

After a strong 6 months for Sterling-based investors, equity markets consolidated in April with mixed results for regional markets. The total return of the FTSE 100 dropped 1.3% and the S&P 500 lost 2.4% in Sterling terms across the month, although US Dollar returns were positive and the S&P 500 rose 21 points to 2,384 by the end of the month.

The mining and energy sectors within both the FTSE World index and the FTSE 100 saw negative returns in both the last month and the last quarter. The mining sector declined around 10% in both indices in the last 3 months, whilst the energy sector declined by over 5% in both the UK and global index. Most other global sectors made material gains in the last quarter. The exceptions were banks which only made a modest gain of 0.7% within the FTSE World index, basic materials which declined 2% and telecoms which declined 2.5%.

Modestly positive returns were seen in fixed interest markets, which have proven surprisingly resilient. The FTSE Actuaries UK Conventional Gilts All Stocks index gained 0.24% in April, taking the 6 month total return to 2.36%.

Economic recovery continues in Europe and corporate earnings have strengthened. Despite political uncertainty due to elections, the FTSE World Europe ex UK index has been the top performer of the indices we monitor in the last 1, 3 and 6 months.

Emerging market, Asia Pacific and Japanese equity market returns gave back some of their gains in Sterling terms in April after a strong second quarter in 2016. This was purely due to currency effects; with all of the indices we track making gains in local currency terms. When considering Japanese equities it is important to remember the central bank is buying a minimum of 1.2 billion Yen in ETFs every trading day as part of its quantitative easing operations, so there is substantial distortion within this market.

Commodities remain volatile. The LBMA gold bullion price was down 1.7% in Sterling terms across the month and up 1.7% in US Dollar terms. Oil prices have continued to decline with Brent crude down 5.3% in Sterling terms and 2% in US Dollar terms in April. Looking longer term, the oil price has dropped 46% in Sterling terms and 57% in US Dollar terms in the last 5 years. The gold bullion price has fallen 24% in US Dollar terms and 2% in Sterling terms in the same time period.

**Georgina Ogilvie-Jones**

## 1-Year Performance in Sterling Terms to April 2017



- A - FTSE World Asia Pacific ex Japan TR in GB [35.66%]
- B - FTSE Emerging GTR in GB [34.88%]
- C - S&P 500 TR in GB [32.67%]
- D - FTSE World Europe ex UK TR in GB [28.80%]
- E - FTSE Japan GTR in GB [26.59%]
- F - Commodity Prices Oil Price Brent Crude (\$) in GB [22.93%]
- G - FTSE 100 TR in GB [19.99%]
- H - The LBMA Gold Price PM in GB [11.54%]
- I - FTSE Actuaries UK Conventional Gilts All Stocks TR in GB [8.19%]

29/04/2016 - 28/04/2017 Data from FE 2017

## Cumulative Performance in Sterling Terms to April 2017

|   | 1m     | 3m      | 6m     | 1y     | 3y      | 5y      |
|---|--------|---------|--------|--------|---------|---------|
| FTSE Actuaries UK Conventional Gilts All Stocks (GBP) | 0.24%  | 3.67%   | 2.36%  | 8.19%  | 24.84%  | 28.41%  |
| FTSE 100 (GBP)  | -1.33% | 2.86%   | 5.61%  | 19.99% | 18.93%  | 51.40%  |
| S&P 500 (GBP)   | -2.39% | 2.11%   | 6.60%  | 32.67% | 72.66%  | 130.72% |
| FTSE World Europe ex UK (GBP)                         | 0.99%  | 7.78%   | 9.57%  | 28.80% | 32.44%  | 94.72%  |
| FTSE World Asia Pacific ex Japan (GBP)                | -2.39% | 4.43%   | 5.55%  | 35.66% | 41.16%  | 60.08%  |
| FTSE Emerging (GBP)                                   | -1.48% | 4.41%   | 1.65%  | 34.88% | 42.86%  | 40.27%  |
| FTSE Japan (GBP)                                      | -2.15% | -0.39%  | -1.30% | 26.59% | 66.18%  | 88.77%  |
| Brent Crude Spot Price (GBP)                          | -5.29% | -10.70% | 2.16%  | 22.93% | -37.56% | -45.75% |
| LBMA Gold Bullion Spot Price (GBP)                    | -1.67% | 3.24%   | -4.79% | 11.54% | 29.65%  | -2.13%  |

Source: Financial Express

## A Note on Currency

I feel it important include a note on currency in this month's review. Currency movements tend to be unpredictable and can be large. Historical data suggests these movements have been uncorrelated to movements in equities. Substantial differences between Sterling and local currency data can be seen in short term index data from June/July 2016 onwards due to the significant Sterling devaluation in comparison to other major currencies in particular, the US Dollar. It is important to keep in mind that currency effects tend to balance out in the long term though. We give more weight to Sterling returns when reviewing index data, reflecting our client base and the fact that we do not engage in any costly hedging. It is always interesting to review local currency returns as well, however, because this exercise allows us to quickly assess the magnitude of currency translation effects which are in play at that time.

## Calendar Performance in Sterling Terms

|   | YTD     | 2016   | 2015    | 2014    | 2013    | 2012   |
|---|---------|--------|---------|---------|---------|--------|
| FTSE Actuaries UK Conventional Gilts All Stocks (GBP) | 1.87%   | 10.10% | 0.57%   | 13.86%  | -3.94%  | 2.51%  |
| FTSE 100 (GBP)  | 2.28%   | 19.07% | -1.32%  | 0.74%   | 18.66%  | 9.97%  |
| S&P 500 (GBP)   | 2.15%   | 32.67% | 6.58%   | 20.02%  | 29.10%  | 10.16% |
| FTSE World Europe ex UK (GBP)                         | 8.51%   | 19.69% | 5.35%   | 0.16%   | 25.18%  | 17.82% |
| FTSE World Asia Pacific ex Japan (GBP)                | 8.53%   | 31.69% | -4.40%  | 5.01%   | 2.72%   | 17.72% |
| FTSE Emerging (GBP)                                   | 7.31%   | 35.43% | -10.31% | 7.87%   | -5.29%  | 12.76% |
| FTSE Japan (GBP)                                      | 1.40%   | 22.68% | 17.58%  | 2.73%   | 24.95%  | 3.34%  |
| Brent Crude Spot Price (GBP)                          | -13.16% | 88.37% | -31.97% | -46.75% | -0.94%  | -2.56% |
| S&P GSCI Gold Spot (GBP)                              | 5.68%   | 31.58% | -6.95%  | 5.56%   | -29.15% | 0.10%  |

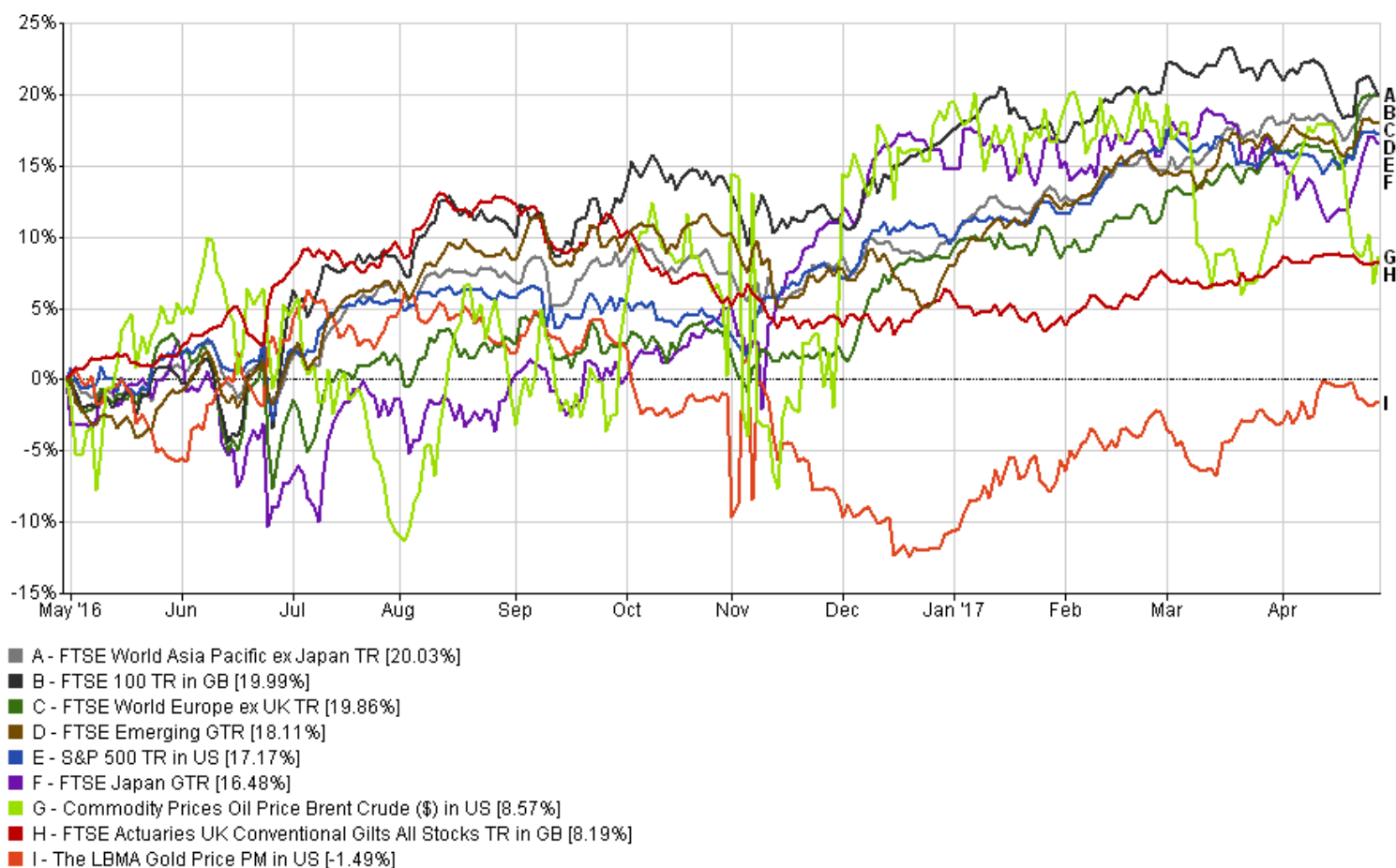
Source: Financial Express

## Calendar Performance in Local Currency Terms

|   | YTD    | 2016   | 2015    | 2014    | 2013    | 2012   |
|---|--------|--------|---------|---------|---------|--------|
| FTSE Actuaries UK Conventional Gilts All Stocks (GBP) | 1.87%  | 10.10% | 0.57%   | 13.86%  | -3.94%  | 2.51%  |
| FTSE 100 (GBP)  | 2.28%  | 19.07% | -1.32%  | 0.74%   | 18.66%  | 9.97%  |
| S&P 500 (USD)   | 6.96%  | 11.23% | 0.75%   | 12.99%  | 31.55%  | 15.22% |
| FTSE World Europe ex UK (Composite)                   | 10.35% | 3.42%  | 8.66%   | 7.58%   | 23.37%  | 20.54% |
| FTSE World Asia Pacific ex Japan (Composite)          | 9.40%  | 11.16% | -2.73%  | 4.18%   | 11.36%  | 19.07% |
| FTSE Emerging (Composite)                             | 9.32%  | 12.06% | -5.83%  | 7.17%   | 3.92%   | 18.79% |
| FTSE Japan (Yen)                                      | 1.47%  | -0.28% | 11.52%  | 10.32%  | 54.77%  | 21.46% |
| Brent Crude Spot Price (USD)                          | -9.08% | 56.92% | -35.28% | -49.87% | 0.93%   | 1.92%  |
| LBMA Gold Bullion Spot Price (USD)                    | 7.21%  | 10.31% | -12.04% | -0.40%  | -27.97% | 4.76%  |

Source: Financial Express

## 1-Year Performance in Local Currency Terms to April 2017



29/04/2016 - 28/04/2017 Data from FE 2017

## Cumulative Performance in Local Currency Terms to April 2017

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|---|--------|--------|--------|--------|---------|---------|
| FTSE Actuaries UK Conventional Gilts All Stocks (GBP) | 0.24%  | 3.67%  | 2.36%  | 8.19%  | 24.84%  | 28.41%  |
| FTSE 100 (GBP)  | -1.33% | 2.86%  | 5.61%  | 19.99% | 18.93%  | 51.40%  |
| S&P 500 (USD)   | 0.99%  | 5.00%  | 12.96% | 17.17% | 32.29%  | 83.82%  |
| FTSE World Europe ex UK (Composite)                   | 2.94%  | 10.49% | 16.82% | 19.86% | 27.18%  | 87.24%  |
| FTSE World Asia Pacific ex Japan (Composite)          | 1.88%  | 6.64%  | 11.66% | 20.03% | 20.84%  | 47.38%  |
| FTSE Emerging (Composite)                             | 1.72%  | 5.54%  | 7.22%  | 18.11% | 24.26%  | 39.12%  |
| FTSE Japan (Yen)                                      | 1.28%  | 1.43%  | 10.94% | 16.48% | 38.94%  | 109.98% |
| Brent Crude Spot Price (USD)                          | -2.01% | -8.17% | 8.25%  | 8.57%  | -52.16% | -56.78% |
| LBMA Gold Bullion Spot Price (GBP)                    | 1.74%  | 2.86%  | -2.25% | -1.49% | -3.75%  | -24.21% |

Source: Financial Express

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