



FOR RETAIL INVESTORS

WEEKLY MARKET ROUND-UP

GLOBAL STOCKS FLIRT WITH RECORD PEAK

WEEK ENDING 15 DECEMBER 2017



EMERGING MARKETS OUTPERFORM AS US DOLLAR SLIPS

Company shares worldwide were little changed, with the MSCI All Country World Index hovering close to a record high in sterling terms, as a series of major central banks suggested they would press ahead with plans to remove economic stimulus gradually in 2018. Emerging market stocks outperformed those in developed markets, amid a retreat in the US dollar versus its major rivals. Dollar weakness eases the debt burden on foreign companies that have borrowed in the currency. Elsewhere, the gold price bounced, halting a three-week decline, and bond markets edged higher.



TRUMP LEFT WANTING MOORE

US President Donald Trump was dealt a blow as his candidate in the Alabama Senate race was defeated. Roy Moore, the highly controversial Republican dogged by rumours of sexual impropriety, lost to Democrat Doug Jones in what was a remarkable result given Trump took the state by 28 points just over a year ago. The Democrat win will reduce the Republican's Senate majority to 51-49 when Jones takes his seat in early January; in the meantime, expect a frantic rush by the Trump administration to push through planned tax cuts before its wiggle room is cut further.



DISNEY'S SUCCESSFUL FOX HUNT

Mickey Mouse and Luke Skywalker are about to make some new friends: Walt Disney is to buy a large chunk of Rupert Murdoch's 21st Century Fox for about US\$66bn, combining the second and fourth biggest film studios in Hollywood. Disney will take on Fox's studio and TV production companies; its regional sports networks; and its stakes in Sky and Hulu. Fox will keep its news divisions, including Fox News and Fox Business. The deal will aim to put Disney in a much stronger position in which to compete with streaming platforms such as Amazon Prime and Netflix.



TO SPEND IS GLORIOUS: HERE COMES CHINESE CONSUMERISM

In November, total imports to China jumped 17.7% year on year, their 13th straight month of growth. China, long the world's top exporter, could also become its largest importer, overtaking the US in just five years, according to economists at CICC bank. Even if that is optimistic, there is no doubt China, powered by a 1.4 billion population (four times that of the US), is transforming from factory- to consumer-led expansion. The country is already the world's largest importer of raw materials, and is catching up in sectors like autos, where it imports only a quarter of the US figure.



FED RAISES INTEREST RATES; CHINA FOLLOWS SUIT

The central bank of the US, the Federal Reserve (Fed), raised interest rates last week. The hike, of just a quarter of a per cent, was the Fed's third this year and did not disturb markets. It is seen as part of the central bank's plan to get things back to normal after many years of low interest rates, originally introduced to rescue the economy after the global financial crisis. More surprising was that China quickly responded by nudging its own rates higher. The move, though modest, is seen as Beijing signalling its confidence in the country's continued economic growth.

HAPPY HOLIDAYS

Counting the cost of Christmas around the world



-3%
Cheaper carrots, parsnips and potatoes have helped push down the cost of Christmas dinner for the first time in three years... despite a sharp rise in turkey prices.

US\$75
A chronic shortage of Christmas trees in the US, due to under planting since the global financial crisis, has seen the average price rise to US\$75 per tree, up by over 80% since 2009.

If you are celebrating Christmas in Asia, know that the continent houses 5 out of the 6 most expensive cities in which to live. Singapore occupies top slot.

Source: Year-on-year Mintel Christmas dinner index as at December 2017; National Christmas Tree Association 2017; The Economist Worldwide Cost of Living report 2017.

MARKET DATA – % CHANGE IN WEEK ENDING 15/12/2017

EQUITIES

	LAST VALUE	% CHANGE
FTSE All-Share (UK)	4,089	+0.64%*
MSCI All Country World	506	+0.05%*
S&P 500 (US)	2,652	-0.21%*
Stoxx 600 (Europe)	387	-0.15%*
Topix (Japan)	1,793	+0.53%*
MSCI Asia ex Japan	697	+0.69%*
MSCI Emerging Markets	1,121	+0.69%*

FIXED INCOME

Bloomberg Barclays Global Aggregate bond index, GBP-hedged – total return	594	+0.03%
10-year Gilt yield	1.16%	-0.12%**
10-year US Treasury yield	2.36%	-0.02%**
10-year Bund yield	0.30%	+0.00%**
10-year Japanese government bond yield	0.05%	-0.01%**

COMMODITIES

Gold (US\$, per troy ounce)	1,258	+0.75%
Brent Crude (US\$, per barrel)	63.50	+0.16%

CURRENCIES

GBP/USD	1.34	+0.17%
GBP/EUR	1.14	-0.14%

Source: All data sourced from Bloomberg as at 11.15am, 15 December 2017. *In GBP terms. **Yields move inversely to prices.

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