



FOR RETAIL INVESTORS

WEEKLY MARKET ROUND-UP

TRADE WAR OF WORDS WEIGHS HEAVY

WEEK ENDING 23 MARCH 2018



TRUMP'S CHINESE TAKEAWAY UNSETTLES MARKETS

Most major stock markets weakened as a tit for tat trade spat broke out between the US and China. US President Donald Trump slapped a 25% tariff on up to US\$60 billion per annum of Chinese imports, and China uncorked its own against a US\$3 billion basket of imports from the US, including steel pipes, fresh fruit, wine, and pork. A full-scale trade war would damage earnings – especially of international companies – and could muffle economic growth that recently has been strong globally. Gold perked up on the uncertainty. The mood was not helped by Facebook's woes (see below).



FACEBOOK FLOPS

Tech giant Facebook and data analytics firm Cambridge Analytica are at the centre of a dispute over use of personal data – and whether it was used to influence the outcome of the US presidential election or the UK's EU referendum in 2016. Personal data of around 50 million Facebook users was allegedly collated and then sold on. Both firms deny wrongdoing but Facebook boss Mark Zuckerberg apologised for any mistakes that might have been made. Shares in the social media monster fell by more than 10% on the week, equating to around US\$50bn being wiped from its market value.



EMERGING MARKETS TOUGHEN UP

Not so long ago, even the suggestion by US central bankers that they were looking to raise interest rates sent emerging market investors running for the hills. Not anymore. That's if the movement in the MSCI Emerging Markets index – which includes China, South Korea, Taiwan and Brazil – is anything to go by. News that the US Federal Reserve raised interest rates by 0.25%, with further increases to come, was well received by investors who preferred to focus instead on the ongoing recovery in the region's profits. However, the index lost some ground towards the end of the week amid trade war fears.



INVESTOR APPETITES NOT WHETTED BY US FOOD GIANTS

Shifting tastes and rising input costs left share prices of US consumer food giants looking decidedly soggy last week. General Mills, makers of Lucky Charms cereal, and Nature Valley granola bars crunched 12% lower last week as the company trimmed profits for the full year, citing "sharp increases in input costs". In an attempt to diversify its product offering, General Mills recently announced its purchase of a luxury pet food maker. But shares in fellow industry food giants, Kraft Heinz and Campbell's, also appear to be in the dog house – falling by 7% and 3% respectively over the week.



THE GREAT BRITISH PASSPORT: MADE IN FRANCE

As the UK edges towards its exit from the European Union, there was consternation in some quarters last week after it was revealed the UK's new blue/black passports (to replace the current red version) will be made overseas. De La Rue, the British banknote and ID printer which currently holds the UK passport contract, announced it had been pipped to the post by the French security business Gemalto. Although the UK Home Office revealed the winning bid was £120m cheaper than the next highest option, this was scant consolation to some. Shares in De La Rue fell 22% on the week.

BUYING SPREE FOR UK ASSETS

International interest in buying UK companies has perked up, after a quiet spell in late 2017.



Source: Bloomberg, as at 21 March 2018.

MARKET DATA – % CHANGE IN WEEK ENDING 23/03/2018

	LAST VALUE	% CHANGE
EQUITIES		
FTSE All-Share (UK)	3,818	-3.43%*
MSCI All Country World	508	-3.79%*
S&P 500 (US)	2,644	-5.05%*
Stoxx 600 (Europe)	365	-4.09%*
Topix (Japan)	1,665	-4.18%*
MSCI Asia ex Japan	733	-2.79%*
MSCI Emerging Markets	1,197	-2.48%*
FIXED INCOME		
Bloomberg Barclays Global Aggregate bond index, GBP-hedged – total return	575	-0.86%
10-year Gilt yield	1.43%	0.00%**
10-year US Treasury yield	2.82%	-0.02%**
10-year Bund yield	0.53%	-0.04%**
10-year Japanese government bond yield	0.02%	-0.01%**
COMMODITIES		
Gold (US\$, per troy ounce)	1,342	+2.11%
Brent Crude (US\$, per barrel)	69.05	+4.29%
CURRENCIES		
GBP/USD	1.41	+1.08%
GBP/EUR	1.14	+0.76%

Source: All data sourced from Bloomberg as at 11.00am, 23 March 2018. *In GBP terms. **Yields move inversely to prices.

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