

FOR RETAIL INVESTORS

WEEKLY MARKET ROUND-UP SHARES STAY STRONG



WEEK ENDING 12 MAY 2017



SHARES ROBUST DESPITE POLITICAL RISK

Political risk reared its head again this week. After the election of centrist Emmanuel Macron in France soothed worries (see below), the sacking of FBI director James Comey (pictured) by US president Donald Trump revived them. There were also worries that Trump's economic stimulus plans could be stagnating. Although the US market moved ahead less than most, shares were mostly strong worldwide, helped by good company results. Emerging markets generally outperformed. The price of oil, whose weakness during recent weeks has been a worry, as it hurts energy companies, bounced somewhat. The gold price, which has also been slightly weak since mid April, stabilised.



LITTLE TROUBLE IN BIG CHINA?

China has returned to the forefront of investor attention, amid signs that a recovery in the world's second largest economy is decelerating, with recent figures on manufacturing and producer-price inflation missing economists' estimates. At the same time, Chinese authorities have taken steps to curb risks such as excessive lending by banks. These measures have helped to cool investors' enthusiasm, and Chinese domestic shares have slipped this month. Still, the measures could help thwart a larger market wobble, similar to that experienced in China in early 2016, thereby improving its longer-term outlook.



EUROPEAN MARKETS TOAST MACRON VICTORY

Fresh from the news of Emmanuel Macron's comprehensive victory over Marine Le Pen in the French presidential run-off, European markets rose sharply last week. The win for the pro-Europe centrist provided a further shot in the arm for European stock markets, already boosted by an improving economic picture and the failure of populist political contenders to take a firm foothold elsewhere in the region. Both France's CAC 40 index and Germany's Dax firmed slightly, while Italy's FTSE MIB added 2%. Improved investor risk appetite meant European government bonds were the main losers.



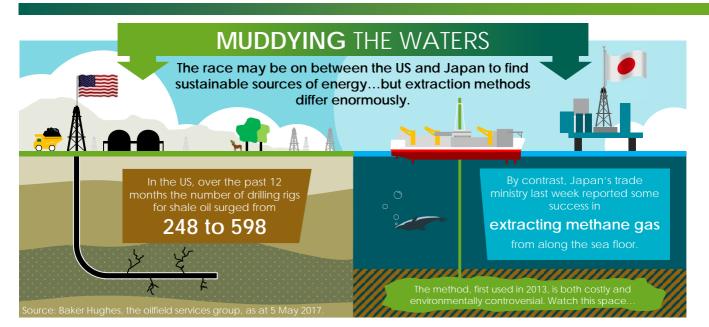
HANGING ON THE TELEPHONE

Investors in UK telecommunications shares were relieved to see the back of last week. Gavin Patterson, boss of BT, summed up the last 12 months as 'challenging' as he announced 4,000 job cuts, a lower rate of dividend growth going forward (and his slashed pay packet). While BT shares fell 3% on the week, shares in its smaller rival, TalkTalk Telecom slumped 12% following a warning on profits growth and a dividend cut. With *Blondie*'s long-awaited album newly released, it appears that bosses may have literally left their investors hanging on the telephone.



THE TRANQILITY OF VOLATILITY

We live in volatile times... but not if you go by the usual measures of global market volatility. The VIX index of short-term US market volatility is at its lowest level since 1995, European volatility is at its lowest since 2006, while FTSE 100 volatility is hovering at all-time lows. These measures have long been used by investors and market commentators to track market nerves. However, some argue that the wave of monetary easing by central banks in the post-financial crisis years has dampened the predictive powers of such measures, and many now see the US dollar as a better 'fear gauge'.



MARKET DATA - % CHANGE IN WEEK ENDING 12/05/2017

EQUITIES	LAST VALUE	% CHANGE
FTSE All-Share (UK)	4,056	+1.37%*
MSCI All Country World	459	+0.72%*
S&P 500 (US)	2,394	+0.52%*
Stoxx 600 (Europe)	395	-0.05%*
Topix (Japan)	1,581	+0.99%*
MSCI Asia ex Japan	608	+2.92%*
MSCI Emerging Markets	1000.35	+2.93%*
FIXED INCOME		
Bloomberg Barclays Global Aggregate bond index, GBP-hedged - total return	591	-0.02%
10-year Gilt yield	1.14%	+0.02%**
10-year US Treasury yield	2.37%	+0.02%**
10-year Bund yield	0.42%	+0.00%**
10-year Japanese government bond yield	0.05%	+0.03%**
COMMODITIES		
Gold (US\$, per troy ounce)	1,229	+0.07%
Brent Crude (US\$, per barrel)	50.73	+3.32%
CURRENCIES		
GBP/USD	1.29	-0.96%
GBP/EUR	1.18	+0.14%
Courses All data sourced from Disamberg as at 12,00pm, 12 May 2017, *In CDD terms	**Violda movia invarialu	to prices

Source: All data sourced from Bloomberg as at 12.00pm, 12 May 2017. *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 ("FCA") with FCA register number 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