanese government bond yield	0.04%	-0.01%**

### COMMODITIES

Gold (US\$, per troy ounce)	1,284	+0.67%
Brent Crude (US\$, per barrel)	61.80	-2.71%

### CURRENCIES

GBP/USD	1.32	+0.36%
GBP/EUR	1.12	-0.75%

Source: All data sourced from Bloomberg as at 10.40am, 17 November 2017. \*In GBP terms. \*\*Yields move inversely to prices.

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