

### The week in review

- Sterling rallies vs G10 currencies
- ECB holds its interest rates
- US Government shut down ends
- Early signs of US protectionism
- Merger & acquisitions (M&A) accelerate

**Sterling rally** – British pound rallied strongly versus those of the world’s leading developed economies, as expectations of a business friendly “Brexit” deal gathered momentum. Record low UK unemployment and strong manufacturing data were additional tailwinds supporting positive investor sentiment towards the UK.

**ECB rate decision** - The European central bank’s first interest rate 2018 meeting took place this week. As expected, the ECB left its interest rate unchanged, despite capacity pressures building on the back of accelerating Eurozone economic growth. There were no changes to the ECB’s Quantitative Easing programme before its planned review in September.

**Rising protectionism** – President Trump fired the first shots of his “America First” policy, with the imposition of tariffs on imported solar panels and washing machines. Institutional investors are concerned at the prospect of

rising global protectionism, which could lead to inflationary pressures over the medium term.

**M & A accelerates** - Takeover activity accelerated, particularly in the US. A combination of a US strong economy, clarity on tax reform and the repatriation of foreign cash, saw M&A activity gather pace to produce a very strong start to the year. Just three weeks into 2018, the value of mergers announced totalled US\$152.5 billion, the highest figure since 2000.

Global Markets	2018 YTD %*
FTSE 100	-0.89%
S&P 500	6.26%
Dax	3.32%
Nikkei 225	3.97%
Hang Seng	9.14%
Fixed Income	Yield %
UK 10 Yr	1.41
US 10 Yr	2.64
Commodities	2018 YTD %
Gold per oz	3.96%

Source: FE Analytics / Bloomberg.com

\*Local currency

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Frenkel Topping Investment Management Limited - Frenkel House, 15 Carolina Way, Salford, Manchester, M50 2ZY

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