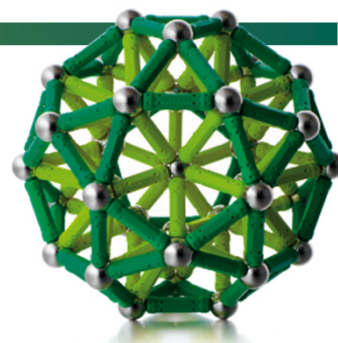


FOR RETAIL INVESTORS

# WEEKLY MARKET ROUND-UP

## MOOD SWINGS

WEEK ENDING 08 JUNE 2018



### A ROCKY ROAD FOR G7 LEADERS

Global equity markets underwent a change of mood last week. World technology stocks led US and Asian markets higher initially but thoughts turned to the latest G7 summit and talks on trade later in the week. Nevertheless, stock markets gained in sterling terms, with the notable exception of Europe. While the US economy appeared to be in rude economic health, question marks appeared over the ability to sustain growth in the eurozone area, with the release of disappointing data in Germany. Emerging market equities rallied broadly, despite India joining Turkey and Argentina in raising interest rates.



### TRADE WAR OVER TRUMP TARIFFS

Canada, the EU and Mexico are unhappy with US president Donald Trump, who has pressed ahead with tariffs on steel and aluminium. Mexico last week retaliated with tariffs on US bourbon, apples, potatoes, cheese and pork. Canada is targeting a range of US imports from sleeping bags to felt-tipped pens. The EU is expected to take action in July. Meanwhile, the US trade deficit narrowed in April, according to better-than-expected figures released last week. It has shrunk sharply since February. This should please Trump, who has vowed to narrow the gap.



### DOWN IN AFRICA

Just as South Africa's new president, Cyril Ramaphosa, settles into the top job, the country recorded its worst economic performance in nine years. Africa's second biggest economy shrank by an annualised 2.2% in the first quarter, versus the previous quarter, as output declined in all major industries from mining to manufacturing and agriculture. The South African rand weakened, bond yields climbed and banking and retail stocks sold off on the news. Still, analysts say the numbers may not be as grim as first thought as the data can be volatile and subject to revisions. Here's hoping.



### SKY HIGH

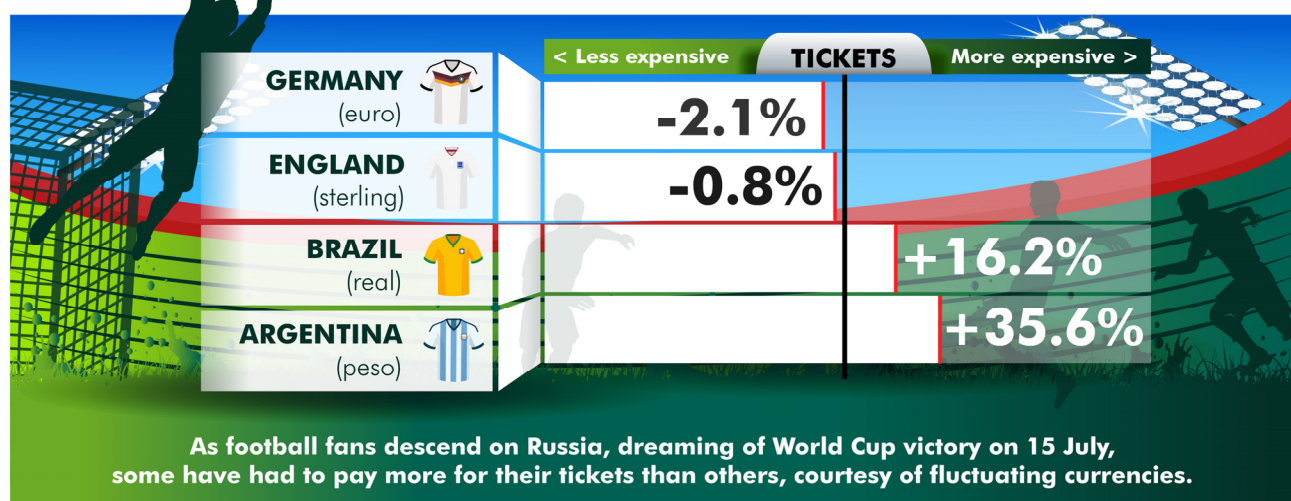
The UK government cleared the way for two US-based bidders to fight to buy Sky, Europe's largest pay TV broadcaster. The long-time suitor is Rupert Murdoch's 21st Century Fox, which already owns a sizeable 39% chunk of Sky, and in December 2016 offered £10.75 per share for the rest. The new rival is cable giant Comcast, which earlier this year trumped Fox's bid with a higher offer of £12.50 per share. Sky's shares traded around £13.59 last week, indicating a market expectation that at least one of the contenders will stump up more cash.



### RETAILERS REVEAL DIFFERING FORTUNES

Chinese owned, House of Fraser, has joined a growing number of high street retailers in the UK struggling to compete against the rise of online shopping outlets. The 169-year old company plans to close 31 department stores, including its flagship store on London's Oxford Street, to satisfy creditors and secure funding. It blames "unsustainable" leasing arrangements across its properties. Its corporate bonds have hit a record low this year. Meanwhile, casual clothing chain Joules has managed to buck the trend after saying full year earnings will beat analyst expectations. The news sent the shares higher in London.

# BACK OF THE NET



Source: Bloomberg, exchange rates covering the period 01 January to 06 June 2018, all versus the Russian ruble.

## MARKET DATA – % CHANGE IN WEEK ENDING 08/06/2018

### EQUITIES

	LAST VALUE	% CHANGE
FTSE All-Share (UK)	4,216	-0.38%*
MSCI All Country World	520	+0.94%*
S&P 500 (US)	2,770	+0.85%*
Stoxx 600 (Europe)	384	-0.45%*
Topix (Japan)	1,781	+1.58%*
MSCI Asia ex Japan	732	+2.21%*
MSCI Emerging Markets	1,150	+1.30%*

### FIXED INCOME

Bloomberg Barclays Global Aggregate bond index, GBP-hedged – total return	589	-0.67%
10-year Gilt yield	1.36%	+0.08%**
10-year US Treasury yield	2.91%	+0.01%**
10-year Bund yield	0.42%	+0.04%**
10-year Japanese government bond yield	0.05%	0.00%**

### COMMODITIES

Gold (US\$, per troy ounce)	1,299	+0.46%
Brent Crude (US\$, per barrel)	76.85	+0.08%

### CURRENCIES

GBP/USD	1.34	+0.46%
GBP/EUR	1.14	-0.32%

Source: All data sourced from Bloomberg as at 11.05 am, 08 June 2018. \*In GBP terms. \*\*Yields move inversely to prices.

Building better solutions



Please remember that past performance is not a guide to future performance. The value of investments and the income from them can go down as well as up and investors may not get back the amount originally invested. Exchange rate changes may cause the value of overseas investments to rise or fall. Issued by Old Mutual Global Investors (UK) Limited (trading name, Old Mutual Global Investors), a member of the Old Mutual Group. Old Mutual Global Investors is registered in England and Wales under number 02949554 and its registered office is 2 Lambeth Hill London EC4P 4WR. Old Mutual Global Investors is authorised and regulated by the UK Financial Conduct Authority. FRN: 171847 and is owned by Old Mutual Plc, a public limited company limited by shares, incorporated in England and Wales under registered number 3591559. This communication is for information purposes only and does not constitute a financial promotion (as defined in the Financial Services and Markets Act 2000) or other financial, professional or investment advice in any way. Nothing in this document constitutes a recommendation suitable or appropriate to a recipient's individual circumstances or otherwise constitutes a personal recommendation. It is distributed solely for information purposes, it does not constitute an advertisement and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments in any jurisdiction. No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained herein, nor is it intended to be a complete statement or summary of the securities, markets or developments referred to in the document. Any opinions expressed in this document are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of Old Mutual Global Investors as a result of using different assumptions and criteria. This communication is for retail investors. OMGI\_06\_18\_0043.