Weekly Market Comment

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Lothar Mentel

CHIEF INVESTMENT OFFICER

Samuel Leary

HEAD OF INVESTMENT COMMUNICATIONS

Isaac Kean

INVESTMENT WRITER

Duncan O'Neill

GUEST ECONOMIST

Chris Robinson

INVESTMENT ANALYST

www.tattoninvestments.com Twitter: @TattonIM

125 Old Broad Street, London EC2N 1AR. Tel: 0207 190 2959

Source: Metro 22 June 2017, Queen Elizabeth II delivering the Queen's speech to parliament, wearing what some interpreted as a covert Europhile statement

Quo Vadis – where to - Britain?

It is almost exactly a year since Britain's electorate voted to leave the EU. In the 12 months since, extraordinary consumer resilience first catapulted the UK to the top of the G7 growth league and then returned the nation down to the bottom end. Likewise, in politics, what started with an embarrassing political meltdown, developed into what looked like it would be the biggest political majority in generations, only to crumble back down into embarrassment and uncertainty.

Unfortunately, this time around global economic growth is not surging but very likely rolling over, and so things have started to look slightly bleak from a UK perspective. While France's new president managed to win a second landslide election that gained him a formidable majority for his party in parliament, the content of the Queen's speech was more of a reminder of all the initiatives that had been scrapped from the Conservative's manifesto, rather than a rallying cry for a brighter future.

There was plenty of speculation whether the severity of the situation had persuaded her majesty the Queen to abandon her strict political neutrality, and make a pro-European gesture. Even if it was (or was not) just a very implicit wardrobe statement in the form of an ambiguously designed hat, nevertheless it further encouraged those who see the election outcome as a mandate for a different interpretation of last year's Brexit vote.

The formal start of the negotiations appeared to have been scripted before the election outcome, with the hard Brexit tones of leaving even the customs union leading to widespread consternation from Britain's business representatives. Theresa May's offer to permit most EU citizens currently residing in the UK to stay indefinitely sounded far more in line with the new direction of a somewhat more business accommodative Brexit route.

Even though this move ended 12 months of unpleasant limbo for 3 million EU citizens resident in the UK, capital markets did not seem to pick up on the subtle change in direction. £-Sterling came under pressure once again against the €-Euro and the US$. It is entirely possible that the exchange rate has temporarily lost its political marking function and is now once again more sensitive to the fundamentals of economic changes. Here, the fact that the rest of the EU continues to accelerate while the UK is slowing provides ample reason for currency weakness, despite a wind of change in political positions.

Capital markets in general experienced a fairly uneventful week, with the exception of the oil markets. When the oil price fell through the 45$/bbl mark, oversupply was the most quoted explanation, and economic strategists around the world debated whether this would lead to a repeat of an energy sector driven slowdown in demand for industrial goods. We slightly disagree, and would point to declining demand from China, while supply has most probably not changed at all. In a separate article, we discuss the dynamics in more detail, and compare and contrast with the developments 18 months ago.

The political situation in France has morphed from one of the most substantial threats to the EU at the beginning of the year to now seemingly Europe’s saviour. In a piece dedicated to discussing the challenges awaiting president Macron – despite his absolute majority in parliament – our guest economist Duncan O’Neill has a good look at what will be top of his reform agenda and why.

We also give a brief update on some growth surprises in Japan, as well the relevance of the inclusion of the Chinese equity market in MSCI’s global equity indices. Finally, this week’s edition is rounded off with an insight piece by Sam Leary about shifting landscapes in the world of supermarkets, after internet retail giant Amazon is increasingly acquiring grocery retail operations.

All in all, we picked up further evidence over the week that supports our central investment case that global economic growth is slowing somewhat and is likely to challenge current share price valuations in the US, which are assuming more profit growth than may not be forthcoming. However, there is very little to suggest that our longer term outlook beyond the next 6 months should assume any more than another growth blip.

In an entirely Tatton related matter, it takes me great pleasure to report that we have given notice of our intention to take our company public and list on the UK’s AIM section of the stock exchange. We feel that this is the right step to give our business the corporate format and public profile that adequately reflects the dimension our business has achieved. Readers may also interpret the timing of our IPO as an expression of our conviction that this current global economic and capital market cycle has a number more years before its growth dynamics fade.

Vive La France!

Source: The Economist, Title picture of 16 June 2017 edition

As UK politics struggle to establish a government with a parliamentary majority, France's new president Macron has won his second landslide election in 6 weeks. After being elected the youngest ever French president on 7 May by a vast majority, last weekend his party also secured a staggering parliamentary majority.

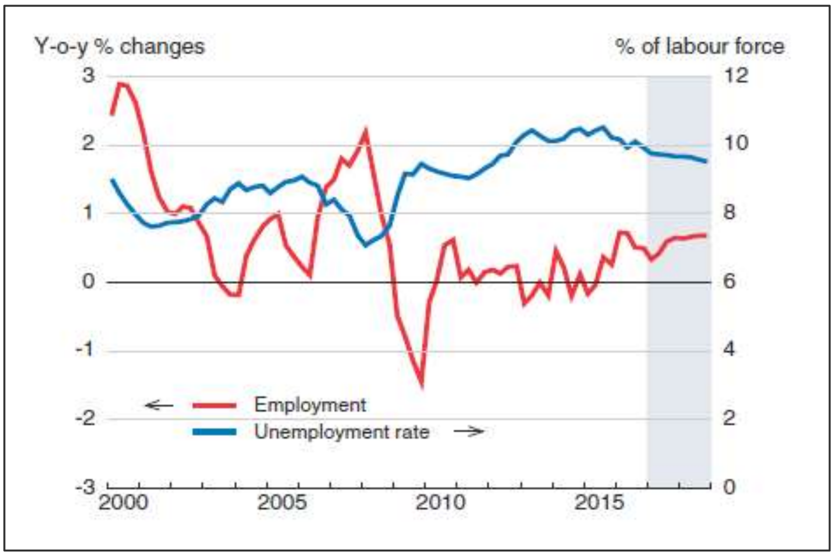
Macron's party, La République en Marche, which was created just a year ago claiming to be neither of the left nor the right, secured 350 seats out of 577 in the French National Assembly. With such a strong public mandate, he now has the majority needed to set his set his sights firmly on domestic reform and economic growth. He can now press ahead with far reaching reforms which some consider to be business-friendly, but others see as contentious initiatives.

Why is he so keen to immediately progress with an aggressive reform agenda? Well, compared to other northern EU members, France has been a laggard in its economic recovery since the Eurozone crisis; France's output fell by 3.1% during 2008/9 – a shallower slowdown than the UK and US, but annual growth has averaged only 1% since 2010. Arguably, there are a number of structural issues that are fundamentally holding back economic growth.

According to the OECD, France is among the European countries with the highest rates of unemployment (but not the worst). The unemployment rate in France is now ~9.5%, well above EU average. For comparison, the Netherlands' rate is just above 5%, while Germany's is below 4%. Youth unemployment is a real concern, with around 20% of under-25s out of work.

Major structural reform is required if the French economy is to inject flexibility into the labour system and come closer to the EZ average. This cannot be achieved via growth alone.

France: Unemployment rate



Source: OECD, June 2017

In terms of fiscal policy, we note that economic growth in France is forecast to strengthen to about 1.5% in 2018. This may be further boosted by investment and consumption, as a result of improving corporate profit margins (lower corporate taxes) and consumer demand (lower wealth and local taxes).

However, France is among the few countries where public spending (as a proportion of GDP) is still around 55% to 60%. This represents a significant tax strain to both the public and business. Indeed, France's public spending as a proportion of GDP is now above that of Greece.

Against these challenges, the new President's economic agenda reads a little like a neo-classical text in economics. For example: more labour market flexibility, that is, decentralisation of labour relations so that companies can respond more readily to changes in economic conditions; Tax reform, including reductions in corporation tax (gradually down to 25% from 33%) and reforms to both wealth and local taxes; and a desire to nevertheless bring the fiscal deficit to below 3% over the long term. This proposed fiscal policy reform is intended help ease the burden, and release an increasing proportion of income for re-investment and consumption.

Mr Macron has 'history', and markets recognise his pro-business stance. As economy minister, he oversaw a broad change in policy over the past three years, bringing a more pro-business and growth oriented approach. This included about €40bn ($44bn; £33.9bn) in tax breaks to help invigorate the French economy, something he intends to make a permanent feature.

It is interesting to see the reaction of the French market and related indices since Mr Macron assumed his presidency. The French CAC 40 index appears to illustrate that, while there had been relatively steady progress and emerging investor confidence, Macron's presidential victory in May helped to underpin that market confidence, and provided an impetus to domestic and foreign investor sentiment from mid-May onwards (see graph below).

Source: TradingEconomics, June 2017

Despite his majority in the French assembly, it will not be all plain sailing for the new President. As noted, his government faces a set of considerable challenges, not least persuading the public that serious structural reforms that would completely overhaul the French economy are worth the pain and effort they will mean for the French population. Tackling employment legislation and unemployment in France is likely to pose formidable challenges beyond political majorities with the labour unions. However, it is seen as a key to achieving higher sustained economic growth.

We believe there is considerable scope for upside in France's economy over the medium to long term, subject to sustainable and structural reform. Moreover, continually improving conditions across the Eurozone as a whole will add buoyancy to France's economy, and may even help the new President in progressing his agenda.

If Mr Macron succeeds in early autumn with his first tranche of reform proposals, and there is little reason at this stage to doubt that, we expect the French economy to (gradually) follow the path now being set in other EZ countries, e.g., Germany, Spain and Ireland.

As we have previously said, economic stability in France and ongoing reform – to the banking and fiscal system and employment law – could mean France surprises to the upside.

Oil's supply soap opera

Oil prices officially entered bear market territory, having fallen more than 20% since the beginning of the year. This also marked a 7-month low, as Brent Crude prices dropped down to the $45 per barrel mark for the first time since last November. Since the lows seen in January 2016 – when Brent hit 28$/bbl and WTI Crude sunk to 29$/bbl – oil prices had been holding steady around the $50-$55 range, with prices moving sideways on the upper bound of that range from December until March this year. Since March, however, Brent has experienced a 20% fall – now officially into bear market territory.

We have written about oil on these pages at various times over the past 12 months. We argued that the pressure on oil prices was largely a consequence of a supply glut that had been created by speculative capital which inflated oil prices beyond the supply and demand equilibrium for a number of years. This time, weakening demand growth may be playing the lead role, and so we will reflect – a little bit more broadly than may be necessary for regular readers – on how we got to where we are today.

Since the dizzying heights of nearly 120$/bbl in mid-2014, oil's spectacular fall and subsequent landing have been the subject of a veritable soap opera in the financial press. The star of the show has been OPEC, whose repeated 'will they won't they' drama over agreeing (or not) supply cuts has been (allegedly) the main driver of oil prices. For the past few years, the oil story has been one of supply dynamics; a tale of overinvestment into a black gold bubble that burst three years ago when new US shale producers threatened the market share of OPEC and its Saudi leaders. The recovery seen at the beginning of this year was largely thought to be a response to the oil cartel's agreement to reduce output by 1.8 million barrels a day.

The press has taken this recent fall to be just another chapter in oil's supply-side troubles. One Reuters article put the decline down to the fact that "oversupply has persisted, particularly with output rising in Libya and Nigeria," while the FT's John Authers wrote on Tuesday that "the fall in the price of oil appears to be a "good" one, driven by continuing strong supply from oil producers outside Opec" (rather than demand decline due to economic contraction).

We suspect the focus on the supply story is a little misplaced. The Shale-induced price spiral of 2014-16 levelled out over the last year and, as we have written before, the seemingly stable $50 mark that prices had been floating around seemed to reflect a new price equilibrium more than it did short term market-share battles among producers. Technological developments in the US challenged the old cartel-controlled order in global oil markets and meant that prices stabilised far closer to producers' marginal costs. Besides, markets are by now all too familiar with what has come to feel like bluffs for the markets in OPEC's 'just-for-show' agreements, and so it's hardly a surprise to oil traders that production cuts lacked substance.

Rather, we believe the current fall is more about the other side of the equation. Nearly 10% of China's oil refining capacity is set to shut down in Q3, as demand growth stalls in the world's largest Crude oil importer. Summer is normally the peak demand season in China, as the heat drives up energy and car usage, so the around 1.3 million barrels per day decline in capacity is a sign that demand is faltering in the world's second largest economy.

The importance of commodity demand – and oil in particular – is that it serves as an indication of global activity, and in particular global manufacturing. The relevant question for global markets, then, is whether the decline in oil demand reflects a decline in global demand – which is indicative of slowing global growth – or just some particular feature of oil markets. On this, we note that other commodities involved in energy and manufacturing are apparently unaffected by oil's recent troubles. Palladium, after trending upwards since early 2016, is now trading close to all-time highs, while copper has been holding steady since November. If manufacturing demand as a whole was decreasing, we would expect to see falling prices in these commodities. That we haven't is therefore a good sign for global activity.

Indeed, markets don't seem to be reacting adversely to falling oil prices, indicating that they don't see falling oil prices as a sign of oncoming slow global growth. When oil began its fall three years ago, it coincided with a lengthy stagnation in equity markets, but this time around there appears to be no such correlation, as the chart below shows.

One explanation for declining oil demand might be due to its relative energy importance compared to other fuel sources, such as natural gas. Over the past few years, gas has become more important to energy production, relative to oil. However, natural gas prices have also fallen over the past few weeks, coinciding with the oil price fall.

So, on the whole, future growth indicators are showing mixed signals. Energy demand is the most immediate signal of global economic activity, and therefore falling oil and gas prices don't bode well in that respect. The steady readings for other commodity prices, however, paint a different picture. Interestingly, this situation occurred around this same time last year, when a dip in the oil price through June/July was accompanied by commodities trending in the other direction. This is as opposed to the previous low-point in January 2016, when historically low oil prices were accompanied by a dive in other commodities – as well as global equity markets in general.

Of course, just looking at the correlations between oil and other commodities won't tell us if the current fall is more like July 2016 than January 2016. Indeed, last summer's falls were predicated largely on supply-side issues, while the current fall is – as discussed – more likely demand-based. But, we still don't expect the current falls to drive markets to a cliff-edge moment as at the beginning of last year – not least because the capital expenditure impact of falling oil revenues, which was particularly pronounced last year, is no longer as much of an issue, because the lower oil price levels have now been factored in.

For oil in particular, the supply-side drama will likely continue to dominate the headlines. This is partly because the macro-scale news is easy to understand and makes a good headline (the Saudis said this, the Qataris said that, etc.), and partly because supply issues have the most immediate impact on day-to-day prices. What's more important, and what will drive long term prices, however, is the demand side – even though it might be less easy to draw a story from. Nevertheless, despite the apparent subdued demand, markets have yet to react as hysterically as they did a year and a half ago. Given their sometimes erratic behaviour over the past few years however, we shouldn't expect global growth fears to be completely gone. In particular, when energy sector earnings once again bring down corporate earnings growth, it will test whether markets see this as just a transitory blip or another global growth slow down.

Japan – An arrow headed in the right direction

With Japanese stock markets up around 25% over a year and 6% year-to-date (in local currency), investors' faith in Premier Abe's third arrow of Japanese economic/social reform continues to gain momentum. This week, data on industry activity positively surprised, rising 2.1% month-on-month for April compared to the widely expected decline. Later in the week, manufacturing forward indicators, in the form of PMI's, also remained positive, which means Japanese manufacturing has expanded for 10 consecutive months and is now at levels not seen since 2013.

What is driving Japanese momentum?

As part of ongoing developments in Japan, labour market reforms are proving influential. The unemployment rate in Japan is at a 20-year low for April (2.8%) and the labour force participation rate continues to rise, with data from Bloomberg showing prime-age employment-to-population at a record high. This is partly due to the rising number of women in the work force but also the changing culture towards working hours. The working culture in Japan previously encouraged long working hours, which management would use as a guide to an employee's promotion potential. This led to a tired and less productive workforce. A shift to a normal working hour culture means productivity has risen per hour but the amount of work is now covered by more employees. On the flipside, this is keeping wages lower and thereby limits inflationary pressures.

Consistent central banking policy has also provided support to the market. The Bank of Japan remains upbeat for 2017, forecasting higher growth and prices in its recent monetary policy meeting.

Unlike in 1990, when the market was at the peak of a bubble while the labour market displayed similar characteristics to now, there is far less fear of wage pressures generating significant inflation. There is, however, a hope that it will be enough to prevent Japan returning to deflation. This, combined with the accommodative monetary policy and economic/social reform, has confidence growing in allocating investment assets to Japanese equities.

Sources: Bloomberg, Reuters, FT

China capital market opening 2.0

Last week, we wrote about a Chinese capital market initiative to open the domestic bond market to international investors. This week, it was the equity market that drew investors' attention. MSCI, the leading provider of global equity indices, announced that it would (at long last) include mainland Chinese stocks in its global equity benchmark index, the MSCI Emerging Market Index, commencing in 2018. They had rejected this notion on three previous accounts, due to concerns surrounding liquidity, volatility and poor general oversight from the Chinese authorities and exchanges.

For China, it means 222 onshore large cap stocks will make up around 0.70% of the global index, starting at only 5% of their market cap weighting. This will lead to forced purchases in these shares from index tracker funds as well as active managers who do not want to deviate too far from their index benchmark. Initially, this is not expected to have much impact on the shares, due to the small weight relative to the total index. Over time, however, it is likely to change, considering China's A-Share market is now, after the US, the second largest in the world by market cap. For perspective, it is worth noting that the US represents 53% of MSCI's All World index, while China's inclusion in just the EM sub index brings it to a meagre weight of just 0.08%.

There remain good reasons for the index provider's careful approach. For international investors, there are several concerns to consider before buying the newly investable stocks in the index. Firstly, the onshore Chinese index traditionally has a high proportion of individual investors trading stocks (80%) compared to the offshore Hong Kong exchange (27%). With Chinese' betting mentality to their stock market investments, this means stocks are bought and sold in large volumes at near random, leading to potential volatility. This is unlikely to change in the near term just from a few more institutional international investors from overseas. Secondly, Chinese companies have a tendency to suspend their shares from trading when they suspect disorderly trading due to false rumours. Although MSCI has omitted stocks that have been suspended for more than 50 days over the past year, liquidity risk remains and cannot be ignored.

Further concerns revolve around extended valuations. Data compiled by Bloomberg shows that the ChiNext Composite Index, an index tracking the country's 'new economy stocks', have a price-to-book ratio of 5, well ahead of comparable G7 benchmarks – a potential premium valuation. Finally, upper and lower return caps persist on stocks trading on the Chinese index, with shares unable to rise or fall more than 10% in one trading session before automatic suspension mechanism are applied.

Whilst access to the bond and equity markets provides encouragement for the international investment community, considering China's growing economic influence on the world stage, the index inclusion is absolutely miniscule (see above). Furthermore, the same capital control concerns we discussed for bond investments exist here and are just as likely to limit the flows into China's equity markets. Within wealth management, and specifically standardised asset allocation, equity and bond allocation in China is likely to grow but remain small relative to market size due to the ongoing risks.

Sources: Bloomberg, Reuters, FT

Amazon's increasing global dominance - good or bad?

Source: FT.com, Ingram Pinn, 21 June 2017

Amazon, the 'T-Rex' of the online retail world, made its most significant step yet into the food retail sector this week, with a $13.7 billion purchase of premium organic supermarket chain Whole Foods. Analysts see the move as the US internet giant getting serious about entering the general retail industry by bringing its own brand of disruptive technologies to dominate yet another sector.

This was further supported by the rumour that sportswear giant Nike might also be about initiate a direct sales partnership with Amazon. This would follow on from Amazon's launch of 'Prime Wardrobe' – a 'try before you buy' clothing sales channel which could give Nike better traction in the rapidly growing online market.

Given its past history of retail disruption, it would be hard to bet against Amazon succeeding in changing grocery distribution in the same way it forever changed traditional 'bricks and mortar' retailers – high street books, electronics & clothing stores.

If the large negative share price reactions are anything to go by, then food retailers and sportswear makers on both sides of the pond (bar Morrison's, which has a deal with Amazon already) will face renewed competitive pressures. For reference, Whole Food's largest competitors lost a combined $32 billion in market capitalisation in a single day, while Amazon's stock continued its relentless march higher.

However, we also think there is a wider story in play. Improvements in everyday processes through technology advances can place downward pressure on longer-term inflation dynamics and potentially raise productivity levels. However, more fundamentally, Amazon's purchase touches on the role that monopolies and oligopolies (market dominance by a few) have. Monopolies might also impact wealth distribution in wider society, particularly as ownership of assets lies in an increasingly narrow spectrum.

We suspect there is the potential for a measure of political backlash over that narrow ownership, as governments look more closely at perceived wealth inequalities, along with possible revisions to competition and tax laws.

How did the market react to Amazon putting Whole Foods in the shopping kart?

To put Amazon's deal for Whole Foods into perspective, on 16 June, a total of 11 out of the 12 largest one day biggest losers on the S&P 500 all appeared to be either competitors or in industries that could be impacted by Amazon's purchase.

The 'retail-mageddon' was truly extraordinary and went global, sending share prices across retail, pharmaceuticals, drug distributors and even Real Estate Investment Trusts significantly lower. Over in the US, the biggest falls were Kroger (-15%), Target (-10%), Supervalu (-11%) and Wal-Mart (-4%). Interestingly, the loss in Wal-Mart's market capitalisation nearly equalled the amount Amazon paid for Whole Foods.

In the UK, share prices of large retailers were likewise impacted. Tesco was down 5% and Sainsbury's fell 4%, while Morrison's actually rose 1% – as it is already aligned with Amazon for its AmazonFresh service. Other big retailers across Europe, like Dutch firm Ahold Delhaize (-7%) and France's Carrefour (-5%) also lost out, on the threat of increased competition.

Most interesting is also that market rumours emerged that Amazon might launch a bid for Ocado, to expand its UK footprint. The similarities between Whole Foods and Ocado are obvious, having similarly affluent customers and a strong food products brand, but there are some key differences that would be a natural fit for Amazon. Currently, these are just market rumours, but the fact that Ocado is shifting from being a pure retailer to more of a technology and delivery platform, aligns neatly with Amazon's strengths of distribution and fulfilment.

Why did Amazon pay such a premium price for Whole Foods?

Essentially, the purchase of Whole Foods supercharges Amazon's slow but relentless progress into food retail, one of the largest areas of consumer discretionary spending. And, in relative terms, Amazon looks to be paying 'only' about 3% of its enterprise value for an enhanced competitive position in TAM (Total Addressable Market), worth a staggering $1.6 trillion in the US alone.

Could Amazon disrupt food retailing?

Investors should not be fooled by the fact that Whole Foods is an organic foods specialist, it will not stop there. Amazon did not just buy 431 Whole Food stores, it actually ended up with 431 prime-location upper-income distribution nodes for everything that Amazon supplies to the public. The company could end up further reducing the margins of existing competitors, while now also putting pressure onto grocery retail margins on a global basis.

We anticipate that Amazon plans to use a mix of physical and online stores with new digital technologies, such as Amazon Go. This gets rid of traditional check-out kiosks by allowing people to pay with their smartphone without ever seeing another human or payment machine. This could allow Amazon to drastically reduce costs of retail stores and improve the shopping experience by eliminating the need to queue entirely.

Amazon first entered the food retail market in almost a 'beta-test' fashion with one store in Seattle in 2007. But, slowly and surely, the company has utilised a multi-pronged strategy of building out new features such as AmazonFresh deliveries (to 300 post codes in the UK), 'Dash' buttons (quick order), Subscribe & Save (cheaper prices for regular orders of everyday items) and 1-hour Prime deliveries.

We believe that Amazon hopes to leverage its extensive fulfilment network, big data analysis (customer trends, etc) and its large buying power with suppliers to lower prices at Whole Foods and improve profitability across the group. Further savings could emerge from vastly reduced volumes of perished items (food waste in stores), which have greater significance in a decentralised distribution model of physical stores than they do in centralised distribution formats. Whether Amazon's dream of fleets of robotic air, land and sea-based delivery drones will become reality in the foreseeable future will depend more on aviation regulations than Amazon's development efforts. However, if realised, that would be yet another retail distribution disruption in its own right.

How will supermarkets respond to this latest competitive threat from Amazon? They have already had plenty of practice of how to deal with disrupters after, Lidl and Aldi's discounter invasion of their traditional markets. UK retailers are not defenceless, and Sainsbury's purchase of Argos (to get its swift delivery service), along with a fairly loyal customer base and large buying power might help ward off some of the immediate threat.

For investors, Amazon's business and shareholder model remains purely growth focused. Rather than enhancing shareholder returns through dividends or engaging in share buybacks, Amazon has only ever ploughed earnings back into more business investment. For now, investors appear content for the company to reinvest again and again for future growth, which is what makes the company such a formidable competitor.

PERSONAL FINANCE COMPASS

Global Equity Markets

MARKET	CLOSE	% 1 WEEK	1 W	TECHNICAL
FTSE 100	7426.2	-0.5	-37.3	→
FTSE 250	19680.8	-0.7	-135.6	→
FTSE AS	4064.3	-0.5	-20.7	→
FTSE Small	5622.1	0.1	7.5	→
CAC	5266.2	0.1	2.9	→
DAX	12731.2	-0.2	-21.5	→
Dow	21401.4	0.1	17.2	→
S&P 500	2438.4	0.2	5.3	→
Nasdaq	5787.3	1.9	105.8	→
Nikkei	20132.7	0.9	189.4	→

Top 5 Gainers / Top 5 Losers

COMPANY	%	COMPANY	%
CAPITA	7.3	PROVIDENT FINANCI	-14.4
SHIRE	5.8	UNITED UTILITIES	-6.0
CENTRICA	3.9	DCC	-4.7
FRESNILLO	3.7	MEDICLINIC INTERNA	-4.5
ROLLS-ROYCE	3.6	SEVERN TRENT	-3.3

Sovereign Default Risk

DEVELOPED	CDS	DEVELOPING	CDS
UK	21.1	Brazil	242.8
US	26.9	Russia	174.5
France	23.9	China	71.4
Germany	15.6	South Korea	52.4
Japan	30.4	South Africa	194.7

Currencies / Commodities

PRICE	LAST	%1W	CMDTY	LAST	%1W
USD/GBP	1.27	-0.36	OIL	45.6	-3.7
USD/EUR	1.12	0.01	GOLD	1256.5	0.2
JPY/USD	111.23	-0.31	SILVER	16.7	0.2
GBP/EUR	0.88	-0.38	COPPER	263.8	2.3
JPY/GBP	6.84	-0.38	ALUMIN	1870.0	-0.1

Fixed Income

GOVT BOND	%YIELD	% 1W	1 W
UK 10-Yr	1.0	1.3	0.01
US 10-Yr	2.1	-0.2	0.00
French 10-Yr	0.6	-4.6	-0.03
German 10-Yr	0.3	-8.3	-0.02
Japanese 10-Yr	0.1	1.8	0.00

UK Mortgage Rates

MORTGAGE BENCHMARK RATES	RATE %
Base Rate Tracker	2.3
2-yr Fixed Rate	1.5
3-yr Fixed Rate	1.8
5-yr Fixed Rate	2.0
Standard Variable	4.5
Nationwide Base Rate	2.25
Halifax Standard Variable	3.74

For any questions, as always, please ask!

If anybody wants to be added or removed from the distribution list, just send me an email.

Please note: Data used within the Personal Finance Compass is sourced from Bloomberg and is only valid for the publication date of this document.

The value of your investments can go down as well as up and you may get back less than you originally invested.

Lothar Mentel