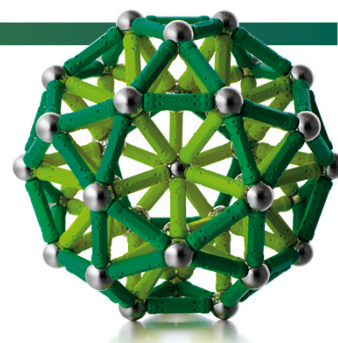


FOR RETAIL INVESTORS

# WEEKLY MARKET ROUND-UP

## INVESTORS SHRUG OFF TURBULENCE

WEEK ENDING 25 MAY 2018



### INVESTORS LARGELY RESILIENT IN FACE OF POLITICAL WOES

Sterling investors managed, on the whole, to shake off geopolitical woes last week... although pockets of turbulence remained. Ongoing trade tensions between the US and China led to weakness in Japanese shares, while the rest of Asia proved more resilient. In the UK, a weaker pound helped propel the UK equity market to a new all-time high before profit-taking set in. But stocks in Continental Europe fared less well as the ramifications of an Italian populist government unnerved Italian bonds and the euro. Geopolitical tensions resulted in global bond prices moving higher and bond yields falling.



### CARMAKERS SHIFT A GEAR AS TRUMP WARNS ON TARIFFS

News that President Donald Trump had called for an investigation into car imports drove share prices in global automotive groups lower last week. Carmakers from Germany's BMW to Toyota Motor of Japan, as well as South Korea's Hyundai Motor, hit the skids as investors digested the possibility of a major escalation in trade tensions. The move has been instigated on grounds that imports of cars and automotive parts could have an impact on America's national security. With some US\$1.4tn of automobiles and components traded globally each year, investors will be watching closely.



### BABY BOOM FOR CHINA?

Reports that China is on the verge of scrapping a 40-year policy that restricts the number of children a couple can have, sent shares of companies selling baby-related products and services in the country higher. The controversial policies, which have forced generations of women to terminate pregnancies, initially limited families to one child before it was eased to two children in late 2015. It seems the government is looking to stem the pace of China's ageing population and boost its workforce. The policy has also resulted in men outnumbering women by at least 30 million.



### VENEZUELAN CRISIS BUOYS OIL

The US tightened sanctions on Venezuela, and 14 countries recalled their ambassadors, after socialist President Nicolas Maduro won disputed elections. Over recent months, Venezuela's economy has descended into chaos. Output is falling, hyperinflation rampant and food shortages common. The Venezuelan bolivar has crashed from 10 per US dollar at the beginning of the year to 78,650 per dollar last week. Venezuela's one trump card is its massive oil reserves, the world's largest. Current problems have helped buoy the oil price globally, with oil trading close to its highs for the year.



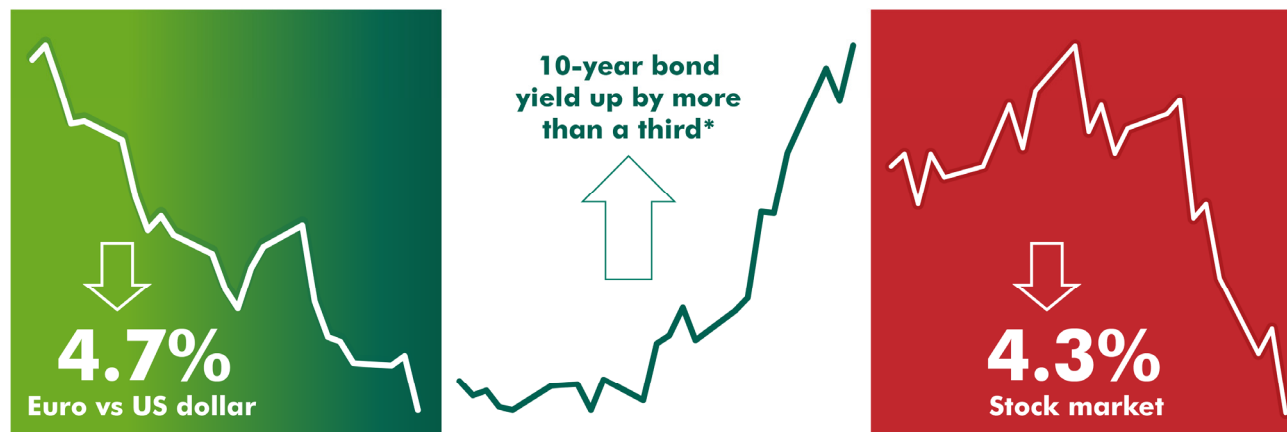
### BIG RETAIL GUNS RING THE CHANGES

The merging of high street stalwarts with online start-ups continues apace. UK online grocer Ocado's shares continued to rise last week after striking its recent deal with Kroger, the third largest retailer by sales in the US. Meanwhile, Japanese technology group Softbank is offloading its 21% stake in India's top online seller, Flipkart, to US grocery giant, Walmart. The moves are part of a plan for companies to defend themselves against the onslaught of online behemoth Amazon. Despite the moves, Amazon's shares continued to climb last week.

# GIUSEPPE WHO?



The appointment of little known law professor Giuseppe Conte as Italy's next prime minister has failed to stem the sell-off in Italian assets.



Source: Bloomberg. Prices taken from 20 April to 23 May 2018, in local currency terms. \*Bond prices move inversely to yields.

## MARKET DATA – % CHANGE IN WEEK ENDING 25/05/2018

### EQUITIES

	LAST VALUE	% CHANGE
FTSE All-Share (UK)	4,259	-0.31%*
MSCI All Country World	515	+0.59%*
S&P 500 (US)	2,728	+1.27%*
Stoxx 600 (Europe)	393	-0.05%*
Topix (Japan)	1,772	-0.39%*
MSCI Asia ex Japan	714	+0.60%*
MSCI Emerging Markets	1,135	+0.52%*

### FIXED INCOME

Bloomberg Barclays Global Aggregate bond index, GBP-hedged – total return	591	+1.24%
10-year Gilt yield	1.38%	-0.12%**
10-year US Treasury yield	2.97%	-0.09%**
10-year Bund yield	0.45%	-0.13%**
10-year Japanese government bond yield	0.04%	-0.02%**

### COMMODITIES

Gold (US\$, per troy ounce)	1,305	+0.90%
Brent Crude (US\$, per barrel)	76.87	-2.09%

### CURRENCIES

GBP/USD	1.34	-0.88%
GBP/EUR	1.14	-0.33%

Source: All data sourced from Bloomberg as at 11.00 am, 25 May 2018. \*In GBP terms. \*\*Yields move inversely to prices.

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