Market Monitor – December 2017

The FTSE 100 closed at an all-time high of 7,687 on the last trading day of 2017 and the index finished the year up just under 545 points, meaning the index gained a respectable 7.6% in capital terms. A record year for dividend payments buoyed total returns to 12% for 2017, and the index was up 5% across the month of December. The Sterling exchange rate continued to influence the market over the year because 71% of FTSE 100 companies generate their revenues from outside the UK. The index fluctuated in tandem with the currency as shown in the chart below.

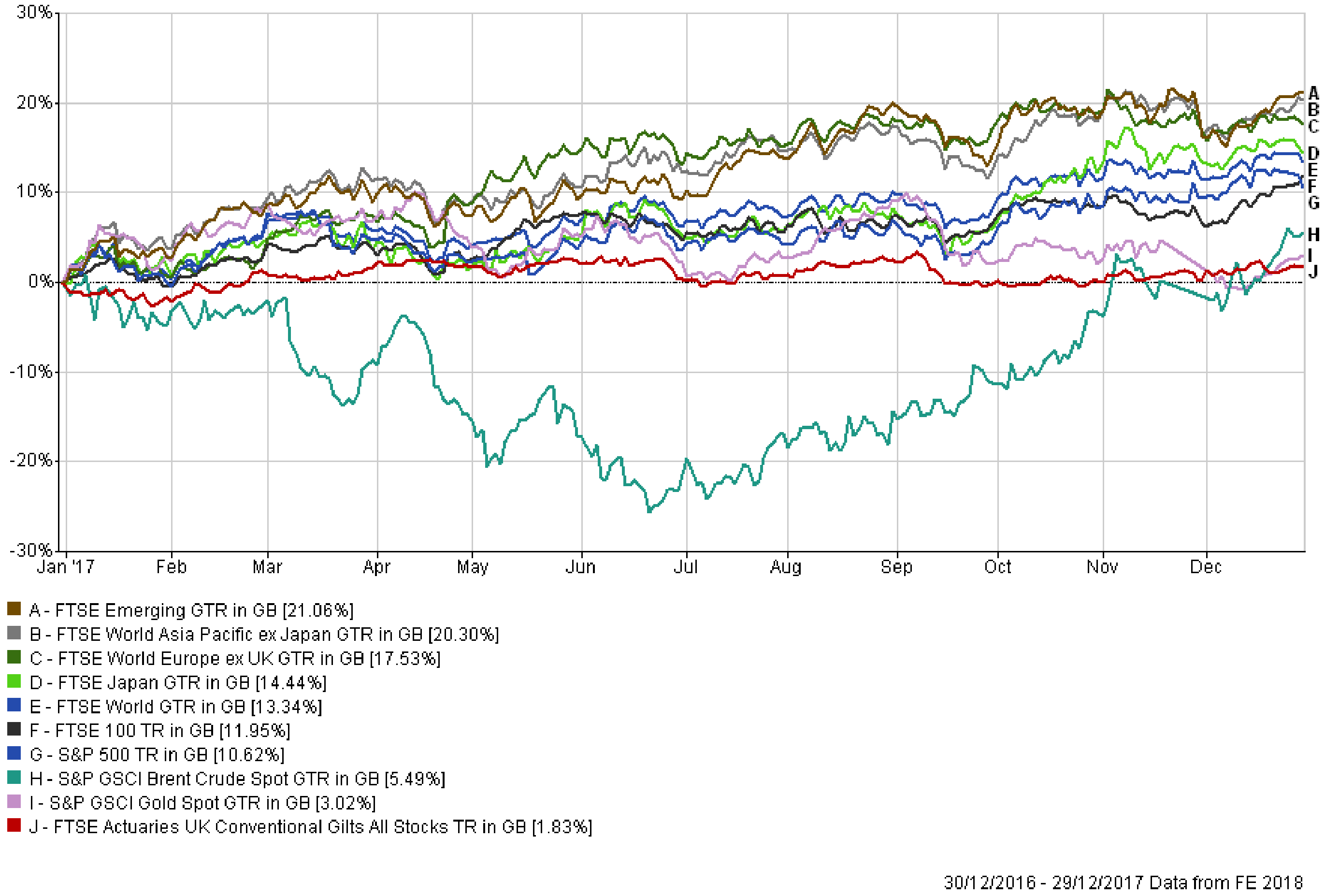
2017 was the ninth straight year of positive total returns for the S&P 500, but the index lagged many overseas markets as non-US stocks bounced back after several years of underperformance. In Sterling terms, the best performing indices which we track were the FTSE Emerging index (21%), the FTSE World Asia Pacific ex Japan index (20%) and the FTSE World Europe ex UK index (17.5%). The strength of the Yen weighed on the FTSE Japan index but it nevertheless gained 14% in 2017. Performance for regional indices was mixed in December, with Europe and Japan coming in flat and the S&P 500 up just 1%. Emerging markets and Asia Pacific ex Japan indices forged ahead though with returns of 4% and 3.5% respectively.

Gains for all of the major regional sub-indices created a total return of 13% for the FTSE World index in 2017, although December was rather a subdued month with the index only advancing 1.7%.

Gilts made little headway in 2017 as monetary policy began to tighten; the FTSE Actuaries UK Conventional Gilts All Stocks index gained 1.8% in 2017 and 1.4% in December.

Gold gained just 3% over the year and fell 1.6% in December in Sterling terms but made headway in 2017 when considered in US Dollar terms. Most of the gains were made in the first six months of the year though, with many chasing the bitcoin fad by year end or returning to certain bonds as yields ticked up in line with interest rate increases. Brent crude prices strengthened significantly in the last six months of the year, up 34%, but weak performance in the first two quarters meant prices were only up 5.5% in the last 12 months.

1-Year Performance in Sterling Terms to 31 December 2017

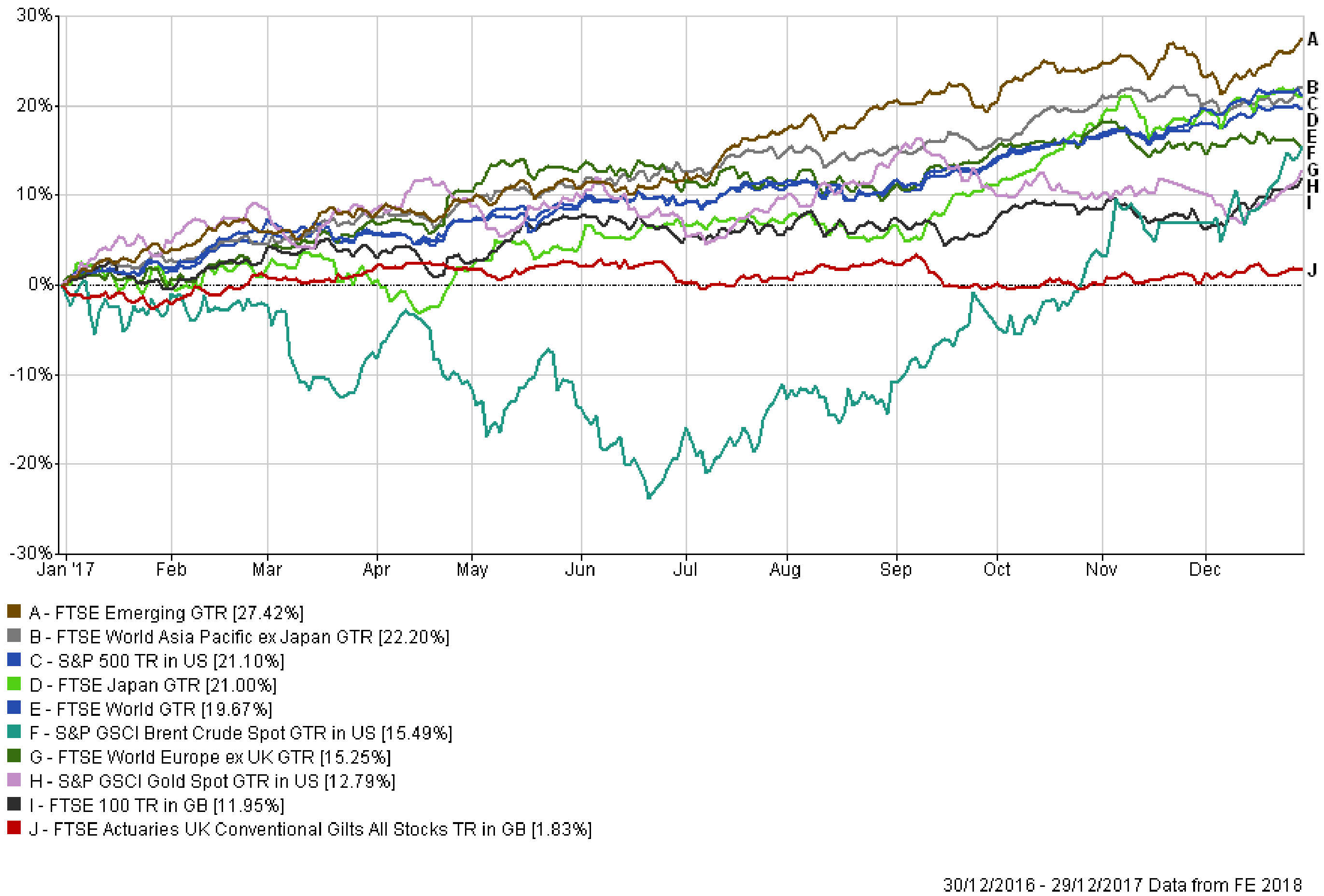


Cumulative Performance in Sterling Terms to 31 December 2017

	1m	3m	6m	1y	3y	5y
FTSE Actuaries UK Conventional Gilts All Stocks	1.41%	1.97%	1.51%	1.83%	12.74%	23.31%
FTSE World	1.69%	4.97%	6.77%	13.34%	53.26%	108.70%
FTSE 100	5.03%	5.02%	6.94%	11.95%	31.54%	57.24%
S&P 500	1.14%	5.61%	6.67%	10.62%	56.42%	142.38%
FTSE World Europe ex UK	0.53%	0.39%	4.01%	17.53%	48.19%	85.81%
FTSE World Asia Pacific ex Japan	3.53%	6.97%	7.20%	20.30%	51.45%	63.38%
FTSE Emerging	4.16%	6.12%	10.88%	21.06%	47.03%	50.21%
FTSE Japan	0.85%	7.93%	8.76%	14.44%	65.07%	111.89%
S&P GSCI Gold Spot	-1.62%	1.04%	0.85%	3.02%	24.84%	-8.77%
S&P GSCI Brent Crude Spot	5.35%	18.87%	34.26%	5.49%	-7.07%	-46.19%

Source: Financial Express

1-Year Performance in Local Currency Terms to 31 December 2017



Cumulative Performance in Local Currency Terms to 31 December 2017

	1m	3m	6m	1y	3y	5y
FTSE Actuaries UK Conventional Gilts All Stocks (GBP)	1.41%	1.97%	1.51%	1.83%	12.74%	23.31%
FTSE World (Composite)	1.29%	5.45%	9.86%	19.67%	34.58%	88.40%
FTSE 100 (GBP)	5.03%	5.02%	6.94%	11.95%	31.54%	57.24%
S&P 500 (USD)	1.07%	6.49%	11.09%	21.10%	35.70%	101.71%
FTSE World Europe ex UK (Composite)	-0.35%	0.25%	4.44%	15.25%	29.51%	71.89%
FTSE World Asia Pacific ex Japan (Composite)	1.92%	5.66%	8.34%	22.20%	32.13%	53.28%
FTSE Emerging (Composite)	3.16%	6.11%	14.19%	27.42%	34.46%	49.75%
FTSE Japan (JPY)	1.46%	8.91%	13.56%	21.00%	34.56%	129.75%
S&P GSCI Gold Spot (USD)	0.80%	1.87%	5.03%	12.79%	8.31%	-24.08%
S&P GSCI Brent Crude Spot (USD)	7.94%	19.86%	39.82%	15.49%	-19.38%	-55.22%

Source: Financial Express

Calendar Performance in Sterling Terms to December 2017

	2017	2016	2015	2014	2013	2012
FTSE Actuaries UK Conventional Gilts All Stocks	1.83%	10.10%	0.57%	13.86%	-3.94%	2.70%
FTSE World	13.34%	29.59%	4.34%	11.29%	22.36%	11.83%
FTSE 100	11.95%	19.07%	-1.32%	0.74%	18.66%	9.97%
S&P 500	10.62%	32.67%	6.58%	20.02%	29.10%	10.16%
FTSE World Europe ex UK	17.53%	19.69%	5.35%	0.16%	25.18%	17.82%
FTSE World Asia Pacific ex Japan	20.30%	31.69%	-4.40%	5.01%	2.72%	17.72%
FTSE Emerging	21.06%	35.43%	-10.31%	7.87%	-5.29%	12.76%
FTSE Japan	14.44%	22.68%	17.58%	2.73%	24.95%	3.34%
S&P GSCI Gold Spot	3.02%	28.52%	-5.72%	4.36%	-29.98%	1.42%
S&P GSCI Brent Crude Spot	5.49%	53.23%	-42.51%	-44.83%	4.96%	3.91%

Source: Financial Express

Calendar Performance in Local Currency Terms to December 2017

	2017	2016	2015	2014	2013	2012
FTSE Actuaries UK Conventional Gilts All Stocks (GBP)	1.83%	10.10%	0.57%	13.86%	-3.94%	2.70%
FTSE World (Composite)	19.67%	9.97%	2.26%	9.92%	27.35%	16.70%
FTSE 100 (GBP)	11.95%	19.07%	-1.32%	0.74%	18.66%	9.97%
S&P 500 (USD)	21.10%	11.23%	0.75%	12.99%	31.55%	15.22%
FTSE World Europe ex UK (Composite)	15.25%	3.42%	8.66%	7.58%	23.37%	20.54%
FTSE World Asia Pacific ex Japan (Composite)	22.20%	11.16%	-2.73%	4.18%	11.36%	19.07%
FTSE Emerging (Composite)	27.42%	12.06%	-5.83%	7.17%	3.92%	18.79%
FTSE Japan (Yen)	21.00%	-0.28%	11.52%	10.32%	54.77%	21.46%
S&P GSCI Gold Spot (USD)	12.79%	7.75%	-10.88%	-1.75%	-28.65%	6.08%
S&P GSCI Brent Crude Spot (USD)	15.49%	28.46%	-45.66%	-48.07%	6.94%	8.69%

Source: Financial Express

Georgina Ogilvie-Jones

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