



CAMBRIDGE
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Lothar Mentel

Lead Investment Adviser to Cambridge

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Christian Adams, Theresa not inclined to follow Murray, 11 Jan 2019 - Political Cartoon Gallery in London

Substantial but fragile New Year recovery

While the UK public were stunned and distracted by the live constitutional drama between parliament and government over Brexit, equity markets continued their New Year's recovery rally. Since the pre-Christmas lows, Global stock markets have handsomely recovered approximately 40% of their Q4/2018 losses, gaining around 8%. In the US, that recovery is over 10%.

Considering the standoff in the US between president and Congress continues with a partial government shutdown and the UK is descending to unprecedented levels of political uncertainty and instability, this must astound the uninitiated observer. But it does make some sense. The combination of central banks easing monetary conditions either through softer forward guidance (US – Fed) or by providing actual liquidity (China's PBoC) and the end of quarter fund redemptions pressures has eased liquidity conditions. This is enough for bargain hunters to bid stocks back up to levels which no longer suggest imminent recession.

While we are certainly relieved that some of the overblown Q4 market reactions to the slowing of the global economy are reversing (as we had expected and expressed on these pages) the potential issues that could turn the slowdown into falling corporate earnings have not really gone away. Particularly, Donald Trump's two front 'war' is leaving its mark on the US economy. On one side, he's enacting trade measures to curb China's surging economic power and on the other he's shutting down government indefinitely to blackmail Democrats into funding his border wall with Mexico. The UK's Brexit predicament is so well covered by the domestic media that we will refrain from adding any more

www.cambridgeinvestments.co.uk | enquiries@cambridgeinvestments.co.uk

Tel : 01223 365 656 | CBI Business Centre, 20 Station Road, Cambridge, CB1 2JD

redundant comments, except perhaps repeating from last week that the UK's economic outlook for 2019 is currently at best as uninspiring as the year we just had.

The start of the Q4 corporate earnings announcement season is imminent and should show just how much the economy has actually slowed and to what extent the widespread souring of market sentiment really is, when weighed against the businesses' outlook that they will present together with their results. As a result, our second article this week looks at the first batch of forward-looking macro indicators that were released this week and how they compare against the current level of earnings expectations. Certainly, earnings' upside look less exciting than 12 months ago, but still growing strong at around 10%. This puts even more emphasis on businesses' forward earnings guidance than usual.

With fears of an imminent central bank policy error fading fast, we turn to the other most feared potential economic disrupter – Trump's trade war and the slowing of China as the 2nd global growth engine after the US. Here, any conclusion is weighed down by even more uncertainty. Markets took it more positively than we thought justified that the two sides appeared to negotiate in earnest, because the outcome was only statements of how far apart they still are. Meanwhile, China's old manufacturing economy shows further signs of slowing, while the new domestic service economy is doing much better – an encouraging sign that the structural reform efforts may be finding traction.

Turning to Europe, economic conditions appear to continue to cool – driven by the decline in global demand, the car industry's woes, social unrest in France, but also the Brexit uncertainty slowing investment there as well now. One easily overlooked detail in all the noise is that unemployment has fallen to a multi-year low, which bodes well for resilience of domestic consumer demand once sentiment begins to improve.

Back in the UK, we shed some light on an asset return conundrum that readers may have spotted in last week's 2018 returns table, where commercial property featured as one of the very few investment categories to seemingly generate positive returns, despite all the headwinds. I say "seemingly" because it may very well have more to do with the illiquidity and valuation practices of the sector than actual growth in value.

Lastly, we cover some highlights of this year's consumer electronics show in Las Vegas (CES), because technology innovations always have the potential to bring economic paradigm shifts. Artificial meat that proves indistinguishable from the real thing and assisted mobility devices that may transform old age quality of life or recuperation periods get my vote.

After this week's renewed Brexit drama, we can probably not entirely get away without offering at least a speck of a view as to what all this may do to investments. On that note, we were pleased to observe that the coalition against a 'no deal crash Brexit' appears to be the only one enjoying a stable and growing majority in Britain's parliament. Given pretty much every other outcome than the disorderly EU exit is all but priced in to UK risk assets, we are increasingly confident that our UK portfolio assets contain more upside than downside potential.

State of the economy at the start of 2019 & earnings outlook

The first round of business sentiment data for 2019 is out, and it looks mixed at best. A number of purchasing managers indices (PMIs) came out this week, painting contrasting pictures for the services and manufacturing sectors across the world. PMIs rate businesses' expectations out of 100, where a score above 50 is supposed to indicate expansion and a score below the opposite. But although 50 is the official 'neutral' line, most analysts suspect that the figure consistent with stable growth is slightly above that.

In the US, the services PMI for December delivered a positive surprise, as last month's 54.4 reading beat expectations and the previous month's figure – which were both 53.4. Meanwhile, the Brexit-bruised UK services sector also gave a nice surprise. Expectations of 50.7 were beaten by the actual reading of 51.2, which also improved upon November's 50.4. These figures are far from spectacular – particularly for the UK, which came in barely above stagnation – but the fact they beat expectations and improved on the previous month is a good sign.

Unfortunately, the momentum appears to be going the other way for manufacturing. The US' ISM Manufacturing Index came in well below expectations last month with a reading of 54.1. November's stellar 59.3 reading was always going to be hard to match, but economists had only predicted a fall to 57.8, making the actual figure a substantial disappointment. And Eurozone manufacturing is looking similarly dour. Sentiment among European manufacturers registered at 51.4 in December, down from November's 51.8 and the lowest reading since early 2016. IHS Markit also pointed out that "confidence about the future hits fresh six-year low" on the continent.

The reasons for manufacturing's woes are multifarious. The prospect of dampened global trade (from Trump's trade wars, Brexit etc.) has held back business investment, as have lower oil prices. Sector-specific issues have dogged car manufacturers, while in the US the sugar high of Trump's tax cuts has waned. On top of all this, central banks around the world are tightening monetary policy and driving up the cost of capital.

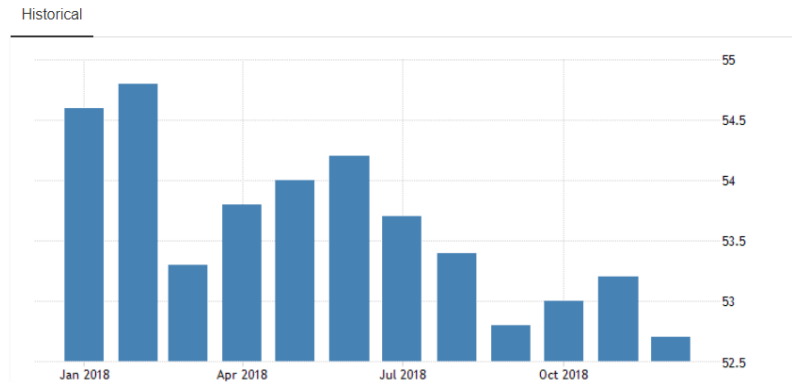
These figures seem to confirm what markets have priced in for some time: the global economy is slowing. But thankfully, the comparatively brighter picture in services suggests it isn't just a problem of demand. If it was, we'd have good reason to think that an almighty slowdown or even global recession is up ahead. As things stand, it doesn't look as though there's any recession looming.

	Real GDP, % change, yoy		
	2019	2020	2021
USA	2.4	1.6	1.5
Euro Area	1.6	1.6	1.5
China	6.2	6.1	5.7
Japan	0.9	0.7	0.9
UK	1.5	1.4	1.6
India	7.3	7.9	8

Source: Goldman Sachs

Globally, GDP growth remains robust. The above table of GDP estimates from US investment bank Goldman Sachs suggest a slowing through 2021, but not enough to warrant outright fear. Global PMI's tell a similar story: a moderation from very high levels, but activity is still expansionary.

Composite Pmi in World decreased to 52.70 in December from 53.20 in November of 2018. Composite Pmi in World is reported by Markit Economics.



That's not the message we're getting from markets however. Regular readers will know that our relatively positive outlook on equities is due to the fact that, while there is indeed a slowdown ahead, markets fell so far in 2018 that current prices are undervalued. With a few exceptions asset classes have fallen while prices in the real economy (wages) have picked up. In short, markets are pricing in a recession that isn't likely to come, and the latest data support this.

Of course, there are dangers with this view. If central banks tighten monetary policy faster than expected this year while investors struggle to regain risk appetite, the lack of available liquidity could cause businesses to struggle with rising costs of corporate debt payments and push the economy down. Even if they don't, a continued panicked rout in financial markets could well do the same, unless the central banks step in and reverse their monetary policy back to QE. If the cart falls far enough behind it could end up driving the horse.

That's why the upcoming earnings season for equities is so important. If companies can show that recessionary fears are overstated and there's still money to be made, it could spark some renewed risk appetite and bring investors back into the market. On this front, profits are still expected to post robust growth in the current quarter. FactSet data indicates that the Q4 EPS growth rate for the S&P500 is 11.4%. That's below the 16.7% growth rate estimated for Q4 at the end of September, but it would still be the fifth consecutive quarter of double-digit growth. Meanwhile, EPS growth in Europe is expected to be 9.9% in the current quarter and 7.4% in Japan.

There are company specific issues to look out for, such as the struggles at Apple and other companies exposed to a slowing Chinese economy. Likewise, internationally operating US firms could be hit more broadly by the trade war effects, as well as waning tax cuts. But overall, it's reasonable to expect that company profits will have continued to grow on an even keel over the last quarter of 2018. The more important information to look out for this earnings season will be the company outlook statements, as they will either allay market fears of a rapid deceleration of US economic growth or provide markets with confirmation.

Prices today appear to have priced in a sharp growth deceleration – if not a severe recession – and have overshot current fundamentals and most economists’ 2019 outlooks. Our expectation is that global economic growth will likely slow but avoid outright recession in 2019, leading to a weaker US dollar as interest rates and credit yields pause in their upward trend. We are somewhat wary about the earnings outlook statements but overall expect them merely to confirm a slowing rather than a rapid decline. This could result in an equity market bounce this year, as earnings estimates find a floor, followed by trading in a tight range delivering low but positive returns.

Given this, investors might well be tempted to try and time their entry and exit to take advantage of pockets of positivity and avoid sell-offs. But this would risk missing out on recovery rallies, which can often be as quick as they are beneficial. As ever, it’s ‘time in the market’, not ‘timing the market’.

China stock-take: Trade war and reform

Hopes of thawing US-China tensions were raised this week, as talks between officials on each side seemed to show some progress. A statement from China’s Commerce Ministry released after the talks on Thursday proclaimed that officials had “held broad, deep and meticulous discussions on shared observations on trade issues and structural problems, laying the foundation for addressing areas of common concern.”

If that sounds a little light on the details, that’s because it is. The Trump administration’s announcement on discussions was somewhat more frank, highlighting China’s “forced technology transfer, intellectual property protection, non-tariff barriers, cyber intrusions and cyber theft of trade secrets” as long-standing issues that need be addressed.

There were some positives. US officials also highlighted Beijing’s stated commitment to “purchase a substantial amount of agricultural, energy, manufactured goods, and other products and services from the United States.” The US’ trade deficit with China has been one of President Trump’s favourite talking points since before he was elected. And so, China’s willingness to help address this issue could well go a long way.

But it was more than just what was said that raised hopes. Eurasia Group, a political risk consultancy, noted that “negotiations went a day over the original schedule, indicating enough substantive discussion to at least keep officials at the table.” And the third day’s focus was on deeper structural issues the US has with China. What’s more, Liu He, Chinese Vice-Premier and Xi Jinping’s most senior economic adviser, showed up at the talks on Monday. These negotiations were supposed to be mainly bureaucratic nit-picking, so an appearance from a politician of his calibre shows just how seriously Beijing are taking them.

Markets seemed to take little notice of the lack of substance, however. US equities edged up slightly on Thursday after the news, while Chinese stocks actually saw minor falls – breaking a run of gains. But while it’s hard to tell exactly what’s driving market moves these days, we suspect this non-reaction is the right call.

Despite Beijing’s show of sincerity, the fact remains that little has been achieved beyond what was already set out in Trump and Xi’s G20 truce last month. And, perhaps more importantly, there’s still no

suggestion of concession from the US side. China can make gestures of concession all it likes (such as last month's reforms to give American companies a more level playing field) but if the Trump administration doesn't agree to a deal then tariffs will continue.

Trump's trade war on China has had a number of false dawns over the past two years, with positive announcements being swiftly followed by new tariffs on a few occasions. As we have written before, we think this is largely to do with a split in the White House between pragmatism and anti-China dogmatism. On the one hand, figures like Steve Mnuchin are pushing for an end to China's 'unfair' trade policies and a resumption of trade (albeit with a better balance in volumes in either direction). On the other, people like Peter Navarro and Robert Lighthizer seem to want to halt China's economic and technological progress altogether to preserve American dominance.

The stop-start nature of talks so far seems to reflect whoever has the US President's ear at that time. December's Trump-Xi agreement was a step towards détente, but with Trade Representative Lighthizer in charge of the negotiating team, speedy resolution may be unrealistic. Regarding this week's talks, the FT suggested that he might be "unwilling to resolve the issue too quickly so as not to lose leverage in his broader effort to decouple American manufacturing from China and bring it back onshore."

In the meantime, trade war pressures add yet another reason for Beijing to go ahead with their opening up and reform programs. According to a former US official, "The US wants to keep China negotiating with itself, keep it rolling out reforms,"

But Chinese officials don't need much reminding of those reform goals. In his new year's speech, President Xi Jinping emphasised the need for continued reform this year, despite the challenges it may bring. As we wrote last week, this (as well as other government announcements) seems to be an admission that the communist party's long-term reform goals should take precedence over short-term economic growth. Their message seems to be that it's worth bearing the pain now in order to have a more stable and self-reliant economy down the line.

Last week, the People's Bank of China announced that it would further cut Chinese banks' reserve requirement ratios, while other measures designed to boost consumption – such as tax cuts and infrastructure projects – have also been announced. On the face of it, these might just look like short-term stimulus measures to boost China's slowing economy. But there is more significance to them. Shifting away from an export-led economy towards one based on domestic consumption is one of Beijing's foremost policy goals, and now that move appears even more urgent.

One particularly important area is banking sector reform. China's ineffective banking system has been a drag on their economy – forcing many smaller businesses towards shadow lending and increasing the country's credit bubble amongst state owned enterprises (SOEs) to worrisome levels. What's clear now is that the government seems more willing to loosen regulation on the banks and allow for more functional lending.

These reforms have long been Beijing's goals, but it's likely that trade tensions – and particularly Trump's tendency to flip flop on issues – have given them some more urgency. The anti-China hawks in the US administration want to use these tensions to force open China's economy, slow their development and give America the edge again. Ironically, they could end up doing the opposite, as China moves away from reliance on US demand and becomes more self-sufficient.

The commercial property conundrum

As we wrote last week, 2018 was a year to forget for investors, with most asset classes ending the year down. Strangely, the one exception to this was UK physical property funds. As measured by the investment association fund peer groups, most equity funds fell around 11% over the year. In contrast, those invested in UK bricks and mortar managed to return a positive 2.86%.

<input type="checkbox"/>	Name	Return 2018-01-01 to 2018-12-31 GBP
<input type="checkbox"/> 1	IA OE UK Direct Property	2.86
<input type="checkbox"/> 2	IA OE UK All Companies	(11.15)
<input type="checkbox"/> 3	IA OE Europe Excluding UK	(12.16)
<input type="checkbox"/> 4	IA OE North America	(1.15)
<input type="checkbox"/> 5	IA OE Japan	(11.32)
<input type="checkbox"/> 6	IA OE Global Emerging Markets	(11.53)
<input type="checkbox"/> 7	IA OE Global	(5.72)
<input type="checkbox"/> 8	IA OE UK Gilts	(0.04)
<input type="checkbox"/> 9	IA OE £ Corporate Bond	(2.20)

Source: Morningstar, in £-Sterling terms

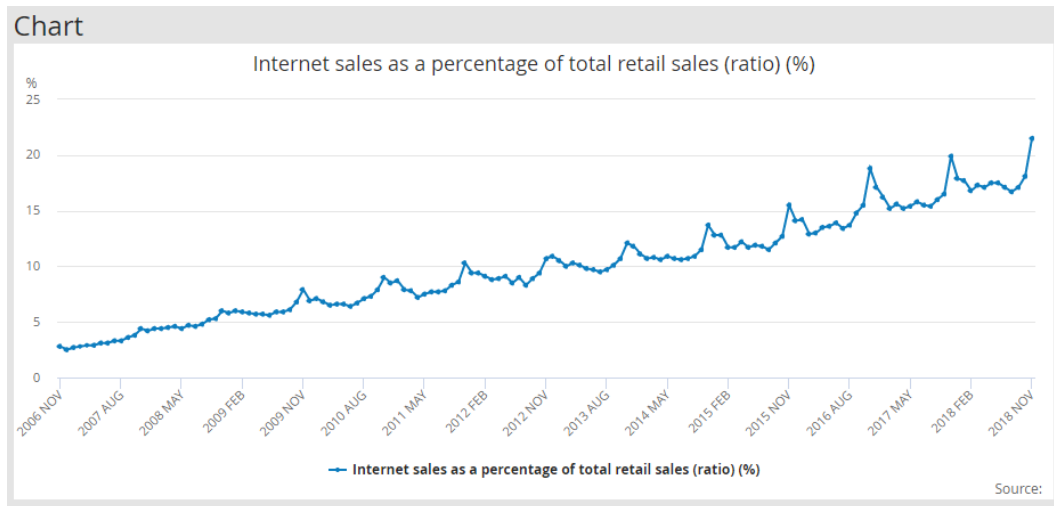
This is despite the well-documented struggles of both British house prices and commercial property occupying retailers. Data released by RICS in November showed residential property sales volumes falling 15% YoY, and both demand (new buyer enquiries) and supply (new sales listings) falling. The slow volumes and lack of agreement between buyers and sellers led market participants to expect house prices to remain flat or fall over 2019, especially in London. Over 2018 however, according to Halifax data, house prices grew at 1.3%.

Most of the IA property funds are invested in UK Commercial Property (Retail, Office and Industrial space) which, according to open ended fund performance at least, managed to deliver 1.5% more than house price returns and around 14% more than equities. This is despite an increasing number of firms now looking to relocate away from the UK in response to Brexit uncertainty (25%).

And those that are staying aren't exactly having the best time either. UK retailers have faced a torrid time over the past few years, and current trends don't look any better, with retail sales turning negative. Like-for-like sales fell 0.7% over the year since December 2017, despite heavy discounting this year in the run-up to Christmas.

According to the British Retail Consortium: "Squeezed consumers chose not to splash out this Christmas with retail sales growth stalling for the first time in 28 months. The worst December sales performance in ten years means a challenging start to 2019 for retailers, with Business Rates set to rise once again this year, and the threat of a No-Deal Brexit looming ever larger."

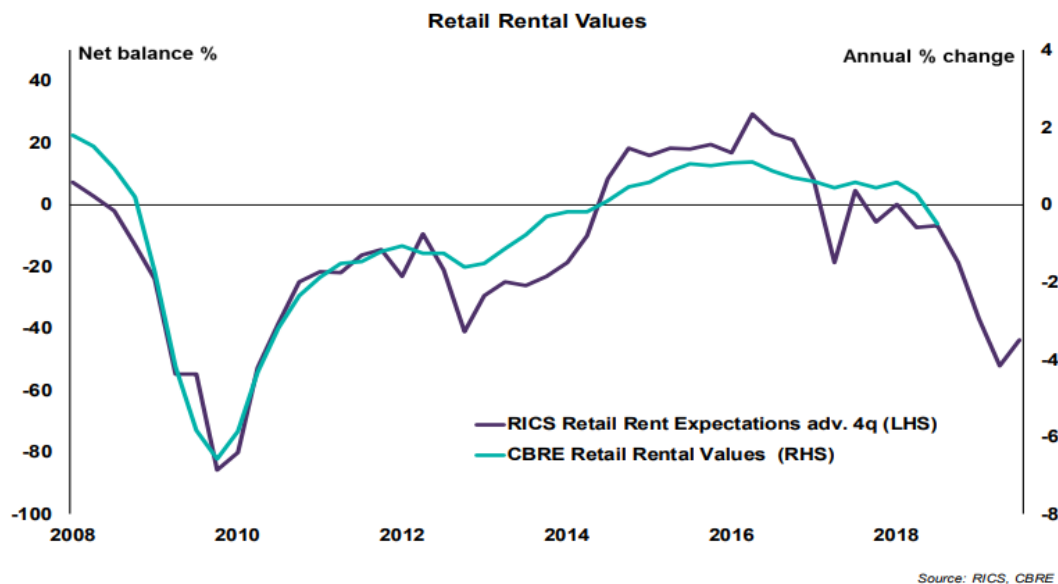
The fall in spending is yet another headwind to the UK high street and retail property market, already embattled due to a structural shift towards internet shopping (over 20% of retail sales are now made



online and this trend does not appear to be abating).

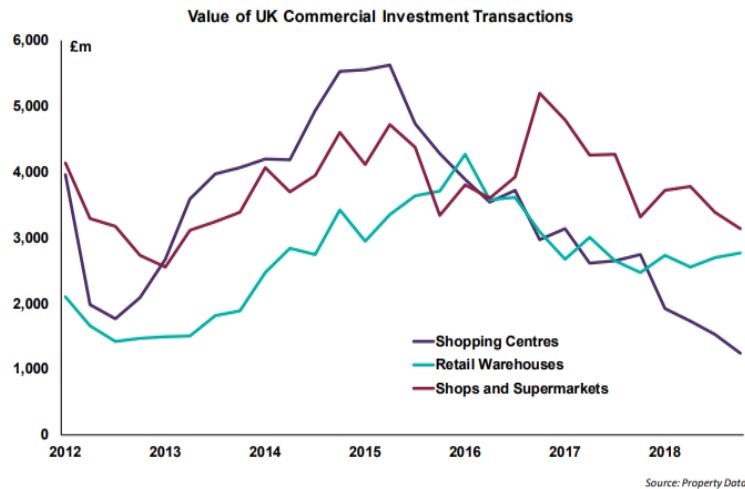
Source: ONS

Falling affordability and slowing demand has now forced retail rental values very firmly into negative



territory with rents being expected to decline by almost 4% over the next year.

Furthermore, the structural changes in the retail market combined with the economic and political headwinds has driven property transactions down – including the warehouses used for online shopping.

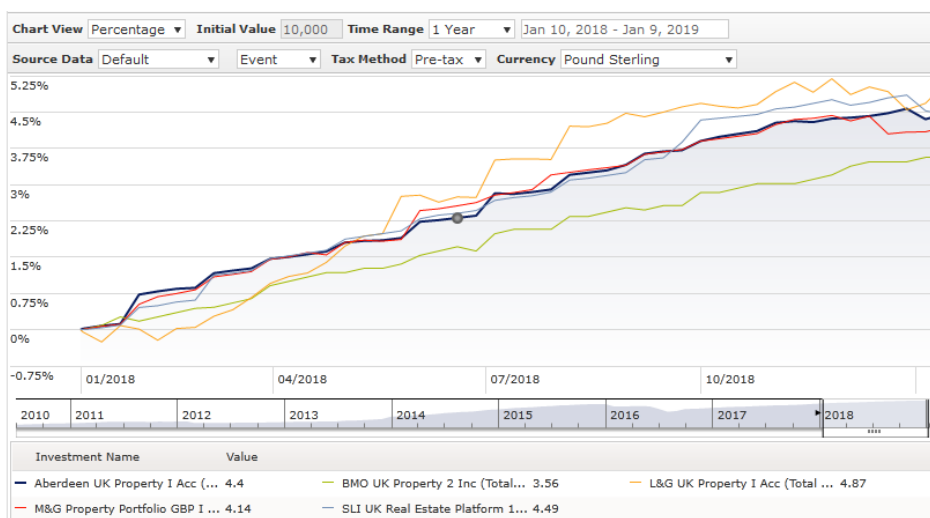


Source: RICS

So, how exactly did UK commercial property manage to deliver a positive 2018 return?

Well for starters, it hasn't all been bad news. Office occupancy and rents have remained relatively stable, although whether this continues after we leave the EU remains uncertain, especially under a no-deal scenario. Additionally, industrial rents increased enough to offset the falls in retail rents overall. Demand from overseas corporations picked up due to the attractiveness of weaker sterling. However, demand for industrial space now appears to be slowing, as the pound looks to have found a bottom.

But there are some other ideas for the rationale behind the positive commercial property returns. According to some key players in the property market, the discrepancy has little to do with actual property but simply how it's valued. Surveyors usually use recent transactions as an anchor from which to value other properties. However, as transaction volumes decline and in the absence of major events, the best valuation becomes the last valuation plus an adjustment for income and inflation. Open ended funds certainly appear to have behaved this way over 2018.

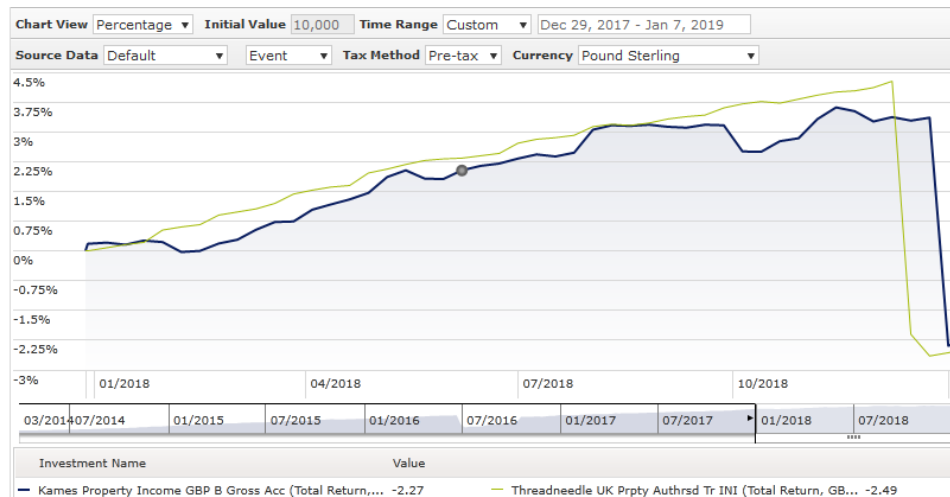


Source: Morningstar

The problem with this method of valuation comes when investors want to sell. The hypothetical, potentially stale valuations may not be achievable in the real world, especially in the event of a forced sale. Selling a £100m retail park quickly is not an easy task, at least not if you want the entire £100m.

What's more, according to a recent FT article, there are suggestions of conflicts of interest for property valuers, who are facing pressure from landlords. According to Robert Peto at Standard Life, "The British valuation system sometimes gets into areas of difficulty, which I think it is in at the moment."

Allowing investors daily liquidity through open ended vehicles exacerbates this problem. In the face of more redemptions than subscriptions and attempting to avoid a fire sale of physical assets, Kames and Threadneedle were recently forced to move their pricing to a bid basis in order to dissuade sellers and attract investors. This appears to have worked for now, but their performance over the year looks quite different to the peers above.



Source: Morningstar

Compare the performance of open-ended funds to market listed closed-ended funds, i.e. those whose price reflects current market supply and demand, and the picture is quite different - with several losing upwards of 15% over the year.



Source: Bloomberg

There are differences in leverage to contend with here, but there shouldn't be such a dramatic difference in performance between open ended and closed ended counterparts. UK REITs as a whole are down over 17% for 2018!

This difference can also be shown by looking at listed REIT's current share price discount relative to the hypothetical NAV. The NAV of the UK Commercial Property REIT, managed by Standard Life, remained at a relatively constant 92-93p over the course of the year (green line). However, the share price got up to 13% below this at its worst (blue line).



Source: Morningstar

The fact that actual sales look so different to valuations suggests that those valuations aren't to be trusted. This is one of the main reasons why our property outlook is negative, despite the apparently positive performance. At Cambridge we believe the outlook for property is negative, as Brexit uncertainty, slowing rents and declining retail sales all weigh on valuations. This, coupled with the liquidity mismatch between daily traded open-ended funds and the ability to sell physical property mean the risks currently outweigh the potential returns.

CES: beneath the glitz & glamour, some star technologies appear

The start of a new year means it's time for the annual Consumer Electronics Show (CES) in Las Vegas, a gathering for the world's technology industry to show off their latest gadgets and gizmos. CES is important from an investor's point of view, as it gives us a window into the themes and technologies that will shape our world in the coming years.

Many of the usual suspects were on display: 5G (soft launches this year in the UK), Artificial intelligence (AI), next generation 8K TVs (33megapixel images per frame), Blockchain, smart-connected and wearable devices and autonomous vehicles. Google's Assistant (OK Google) and Amazon's Alexa were stuffed into more products than you would believe (how about an Alexa powered smart toilet anyone?).

As with any new technology, these products could have huge economic effects. 5G could be revolutionary for enabling the so-called 'Internet of Things', while the blockchain and AI have the potential to substantially lower structural business costs. But it's often the low key or unknown technologies that can have a wider transformational effect on society.

Here are some of the technologies that caught our eye:

1. Real-time ray tracing (graphics): The video game market is expected to be worth >\$180 billion in 2021 and graphics chip makers [Nvidia](#) have put the technology to more accurately render light and shadows in games and movies into laptops (available end of Jan).
2. Artificial meat: [Impossible Burger 2.0](#), a plant-based protein, launched at CES and people found it difficult to tell the difference between it and 'real' meat in blind taste tests. Over 330 million tonnes of meat are estimated to have been produced globally in 2018 and growing meat consumption is having an ever-increasing impact on the environment. Plant-based meats that are virtually indistinguishable from animal proteins could have a positive environmental effect.
3. Assisted mobility: Rapid advances in electric motors & robotics have opened up the exciting field of exo-skeletons, which can aid or enhance human movement. [Samsung's GEMS-H](#) (Gait Enhancing Motivational System), weighing just 2.1 kg but looking like a futuristic pair of lederhosen, can reportedly help walking (energy reduction of 23%), correct your posture, and even increase your walking pace by almost 20%. Samsung hope GEMS will revolutionise recovery after an accident or assist those less able.
4. Flying taxi/transport: Drone technology got some bad press for allegedly shutting down Gatwick airport, but that didn't stop Uber and Bell Aerospace unveiling their joint venture [Nexus VTOL](#) (Vertical Take Off & Landing) aircraft. It launches in 2023 and looks like an oversized drone, but one that can carry 4 passengers over 150 miles. Traffic congestion in large cities is a growing problem, so the ability to take travel into the air and stack 'roads' horizontally could revolutionise short-hop travel.

CES can seem a bit like [Tomorrow's World](#), for those of us old enough to remember the BBC programme. It provides the public a venue to see and interact with the technologies that could shape the future of the world. For investors, it can be easy to get caught up in the noise and hype. But nonetheless, keeping an eye on tomorrow's themes may provide us with a window on longer-term investment opportunities.

Global Equity Markets

MARKET	FRI, 16:30	% 1 WEEK*	1 W	TECHNICAL
FTSE 100	6918.2	1.2	80.8	↗
FTSE 250	18542.3	4.2	746.4	↗
FTSE AS	3797.1	1.7	63.6	↗
FTSE Small	5350.1	2.8	145.8	↗
CAC	4781.3	0.9	44.2	↗
DAX	10887.5	1.1	119.8	↗
Dow	23938.0	2.2	504.8	↗
S&P 500	2590.2	2.3	58.3	↗
Nasdaq	6588.9	2.6	166.3	↗
Nikkei	20359.7	4.1	797.7	↗
MSCI World	1957.7	2.8	53.5	↗
MSCI EM	998.7	3.5	33.7	↗

Global Equity Market - Valuations

MARKET	DIV YLD %	LTM** PE	NTM*** PE	10Y AVG
FTSE 100	4.9	15.9x	11.9x	13.2x
FTSE 250	3.7	20.6x	12.7x	14.1x
FTSE AS	4.6	16.8x	11.9x	13.3x
FTSE Small	4	-	9.2x	13.9x
CAC	3.6	14.8x	12.0x	13.4x
DAX	3.3	12.0x	11.5x	12.5x
Dow	2.4	15.9x	14.4x	15.0x
S&P 500	2.1	17.7x	15.3x	15.8x
Nasdaq	1.2	21.6x	17.9x	17.8x
Nikkei	2.1	14.1x	14.6x	20.0x
MSCI World	2.7	16.2x	14.2x	15.2x
MSCI EM	2.8	12.0x	11.2x	12.1x

Top 5 Gainers

COMPANY	%	COMPANY	%
Taylor Wimpey	11.1	AstraZeneca	-6.2
Ashtead Group	10.6	Hikma Pharmaceuti	-4.3
Tesco	10.4	BHP Group	-3.5
Persimmon	9.8	Vodafone Group	-3.3
ITV	9.8	Smurfit Kappa Group	-2.4

Top 5 Losers

Currencies

PRICE	LAST	%1W	CMDTY	LAST	%1W
USD/GBP	1.28	0.90	OIL	60.9	6.8
USD/EUR	1.15	0.75	GOLD	1289.4	0.3
JPY/USD	108.35	0.15	SILVER	15.6	-0.4
GBP/EUR	0.89	0.14	COPPER	264.8	0.0
CNY/USD	6.76	1.57	ALUMIN	1861.0	1.4

Commodities

Fixed Income

GOVT BOND	%YIELD	% 1W	1 W	YIELD
UK 10-Yr	1.290	1.1		0.01
US 10-Yr	2.695	1.0		0.03
French 10-Yr	0.664	-5.0		-0.04
German 10-Yr	0.239	14.9		0.03
Japanese 10-Yr	0.017	144.7		0.06

UK Mortgage Rates

MORTGAGE BENCHMARK RATES	RATE %
Base Rate Tracker	2.34
2-yr Fixed Rate	1.74
3-yr Fixed Rate	1.82
5-yr Fixed Rate	2.02
Standard Variable	4.41
10-yr Fixed Rate	2.67

* The % 1 week relates to the weekly index closing, rather than our Friday p.m. snapshot values
 ** LTM = last 12 months' (trailing) earnings;
 ***NTM = Next 12 months estimated (forward) earnings

For any questions, as always, please ask!

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

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