



FOR RETAIL INVESTORS

WEEKLY MARKET ROUND-UP

STERLING JUMPS ON BREXIT HOPES

WEEK ENDING 1 DECEMBER 2017



STOCK MARKETS EDGE LOWER; FINANCIAL SHARES OUTPERFORM

Sterling outperformed major rivals on signs of progress towards a Brexit deal, after the UK appeared to make an offer on the exit bill that could lead to a breakthrough in talks (see below). The currency strength took the shine off stock markets, however, by lowering the value of overseas assets: the MSCI All Country World Index slipped during the week in pound terms and finished November little changed. Financial shares were among the biggest gainers amid a rise in bond yields, to which bank profits are linked; technology stocks underperformed, trimming strong year-to-date gains.



STERLING VAULTS ON BREXIT DEAL HOPES

The pound reached a two-month high late last week on news that Brexit talks could finally be gaining traction. Negotiations over the UK's exit from the European Union have been stumbling of late, weighed down by disagreements over Northern Ireland's border with the Republic of Ireland and the size of the overall 'divorce bill'. However, it seems a breakthrough could be imminent, easing fears that the UK is careering towards a 'no deal' scenario. Sterling climbed to its highest level versus the US dollar since late September, hitting US\$1.35; the pound has appreciated by 9% versus the greenback in 2017.



OIL PRODUCERS AGREE TO KEEP LID ON PRICES

Key oil producers agreed on Thursday to extend output cuts until the end of 2018, in a bid to cement the dramatic recovery in prices seen over the past two years. The group, which includes OPEC nations and non-OPEC producers, led by Russia, pointed to a possible early exit from the deal if the market overshoots, however. Following the move, Brent crude prices held close to their highest levels since June 2015. Underscoring the industry's return to strength, earlier in the week Royal Dutch Shell restored its all-cash dividend and approved a US\$25bn share buyback.



VIETNAM HAS THE VA-VA-VROOM FACTOR

Four years ago, the Ho Chi Minh City Stock Exchange traded just US\$50 million shares a day, while volumes in the Philippines registered five times that number. This year, a combination of strong economic growth and state asset sales means the country will overtake the Philippines in number of daily shares traded. Optimism, it seems, abounds, fuelled by the manufacturing boom in more sophisticated Asian electronic parts and smartphone components. Vietnamese companies continue to court investment from their Asian neighbours. Singapore's Jardine Matheson Holdings has a 10% stake in Vinamilk and intends to buy more.



CAN ANYTHING STOP THE SWISS ROLL?

The hills are alive with the sound of... impressive economic growth and upbeat manufacturing numbers. The Swiss economy is on the up, it seems, after the world's 19th largest economy reported its best quarter-on-quarter growth numbers since the end of 2014, shortly before the cap on the Swiss franc was removed. Fast forward almost three years and the currency is edging back to the Sfr1.20 per euro mark while its economy is recovering well. But while data for manufacturing, exports of goods and even construction are looking good, helped by a weaker franc, the country's banking sector continues to struggle.

GIVING THANKS

Heavy discounting on Black Friday and Cyber Monday leads to record online sales in the US



Source: Adobe Analytics, as at 27 November 2017.

MARKET DATA – % CHANGE IN WEEK ENDING 01/12/2017

	LAST VALUE	% CHANGE
EQUITIES		
FTSE All-Share (UK)	4,022	-1.16%*
MSCI All Country World	505	-0.86%*
S&P 500 (US)	2,648	+0.47%*
Stoxx 600 (Europe)	384	-2.19%*
Topix (Japan)	1,797	-0.93%*
MSCI Asia ex Japan	696	-4.32%*
MSCI Emerging Markets	1,121	-4.16%*
FIXED INCOME		
Bloomberg Barclays Global Aggregate bond index, GBP-hedged – total return	589	-1.56%
10-year Gilt yield	1.28%	+0.03%**
10-year US Treasury yield	2.37%	+0.03%**
10-year Bund yield	0.33%	-0.03%**
10-year Japanese government bond yield	0.04%	+0.01%**
COMMODITIES		
Gold (US\$, per troy ounce)	1,277	-0.86%
Brent Crude (US\$, per barrel)	63.20	-1.03%
CURRENCIES		
GBP/USD	1.35	+1.12%
GBP/EUR	1.13	+1.50%

Source: All data sourced from Bloomberg as at 10.55am, 1 December 2017. *In GBP terms. **Yields move inversely to prices.

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