SEVENTY
FINANCIAL PLANNING

REVERSAL OF THE BREXIT RATE CUT AND A NEW HEAD OF FED

This week we finally saw a rate rise, putting an end to what feels like years of scepticism on our part that it would ever happen. We remain sceptical overall on the path of future rates and think a lower for longer mindset still persists at the Bank of England. Markets drew many of the same conclusions, and much of the pre-hike excitement evaporated after the details of the decision were made public.

Elsewhere another central bank decision made headlines, when Donald Trump broke with 40 years of tradition and decided not to reappoint Janet Yellen as Chairwoman of the US Federal Reserve. In her place he appointed Jerome Powell who, as is fitting for this US government is both the richest man ever appointed to the post and also the least qualified, being the first ever head of the Fed without an economics degree. Still compared to some of the out-there choices on the President's shortlist, Powell is considered to be the best choice after Yellen and should mostly continue on the same path.

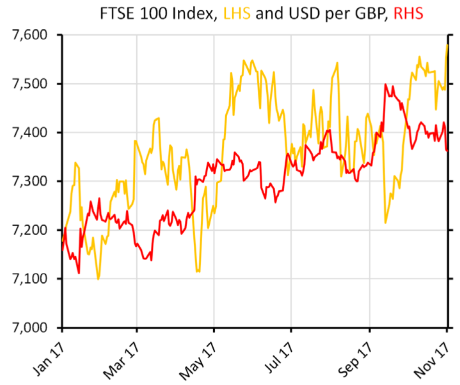
THE MARKETS THIS WEEK

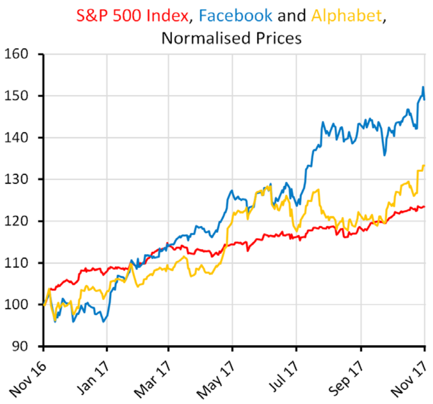
FTSE 100	S&P 500	Nikkei 225	Euro Stoxx 50	Hang Seng	US 10 Yr	UK 10 Yr	Brent Crude	Gold	Wheat	GBP USD
+0.97%	+0.76%	+3.68%	+1.03%	+0.58%	-0.06%	-0.11%	+0.89%	+0.14%	0.00%	-0.57%

UK: THE RATE RISE THAT MADE THE POUND DROP

The Bank of England raised the benchmark interest rate on Thursday, for the first time in ten years following several months of above target inflation. The rate was increased to 0.5 percent from 0.25 percent. The committee commented that future increases will take place only "at a gradual pace and to a limited extent". Markets had been pricing in an 85 percent chance of a hike and yet despite ample warning from the Monetary Policy Committee, the pound dropped. The likely explanation for the drop in the pound is that analysts were hoping for a different tone regarding any future hikes.

Investors bought government debt, pushing up prices, and the benchmark ten-year yield dropped to 1.289 per cent. The FTSE 100 also received a boost as a large proportion of the index's constituent's earnings are in overseas currencies. Elsewhere in the UK, a Brexit update. David Davis admitted this week that Britain's exit deal with the EU "will probably favour the union on things like money". Britain had offered €20bn for the divorce bill however, it is likely the figure will be closer to the €60bn the EU are demanding.





US: MUELLER TAKES ON RUSSIA'S MEDDLING

Robert Mueller filed the first charges following his investigation into Russian links to Trump. The President's former campaign manager Paul Manafort was taken into custody on charges of laundering over $18m from a pro-Russia party in Ukraine. He was charged alongside business partner Richard Gates. Meanwhile, several tech giants are being pressured to explain why they didn't recognise Russia-linked social-media accounts earlier. 150 million Facebook users saw content posted by Russia that attempted to politically divide the US by spreading misinformation and hateful messages.

Meanwhile US equity indices are getting a boost, the tech-heavy Nasdaq Composite index closed at a historical high last week boosted by gains from Amazon, Facebook and Alphabet, which posted strong earnings. Over the last year the S&P 500 tech sector has climbed 35 percent, outpacing all other sectors. The S&P 500 climbed this week following a rebound in oil prices, Brent crude reached above $60 as OPEC suggested a continuation of their production cuts through to the end of 2018.

SPAIN: PUIGDEMONT, A MARTYR FOR CATALAN INDEPENDENCE

Last Friday the Spanish government dissolved the Catalan parliament and announced fresh elections, ousting the separatist leader Carlos Puigdemont. This follows their declaration of independence from Spain after a controversial referendum. Puigdemont travelled to Brussels "to put Spain's territorial conflict in the institutional heart of Europe". A European arrest warrant was subsequently requested by Spain's state prosecutor for Puigdemont and four ex-ministers who failed to show up for questioning on Thursday.

The Bank of Spain commented that if the situation continues to intensify or if it drags on it could reduce Spanish economic growth by 2.5 percent. Spain's manufacturing sector showed signs of continued strength in October. The Purchasing Managers Index, PMI, climbed to 55.8, the highest level since mid-2015. Any number above 50 indicates expansion, while any number below indicates contraction. Analysts had been expecting 54.9, however the recorded level was a significant jump from the 54.3 recorded for September. This boost to the manufacturing PMI has helped drive a sharp rise in hiring, as factories try to meet the increase in demand.