



FOR RETAIL INVESTORS

# WEEKLY MARKET ROUND-UP

## A PATCHWORK OF RETURNS

WEEK ENDING 23 FEBRUARY 2018



### ASIAN INVESTORS APPEAR DEFIANT ON US RATE RISE FEARS

Asian stock markets largely trended higher last week, defying worries over further US interest rate rises. Despite many exchanges closing for Chinese New Year celebrations, shares in Hong Kong and South Korea rose. The gains contrasted with a weaker US stock market, where rising bond yields (and falling bond prices) indicated that further interest rate rises were on the cards, courtesy of a strengthening US economy. Elsewhere, stocks in Europe ended the week lower, while in the UK, the pound drifted lower against the US dollar, despite a compromise being reached amongst cabinet members over Brexit talks.



### EUROPEAN OPTIMISM TAKES A HIT

After months of increasingly positive economic and business sentiment data, there's been something of a stutter in Europe of late. Headline indices and polls have retreated from their multi-year highs as political uncertainty in Berlin and the potential impact of US tax reform and protectionism have put a dampener on business optimism. Recent German and French PMI business numbers, while still in rude health, show that business chiefs are less bullish than they have been, while new Institute for Economic Research data show the German business climate has softened. That said, statistics remain close to record highs.



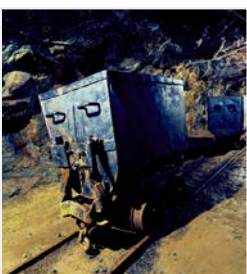
### SNAP CRACKLES AND DROPS

If video killed the radio star, has Snap been slayed by a reality TV star? £1bn was wiped off the value of Snap shares after celebrity Kylie Jenner, half-sister to Kim Kardashian, revealed to her 24 million Twitter followers that she was 'sooo' over Snapchat, Snap's messaging and photo-sharing app. Snapchat recently changed the look and feel of the app, to considerable consternation from its users. It has also been busy fighting for market share with Facebook-owned Instagram. Snap's share price has still risen by 14.9% in 2018, but is 4.6% lower than when it first listed last March.



### BRITISH BANKS PLAY A STRAIGHT BAT

HSBC, Lloyds Banking Group, Barclays and RBS have turned themselves around since the financial crisis and there was more evidence of sound progress in their 2017 results announced last week. HSBC upped revenues that had fallen in the previous four years. Lloyds promised a £1bn share buyback. Barclays more than doubled its 2018 dividend, which it had cut in half two years ago. RBS turned a profit for the first time in ten years. Shares in Barclays and Lloyds rose, but those in HSBC and RBS saw some profit taking after a strong run.



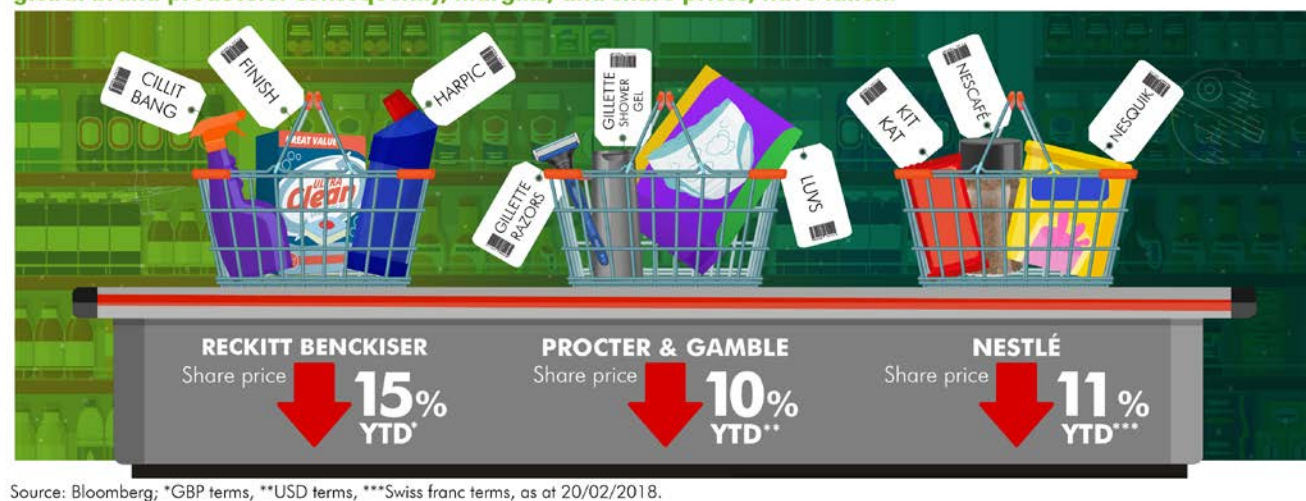
### APPLE TAKES A SHINE TO COBALT

Don't try this at home (it might explode) but break apart your mobile phone battery and you could find metals including lithium, copper, cobalt, nickel, and manganese. With electric battery-powered cars tipped to dominate roads of the future, it seems Apple may have been worrying if there will be enough battery metals to go around. According to Bloomberg, the iPhone giant has been in talks to secure long-term supplies of cobalt by buying it directly from miners. The price of cobalt has risen 266% over the last two years. Apple's shares are up 72% over the same period.

# STORE WARS



The growth of e-commerce groups, namely Amazon, has led to price wars among global brand producers. Consequently, margins, and share prices, have fallen.



Source: Bloomberg; \*GBP terms, \*\*USD terms, \*\*\*Swiss franc terms, as at 20/02/2018.

## MARKET DATA – % CHANGE IN WEEK ENDING 23/02/2018

	LAST VALUE	% CHANGE
<b>EQUITIES</b>		
FTSE All-Share (UK)	3,990	-0.33%*
MSCI All Country World	518	-0.21%*
S&P 500 (US)	2,704	-0.42%*
Stoxx 600 (Europe)	380	-0.56%*
Topix (Japan)	1,761	+1.20%*
MSCI Asia ex Japan	727	+0.68%*
MSCI Emerging Markets	1,201	+0.71%*
<b>FIXED INCOME</b>		
Bloomberg Barclays Global Aggregate bond index, GBP-hedged – total return	577	+0.10
10-year Gilt yield	1.52%	-0.06%**
10-year US Treasury yield	2.89%	+0.02%**
10-year Bund yield	0.67%	-0.04%**
10-year Japanese government bond yield	0.05%	-0.01%**
<b>COMMODITIES</b>		
Gold (US\$, per troy ounce)	1,330	-1.25%
Brent Crude (US\$, per barrel)	65.99	+1.77%
<b>CURRENCIES</b>		
GBP/USD	1.40	-0.49%
GBP/EUR	1.13	+0.30%

Source: All data sourced from Bloomberg as at 11.20am, 23 February 2018. \*In GBP terms. \*\*Yields move inversely to prices.

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