OLD MUTUAL GLOBAL INVESTORS

FOR RETAIL INVESTORS

WEEKLY MARKET ROUND-UP

BUDGET SIGHS BUT EQUITIES RISE

WEEK ENDING 24 NOVEMBER 2017

STOCK MARKETS BOUNCE; EURO EXTENDS RALLY

Stock markets edged higher worldwide, with the MSCI All Country World Index snapping a two-week decline, as data continued to point to a strengthening global economy. Euro-area company shares outperformed after a report showed that jobs growth and new manufacturing orders rose to 17-year highs; on the back of the figures, the euro gained against the US dollar for a third straight week. Energy stocks were among the strongest performers globally, as oil prices continued to rally. Elsewhere, US government debt prices held steady even after the Federal Reserve signalled it might raise interest rates again in December.

UK BUDGET SNOOZE…

Billed as the most significant Budget in years, it proved to be something of a non-event for UK investors. Shares in housebuilders fell slightly before bouncing on news that, despite Chancellor Philip Hammond's pledge to build more homes, the government would review the practice of 'land banking' (where land with planning applications remains undeveloped). Drinks companies, such as Diageo, traditionally affected by fiscal tinkering, moved little. The biggest headlines came from the sharp slowdown in UK growth projections by the independent Office for Budget Responsibility, which cited poor productivity growth in the UK as the main reason for the downgrade.

MERKEL IN A PICKLE AS COALITION TALKS COLLAPSE

Angela Merkel is struggling to extend her tenure as the EU's longest-serving leader. The German chancellor – who was first elected in 2005, when George W. Bush and Tony Blair were still in office – has hit an impasse in talks to form a coalition government, following September's somewhat inconclusive election. If Merkel cannot revive the negotiations between her CDU/CSU bloc, the Free Democrats and the Greens, or forge an alliance with the Social Democrats, the chancellor may call fresh elections. Still, investors have reacted calmly, with German equities only underperforming the broader European share index slightly.

DEERE & CO PLOUGHS AHEAD

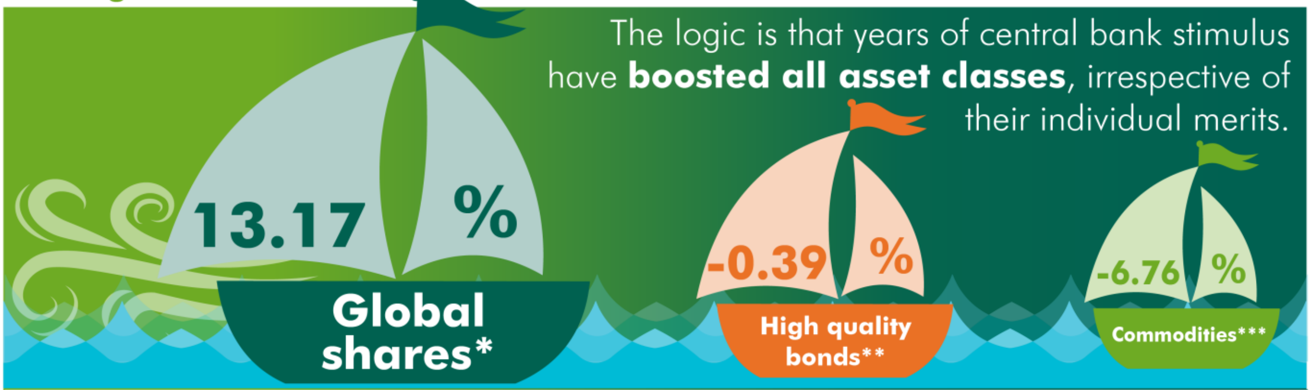
The world's largest agricultural machinery manufacturer is making hay. Deere & Co, the US-based tractor giant, has enjoyed a fruitful 2017 following a period of cost-cutting last year; its share price has risen an impressive 31% year to date with sales and net income having far exceeded expectations. While renowned for its iconic green and yellow tractors, Deere has been trying to dilute its dependence on its agricultural business; it also has sizeable construction and forestry divisions. Meanwhile, its industrial heavyweight peer Caterpillar has also enjoyed a stellar 2017; its shares are up 38% since the turn of the year in US dollar terms.

THE ECONOMIC TASK FACED BY ZIMBABWE

After Robert Mugabe resigned as president of Zimbabwe, Emmerson Mnangagwa returned from exile and promised jobs to cheering crowds. He faces a difficult task. Zimbabwe, though rich in minerals, and once the breadbasket of Africa, suffers widespread poverty. Unemployment is more than 90%. The country has no currency, having abandoned the Zimbabwean dollar in 2009 after hyperinflation reached 231 million percent in 2008. It has been in default of at least US$9 billion of international debt since 2000. A likely goal of the new president is the removal of international sanctions and the revival of foreign investment.

A RISING TIDE...

Many investors are familiar with the Wall Street adage, 'a rising tide lifts all boats.'



But year-to-date global shares have raced ahead of bonds, while prices of commodities, such as coffee and wheat, have disappointed.

Source: Bloomberg as at 22 November 2017 in GBP in total return terms. *MSCI AC World Index. **Bloomberg Barclays Global Aggregate Index. *** Bloomberg commodity index.

MARKET DATA – % CHANGE IN WEEK ENDING 24/11/2017

EQUITIES	LAST VALUE	% CHANGE
FTSE All-Share (UK)	4,067	+0.45%*
MSCI All Country World	502	+0.31%*
S&P 500 (US)	2,597	+0.10%*
Stoxx 600 (Europe)	387	+0.68%*
Topix (Japan)	1,781	+0.65%*
MSCI Asia ex Japan	716	+0.72%*
MSCI Emerging Markets	1,152	+0.66%*
FIXED INCOME		
Bloomberg Barclays Global Aggregate bond index, GBP-hedged – total return	601	-0.03%
10-year Gilt yield	1.26%	-0.03%**
10-year US Treasury yield	2.34%	0.00%**
10-year Bund yield	0.36%	0.00%**
10-year Japanese government bond yield	0.03%	-0.01%**
COMMODITIES		
Gold (US$, per troy ounce)	1,289	-0.23%
Brent Crude (US$, per barrel)	63.58	+1.37%
CURRENCIES		
GBP/USD	1.33	+0.78%
GBP/EUR	1.12	+0.07%

Source: All data sourced from Bloomberg as at 10.50am, 24 November 2017. *In GBP terms. **Yields move inversely to prices.

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