



FOR RETAIL INVESTORS

WEEKLY MARKET ROUND-UP

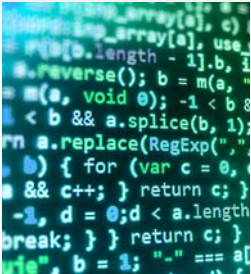
POLITICS TAKES CENTRE STAGE

WEEK ENDING 8 DECEMBER 2017



US DOLLAR AND STERLING RISE AS DEADLOCKS RESOLVED

Both the US dollar and the pound strengthened. The greenback rallied against a basket of currencies as a US government shutdown was averted by Congress agreeing to fund spending until 22 December. Sterling climbed after a breakthrough in Brexit talks, enabling the UK government to move forward to trade negotiations with the EU. German Social Democratic party leaders edged closer to a possible coalition with Angela Merkel's CDU. After recent highs, shares in companies (equities) worldwide were mixed. US equities were helped by tax reform progress, but hampered by lack of clarity on detail. Gold weakened in response to strength in the US dollar, in which the yellow metal is priced.



TECH STABILISES AFTER WOBBLE

Shares in technology companies stabilised last week, after retreating at the end of November. Despite several wobbles during the year, the tech sector has been a darling of investors, and one of the best performers this year. Shares in Amazon, Facebook, and Netflix are up around 50% year to date. Chinese internet giant Tencent, one of the biggest fallers in the most recent decline, has almost doubled during this year. Investor sentiment veers between anxiety that tech share prices have become too expensive, and optimism that companies like these are revolutionising our world.



ARE DIESEL CARS RUNNING ON EMPTY?

Appetite for new diesel cars appears to have stalled. UK data showed that sales of new diesel cars were down by more than 30% year-on-year in November, while sales of hybrid and electric vehicles rose 33% over the same period. Recent policy changes mean higher costs on the purchase of diesel vehicles in the UK from next year, despite the environmental case for new diesels; they produce lower carbon dioxide emissions than petrol vehicles. And consumers are clearly being swayed. Indeed, some industry experts predict UK sales of hybrid and electric cars will overtake diesel within the next two years.



PUTIN TO PUT IN AN EXTRA-LONG SHIFT

Stop press: Russian President Vladimir Putin is standing for re-election next year. The Russian leader, who has effectively been in power since 2000 (he was prime minister between 2008 and 2012), is expected to win at a canter. A third presidential term would take him to 24 years at Russia's helm, six short of Joseph Stalin's record. Since Putin came to power, Russia's equity market, the MICEX, has risen by more than 300% in US dollar terms, compared with just 54% for the MSCI AC World Index. However, the dollar has appreciated by 108% versus the ruble over that period.



FEELING FLUSH?

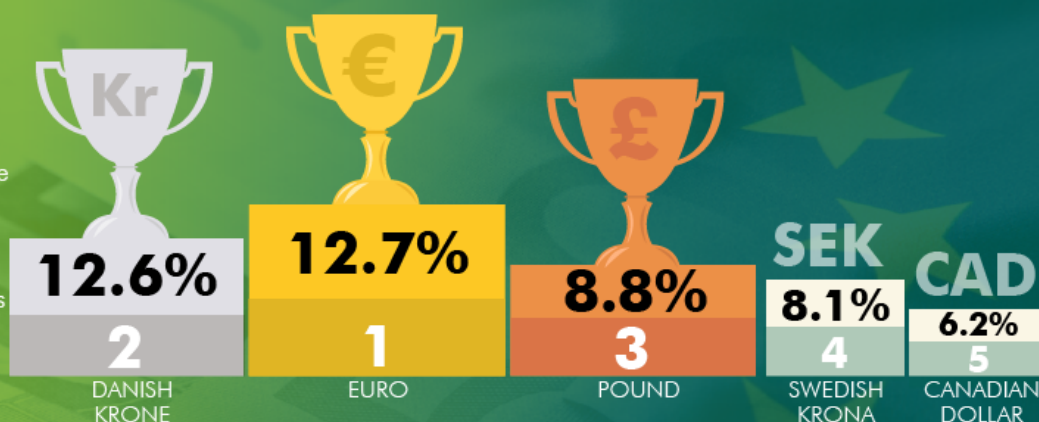
The annual rush to buy Christmas presents for friends and family can be trying but here's an idea: a 13-acre plot of Union Island, part of St Vincent and the Grenadines is up for grabs. The plot, known as Bloody Bay (don't let the name put you off; plans are afoot for the building of luxury villas, complete with beach bar) is one of the most expensive items to be offered for sale using bitcoin. 600 bitcoins to be precise. Given this year's heady rise in the cryptocurrency, that's equivalent to US\$9.4 million. One bitcoin was priced at US\$15,356 last week, up from around US\$700 just a year ago.

CURRENCY WINNERS OF 2017

As 2017 grinds to a close, we look at the G-10 currencies that have gained the most against the US dollar in the year to date.



The winners are the euro, lifted by strong economic growth; the Danish krone, which is pegged to the single currency; and sterling, boosted by hopes of progress in Brexit talks and the removal of central bank stimulus.



Source: Bloomberg, as at 5 December 2017.

MARKET DATA – % CHANGE IN WEEK ENDING 08/12/2017

	LAST VALUE	% CHANGE
EQUITIES		
FTSE All-Share (UK)	4,039	+0.54%*
MSCI All Country World	501	+0.23%*
S&P 500 (US)	2,637	+0.45%*
Stoxx 600 (Europe)	390	+0.58%*
Topix (Japan)	1,804	-0.61%*
MSCI Asia ex Japan	683	-0.88%*
MSCI Emerging Markets	1,101	-0.76%*
FIXED INCOME		
Bloomberg Barclays Global Aggregate bond index, GBP-hedged – total return	593	+0.30%
10-year Gilt yield	1.32%	+0.09%**
10-year US Treasury yield	2.38%	+0.02%**
10-year Bund yield	0.31%	+0.00%**
10-year Japanese government bond yield	0.05%	+0.02%**
COMMODITIES		
Gold (US\$, per troy ounce)	1,246	-2.68%
Brent Crude (US\$, per barrel)	62.62	-1.74%
CURRENCIES		
GBP/USD	1.35	-0.10%
GBP/EUR	1.15	+1.23%

Source: All data sourced from Bloomberg as at 11.00am, 8 December 2017. *In GBP terms. **Yields move inversely to prices.

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