CAMBRIDGE
INVESTMENTS LIMITED

THE **CAMBRIDGE** WEEKLY

7 December 2020

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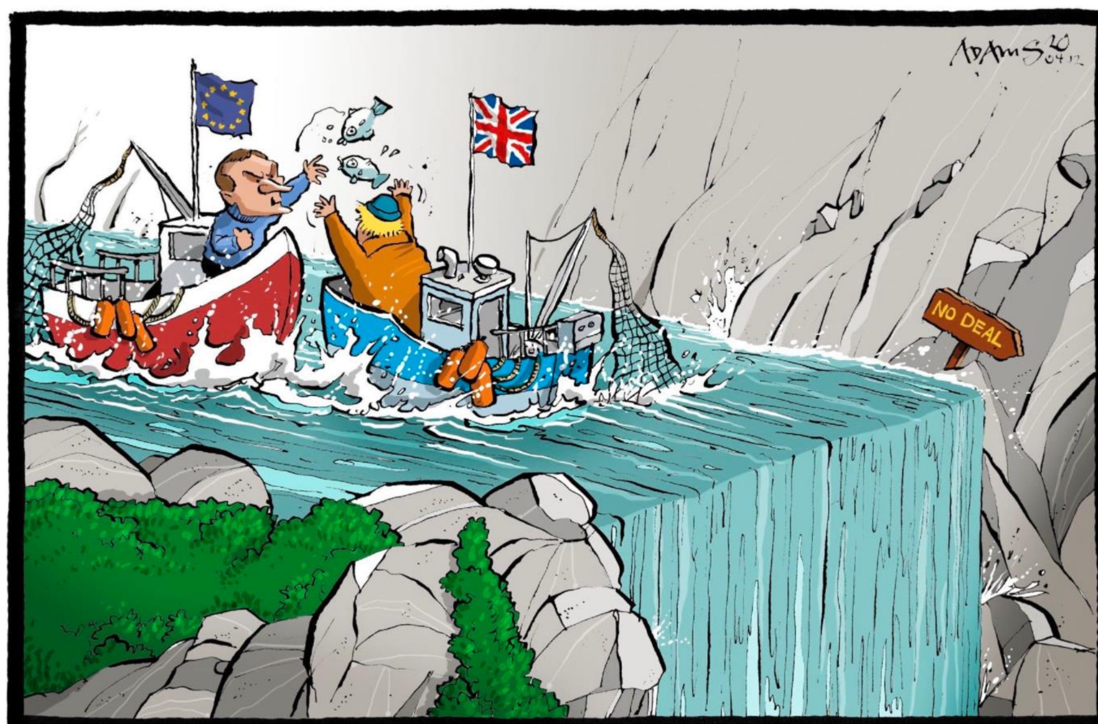


Fish fight, Christian Adams,4 Dec 2020

December concerns over baubles and bubbles

As the world faces up to a not-so-jolly Christmas season, it may be surprising to learn that sentiment across the global economy was reported to be quite strong last week. Admittedly, this is mostly driven by strong manufacturing data and not the services sector, which relies so much more on social proximity. Nevertheless, the current economic environment combined with the announcement of COVID vaccinations becoming an imminent reality (if only for those vulnerable) had markets starting December on an upbeat note. Following the exceptionally strong investment returns in November, it would unrealistic to expect 2020 to close on a traditional 'Santa Rally'. However, if the European Union (EU) and Britain are able to sort out their political – but not economically relevant – differences over fish, state aid and the governance of the envisaged Brexit deal, then at least the UK stock market could be in for another pre-Christmas upwards bounce.

Last Friday there was plenty of 'theatrical noise' emerging from Brexit negotiations, but no sign of the white smoke that businesses on either side of the Channel are so much wanting to see. Persistent rumours reached us that an agreement was imminent, but unlikely before the stock market close, which stores up some volatility for the coming week.

In the absence of a Brexit breakthrough, the news that Britain had become the first country to officially approve the BioNTech/Pfizer vaccine catapulted the UK into the international headlines. Some bragging comments from government politicians evidenced the distinct lack of diplomatic sensitivity of this crop of political leaders, especially since this specific vaccine was not developed by UK scientists. Different national medical bodies are following their own strategies to ensure the wider public's trust in the vaccine. It appears unlikely that longer scrutinising of data – which has now been available for weeks – will offer any further

insight about potential longer-term side-effects (only time will tell), but more haste and less speed may perhaps persuade some citizens to feel more confident in the national vaccination process.

For the UK, what counted was the start of vaccinations as soon as possible, not surprising given Professor Van-Tam's statement that the vaccination of just priority groups (see our UK article) would lead to a 99% reduction in fatalities. The sooner the vulnerable and elderly have the COVID jab, the sooner the wider public can return to a much less restricted life.

The strong rebound of UK equities over November had, in our view, not much to do with hopes for a Brexit deal, but much more the prospect that vaccines will lead to a strong cyclical rebound of economic activity. Everybody will be keen to make up for what was missed during the *annus horribilis* of 2020. This plays to the more cyclical nature of the UK stock markets, heavy with energy, resource and bank stocks, all of whom are highly cyclically sensitive.

This cyclical theme was further enforced during the week. With the US Congress looking increasingly likely to pass an extension of the previously so successful COVID unemployment support programmes – and in anticipation of a broader recovery – oil and commodity prices rose on expectations of higher 2021 demand. This led also to a rise in long maturity bond yields, which was particularly good news for banks. The relative strength of cyclicals, which are more reflective of non-US economies and stock markets, saw capital outflows from the US which increased the downward pressure on the US dollar. Dollar weakness, as we have commented here before, is increasingly linked to accelerating world trade, improving financial conditions worldwide and, as a result, can constitute a formidable growth stimulus around the world.

While this easing of financial conditions tends to encourage central banks to raise interest rates (or at least reduce their current monetary support measures) that particular outcome looks unlikely This means global money supply takes another leg up, just as growth starts to be solid. Should this play out as it usually does, then over the next few months, the term 'bubble' may no longer just apply to the people in your house.

While this year's pre-Christmas season may look distinctly bleak, markets are certainly looking through the extension of partial lockdowns to January (Germany) and the extension of other restrictive measures (UK). But what might go wrong for markets against such a bullish scenario? Well, if central banks decided to step back from their previous promises to keep yields low and buy as many bonds as necessary to make this happen, then a rapid increase in yields could quickly sour market sentiment, as the positive scenario begins to evaporate. Not a likely scenario, but some tightening may be on the cards should economic and market conditions turn 'bubbly' too quickly in 2021.

November review – Santa rally comes early

Asset Class	Index	November	2020 Ytd.	12 months	3-yr rolling annualised
Commodities	Brent Crude Oil Price	22.2	-28.0	-23.3	-8.6
Equities	MSCI Europe ex-UK	13.4	5.3	6.4	3.9
Equities	FTSE 100 (UK)	12.7	-14.4	-12	-1.2
Equities	FTSE4Good 50 (UK Ethical Index)	11.6	-16.6	-14.3	-3.4
Equities	Nikkei 225 (Japan)	9.0	9.1	8.7	2.4
Equities	MSCI All Countries World	8.8	10.2	11.4	9.0
Commodities	Goldman Sachs Commodity Index	8.5	-28.6	-25.4	-8.7
Equities	NASDAQ (US Technology)	8.4	36.0	37.6	22.3
Equities	S&P 500 (USA)	7.5	13.1	13.8	13.7
Equities	MSCI Emerging Markets	5.8	9.4	14.7	4.9
Bonds	£-Sterling Corporate Bond Index	2.0	6.8	6.9	5.6
Inflation	UK Consumer Price Index (annual rate	0.4	0.5	0.5	-
Cash rates	Libor 3 month GBP	0.0	0.5	0.6	0.7
Property	UK Commercial Property (IA Sector)*	-0.4	-3.6	-3.6	-0.2
Bonds	FTSE Gilts All Stocks	-0.5	6.5	5.1	5.1
Bonds	Barclays Global Aggregate Bond Inde	-1.4	6.9	5.0	5.0
Commodities	LBMA Spot Gold Price	-6.6	17.8	20.3	11.4

Data sourced from Morningstar Direct as at 30/11/20. * to end of previous month (31/10/20). All returns in GBP.

When investors look back on the COVID-19 crisis in years to come, and recall what a torrid year it was, November will likely stand out as the second turning point. The arrival of not just one but three vaccines with high efficacy to fight the coronavirus, switched markets from their distinct 'risk-off' mode of October to an even more marked 'risk-on' mood in November, and added fuel to the post-US election rally. Concerns about the near-term economic outlook seemed to all but evaporate. Stock markets spotted the light at the end of the tunnel, with this year's biggest losers gaining the most in November. The MSCI Europe ex-UK and FTSE All-Share indices returned 13.4% and 12.7%, respectively. Meanwhile, the year's star performers, Asia ex-Japan and the US, still managed impressive monthly gains of 8.0% and 7.5%. Global value stocks returned 15.1%, outperforming growth, which returned 10.9%. Within fixed income, it was the riskier high yield and emerging markets that outshone the higher quality markets. November was the best month for the global investment community this year.

Over three successive weeks, investors were greeted by announcements that the Pfizer/BioNTech, Moderna and AstraZeneca/Oxford vaccines had proven their effectiveness. With the first hurdles of efficacy and safety passed by all three, the next question is how quickly the vaccines can be approved, manufacturing

further cranked up and then intelligent vaccination programmes implemented to achieve the biggest positive impact in the shortest period of time. Here it is worth noting the logistical challenges of the 90% effective Pfizer/BioNTech and 95% effective Moderna vaccines, which both require cold storage (at -70°C in the case of the former) and are relatively expensive. The potentially less effective (70%) AstraZeneca/Oxford vaccine can be stored at regular fridge temperatures, and comes at a fraction of the price. With developing world nations having made their largest pre-orders for the AstraZeneca/Oxford vaccine, they stand to benefit from its approval the most.

An end to the virus crisis is now in sight, but the path to recovery may still be marked by volatile markets over the coming quarters, as governments struggle to control the virus at the same time as vaccinating their populations. In Europe, significant restrictions to curb the virus spread look to have been effective, with new infections now falling sharply from their latest peak. In the US, the situation has continued to worsen – just as with the first wave – with new cases continuing to rise and fatalities following. High-frequency activity data shows the stark effect that restrictions in Europe have had in slowing the economy. The question now is whether Europe will once again show the path the US will follow, and whether renewed restrictions, and therefore a decline in services activity, will be needed to contain the virus there as well.

In any case, markets are likely to digest near-term economic developments in the context of better times on the horizon, just as they did this month.

The US election, which had been so nervously anticipated, passed without overly upsetting markets. Unprecedented numbers of mail-in votes were cast as a result of the pandemic, meaning that results remained much less clear for a good while longer than usual, and markets had longer to wait to find out whether Joe Biden would be declared the next president. Despite Donald Trump's ill thought through legal challenges, the transition process from a Trump to a Biden administration is now underway.

Joe Biden's presidency should lead to two major policy changes. First, the incoming president will likely take a more diplomatic – and less isolating – approach to foreign policy, choosing to assert influence in a multilateral way, and avoiding the greater economic costs that tariff measures come with. Second, with the President-elect intending re-joining the Paris Climate Agreement on day one of his administration, the US should reunite with its global peers in the effort to combat climate change. We expect this to help drive the 'green agenda' and shape the policies for global economic recovery in 2021.

The US economic recovery has been strong in recent months, but now there are some signs that it is slowing. Business sentiment surveys (PMIs) for November showed both manufacturing and services activity was improving. Jobs data for October also continued to improve, with the unemployment rate falling one percentage point to 6.9%, albeit at a slower pace than expected. However, the consumer is feeling conspicuously more wary of late, with various confidence measures for November declining.

Meanwhile in the Eurozone, virus restrictions have once again led to a meaningful gap between the paces of recovery in the manufacturing and services sectors of the economy. While businesses are feeling gloomier about the present, their expectations of future activity have increased significantly.

Just as in the US, Eurozone consumer confidence also declined in November. It is now highly likely that the Eurozone economy will suffer a contraction in the fourth quarter. In politics, Poland and Hungary effectively vetoed the EU's recovery fund and seven-year budget, because funding is conditional on upholding the rule

of law. Negotiations are ongoing, but the intervention raises the risk of reduced effectiveness of what constitutes far-reaching fiscal support packages.

The UK government once again followed the European lead, – albeit somewhat behind the curve – and reintroduced restrictions to contain the latest virus outbreak. As a result, the much-feared phasing out of fiscal support was reversed and the furlough scheme extended, as it was recognised that compliance of lockdown rules would be undermined without support measures in place. The Office for Budget Responsibility forecasts government borrowing will hit GBP 384 billion this year, or 19.4% of GDP – a figure not seen since World War II.

Thanks to the efforts of the Bank of England (BoE) to keep gilt yields near zero, the government has been able to continue to finance its much-needed support measures without causing stress to financial markets. With the near-term economic outlook darkened by the latest restrictions, and more government spending needed, the BoE announced it would expand its asset purchase facility by a further £150 billion, £50 billion more than had been expected.

With the vaccine roll-out signalling that 2021 will not mean a repeat of 2020, uncertainty (at least around COVID-19) is beginning to fade. This in turn is brightening the outlook for risk assets, despite the difficult winter ahead for the economy. Across stock markets, November's strong showing from the year's overall 'losers' makes sense, with a gradual return to normality on the horizon rendering them undervalued. As the economic recovery plays out, earnings expectations should continue to recover providing continued support for equities.

Whether the coming months can provide further upside for investors in the UK will depend upon on whether a sensible Brexit deal can be agreed. For the global economy, upside potential rests on whether the recovery will extend to more than just a bounce-back to where 2020 started. We will discuss both in much more detail in our 2021 market outlook, which we will publish next week.

COVID worsening the UK's high street headache

The 'scientific cavalry', as Boris Johnson likes to put it, has arrived. The UK became the first western country to approve a COVID vaccine for mass use, and authorities are wasting no time rolling it out. 800,000 doses of Pfizer and BioNTech's celebrated vaccine are expected to be available this week, with Britain's most vulnerable set to go first, before the remaining 40 million ordered doses are injected into the population over the next year. The government's scientific advisers stress that the virus is still ever-present, and restrictions will have to remain tight for several months, although the UK's Deputy Chief Medical Officer, Professor Van-Tam also said that once all on the priority list had been vaccinated (over 50s and vulnerable groups), 99% of fatalities could be prevented. News of the vaccine roll-out undoubtedly brings respite, and hope that Britain's epidemic will fade as the winter months do.

Pfizer vaccine roll-out timeline

When can we expect a vaccination?

Band 1	Band 2	Band 3
First 10 million vaccines	Second 30 million vaccines	Rest of population

Who is eligible to be in each group?

Group	Who it includes	
1	Older adults resident in a care home and care home workers 1,098,000 (number of people in group)	
2	All those 80 years and over and health and social care workers 5,062,000	First 10 million doses ordered from Pfizer used up
3	All those 75 years of age and over 2,325,296	
4	All those 70 years of age and over 3,318,867	
5	All those 65 years of age and over 3,368,199	
6	All individuals aged 16 years to 64 years with underlying health conditions which put them at higher risk of serious disease and mortality 2,200,000	
7	All those 60 years of age and over 3,755,185	All 40m doses ordered from Pfizer used up
8	All those 55 years of age and over 4,405,908	
9	All those 50 years of age and over 4,661,015	
10	Rest of the population (priority to be determined) 41,599,738	

SOURCE: DHSC

The good news was certainly needed. Along with being one of the worst-hit countries in the world in virus terms, Britain's economy has shrunk by the biggest margin in the G7. And, according to the latest report published by the Organisation for Economic Co-operation and Development (OECD), things are hardly looking up from here. By the end of 2021, the only major economy expected to have worse growth numbers is Argentina. OECD forecasters expect Britain's economy to be 6% smaller at the end of 2021 than it was at the end of 2019. This fall is down to a predicted 11.2% GDP contraction this year, compared with a 10.1% contraction forecast back in September.

If expected growth figures were not sobering enough, last week we had a visceral reminder of COVID's economic fallout. Last Monday, Phillip Green's Arcadia Group – owner of fashion retailers Topshop, Burton, Evans and more – went into administration. Hours later, Debenhams followed suit, bringing its 200-year history to an abrupt end.

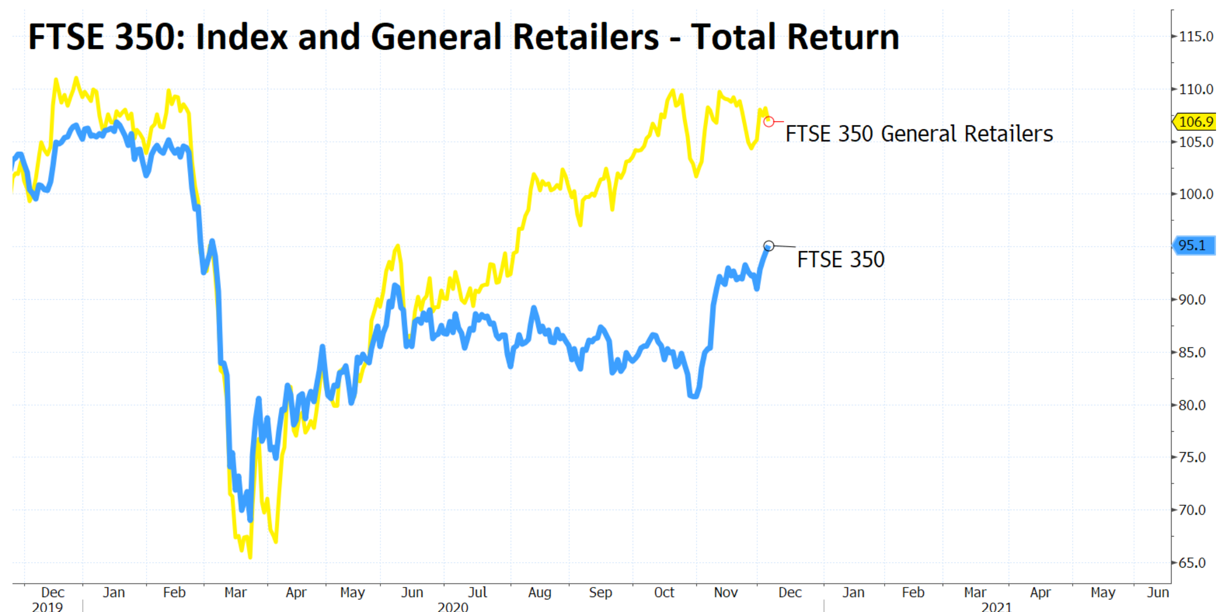
The liquidations close another act in Britain's 'Death of the High street' drama. Few will shed a tear for the scandal-ridden almost-billionaire Phillip Green, but the wider economic impact should not be understated. The Arcadia Group alone has over 400 stores, and the collapse of both companies could lead to around 25,000 job losses. This is not good news for an economy which is still effectively under national restrictions.

COVID will get some of the blame here, but the struggles of both predate the pandemic. ‘Bricks and mortar’ retailers have been under immense pressure for years, faced with fierce online competition, stagnant consumer demand and bloated rental costs. Debenhams is a prime example. After being gobbled up by private equity, the high street chain was saddled with debts and had much of its freehold property portfolio sold then leased back. According to its administrator, Debenhams went into administration with £700 million of secured debt and £200 million of trade creditors.

Whatever hope the company had of finding its feet were dashed once the virus emptied Britain’s streets. “There was a salvageable business in there” said previous Debenhams chair Ian Cheshire. “Then the pandemic blew a hole in the side of it.”

Aside from the hit to employment, the fall of household-name retailers had had a big effect on Britain’s property market. We wrote recently that signs are positive for UK *residential* property, backed by regulatory changes and easy lending standards from the country’s banks. Commercial property, however, is a different story. With restrictions set to remain for the foreseeable future (and psychological ‘scarring’ likely to last much longer) it is hard to be positive about retailing real estate, even if tiered restrictions ease off in 2021. Some of the physical spaces once occupied by Debenhams and Arcadia will be snapped up by competitors, but it is likely many stores will just be left empty. “They’re just too big,” according to one commercial real estate agent. “Most will need rethinking and repurposing once a new normal resumes”.

However, despite the gloomy headlines, the wider UK retail equity market actually saw a significant rally last week. As the chart below shows, the FTSE 350 General Retailers index spiked around the same time as the Debenhams and Arcadia news. Perhaps the demise of these two ‘names’ makes things easier for the rest – particularly if they can capitalise on resurgent demand from a freshly-vaccinated population.



Back to dire pronouncements on the UK economy. The OECD noted that Britain’s slowness to react to the pandemic meant harsh lockdown measures came in more abruptly – and lasted longer – than other

nations in Europe and Asia. A failure to agree a Brexit deal with the European Union (EU), or an early fiscal retrenchment were mentioned as other potential negatives.

The OECD has a mixed record as a forecaster, and its predictions may have slight, if inadvertent, political dimensions. It may be right about the lasting virus impacts, but the probability of a Brexit deal is rising, in our opinion (and was high last week). We also think the UK government is not about to revert to austerity.

And in itself, Brexit can bring advantages, even if those advantages (e.g. a greater flexibility and potential speed of policy implementation) may struggle to counterbalance the drawbacks. To make actual gains from the potential offered by Brexit, we need an agile government, and a responsive private sector.

One area where the UK can be a real leader is in climate change, sustainability, ethical investing, and environmental, social and governance (ESG) issues. The UK's investment managers are awash with liquidity looking for the right assets. There are UK universities and companies' research groups with ideas waiting. There is a huge demand globally for viable solutions, and that will be increased substantially if US President-elect Joe Biden gets his policies underway and the US re-joins the Paris Agreement on climate change.

The UK will host the postponed COP26 summit next year. Ahead of that, on 12 December (and on the fifth anniversary of the forging of the Paris Agreement) a 'climate ambition summit' will be hosted by Boris Johnson and United Nations Secretary-General, António Guterres. Beforehand, Johnson has taken the opportunity to announce an ambitious national target for cutting emissions substantially by 2030. He has the opportunity to encourage UK businesses to take the (much needed) lead in this area.

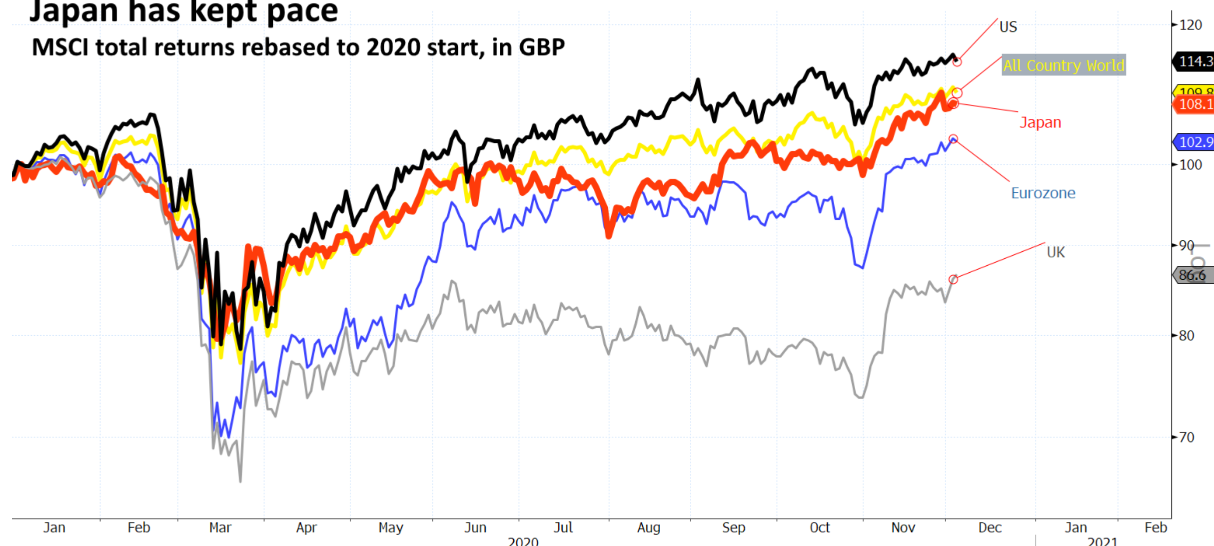
Japan: Lost but now found?

For most of the year, Japan has been hailed as something of a COVID success story. Given its densely populated cities, elderly population and proximity to China – the virus source – it had all the ingredients to be one of the worst affected nations. The reality has been anything but, with only limited spread early on and a relatively tame – certainly by British and European standards – second wave of infections. The spikes in daily cases over the summer and more recently have tempered the success story somewhat, but overall figures are telling: 153,000 reported cases and 2,141 deaths at the time of writing, compared to 1.67 million cases and more than 60,000 deaths in the UK.

Raw figures are not nearly as impressive as how they were achieved, however. Rather than a national lockdown, piecemeal measures and appeals to public sensibility have been the orders of the day. Incredibly, all of this happened even without the extensive testing regime of nearby South Korea.

Japan's methods have had a big impact on the relative experience of its citizens and economy. High-frequency mobility data shows that the drop-off in activity was nowhere near as pronounced as in the UK and Europe, which has been reflected in economic growth data. In the second quarter, Japan's economy contracted 7.8%, compared to drops of 9.7% and 20.4% in Germany and the UK, respectively. The world's third-largest economy even managed to rebound 4.7% in Q3.

This relative success has fed through into Japan's equity markets. In GBP terms, the broad MSCI Japan total return index is +8.1%, only slightly behind the All-Country World index at +9.8%.



Source: Bloomberg, Tatton IM, MSCI

The Nikkei 225, which gets quoted widely, has fared even better, but is one of those problematic 'price-based' indexes that does a poor job of representing investment. Despite having 225 members, the Nikkei 225's top ten stocks have 49% of its influence, but only two are in the (capitalisation based) TOPIX's top ten. Fast Retailing, a Japanese holding company that owns several retail brands, represents a massive 11.8% of the Nikkei, but its weighting in both the TOPIX and the MSCI is only 1.5%.

Japan's stock market is heading back towards the levels touched (but not held) at the start of 2018 and, looking further back, 2007. Although currently 6% shy of a "resistance" level, it looks like the market is ready to test that level. Once it does, Japan will be revisiting the heady days before 1991, before its asset bubble burst and economic and financial stagnation left an indelible imprint.

For now, Japan's post-pandemic prospects – compared to the rest of the world – look brighter than they have for a long time. According to analysts at JP Morgan, the pandemic has brought forward Japanese growth impulses that were previously expected to only happen over three to five years.

As JP Morgan's on-the-ground analysts have observed, a big part of the story is how COVID has forced change upon the country. Recently-retired Prime Minister Shinzo Abe had been pushing for structural changes and modernisation in Japan, but under his successor Yoshihide Suga, this drive has been increasing. The new PM – previously Abe's right-hand man – has brought in a new digital ministry in the hopes of digitising Japan's paper economy, and has also pushed for a big shift toward renewable energy.

The thought of Japan usually conjures futuristic imagery in Western minds, but there are large sections of the country that are still dominated by paper use in money and business (the top five printing and copying businesses are listed in Japan, for example). The move to modernise has been helped by the recent need to minimise physical contact, and Suga wants this trend to continue beyond the pandemic. Cashless payments, online retail, telemedicine and other e-commerce has great potential for growth in Japan.

Japan's government is also keen to defend its position on automation, wary that – without proper investment – it is in real danger of losing out to China and South Korea – as has already been the case with consumer electronics and ship building.

Back in April, one of the big issues was that many of those told to work from home could not do so, as businesses in Japan lacked the technological infrastructure to move away from the office. Simple procedures like stamping documents could only be done in situ, creating logistical headaches and slowing productivity when restrictions hit. Solving these problems will be the main focus of the ministry of digitalisation, which could prove crucial.

Structurally, another positive for Japan is the sea change in corporate governance. Though it has been a slow journey, the country has now arrived at a proper system of dividend and shareholder return policies, as well as encouraging more women and non-nationals on company boards. Before the virus hit, return on equity was greatly improving and, even since then, companies have kept paying dividends (unlike many western counterparts) and continued share buybacks which support share valuation (by reducing the shares in circulation).

Much is made of structural headwinds for Japan, with an ageing risk-averse population and structurally low interest rates. The flipside to this, however, is that in global comparison, Japanese companies tend to do very well in recessionary environments, as they have plentiful cash on their balance sheets. Starting from a position of strength, should even modest improvements on digitisation or investment be made, there is a great deal of potential for growth.

For now, this does not feed into interest rate expectations, with little sign of movement, even over the long-term horizon. Many factors determine interest rates – such as the growth and inflation outlook – but one should also keep in mind that with record indebtedness (240% of GDP), the question remains to what extent the Japanese state would be able to afford higher interest rates (presumably only once nominal growth experiences a sustained and strong rebound). Another element is whether the population chooses to spend its money (which creates demand) or continues to save it. For now, at least, the elderly tend not to borrow (which would lever up consumption), and Japanese companies have strong cash positions – resulting in little or no pressure on credit markets. If growth does come through however, the fact that interest rates will still be pegged down is a positive.

To be sure, any growth that does come will likely be modest; the structural features that have dominated investor sentiment over Japan (an aged and shrinking population), should still prevent it from roaring ahead. But Japan has undoubtedly fared better than most developed nations this year, in economic and health terms. This puts the country in good stead for 2021, we just now need to see how well it can deliver on this promise.

Global Equity Markets

Market	Fri 15:56	% 1 Week*	1 W	Technical: Short	Technical: Medium
FTSE 100	6557.3	+3.0	+189.7	↗	↘
FTSE 250	20162	+3.6	+698.8	↗	→
FTSE AS	3704.8	+3.1	+111.1	↗	→
FTSE Small	6104.3	+3.2	+191.8	↗	↗
CAC	5599.5	+0.0	+1.3	↗	→
DAX	13273.6	-0.5	-62.1	↙	↙
Dow	30142	+0.8	+231.5	↗	↗
S&P 500	3689.6	+1.4	+51.2	↗	↗
Nasdaq	12432.9	+1.9	+227.0	↗	↗
Nikkei	26751.2	+0.4	+106.5	↗	↗
MSCI World	2621.3	+0.8	+19.8	↗	↗
MSCI EM	1239.5	+0.7	+8.7	↗	↗

Top 5 Gainers

Company	%
Rolls-Royce	+21.5
Micro Focus Int'l	+16.5
Antofagasta	+13.9
M&S	+12.6
BT	+11.8

Top 5 Decliners

Company	%
TUI	-10.2
Unilever	-5.9
Sage	-5.3
Wm Morrison	-3.9
Severn Trent	-3.0

Currencies

Pair	last	%1W
USD/GBP	1.348	+1.2
GBP/EUR	0.901	-0.3
USD/EUR	1.21	+1.5
JPY/USD	104.22	-0.2
CNY/USD	6.53	+0.7
Bitcoin/$	18,996	+11.7

Commodities

Cmdty	last	%1W
Oil	49.16	+2.0
Gold	1831.7	+2.4
Silver	24.00	+6.1
Copper	351.0	+3.3
Aluminium	2028.0	+2.6
Soft Cmdties	381.1	-1.1

Fixed Income

Govt bond	%Yield	1 W CH
UK 10-Yr	0.35	+0.07
UK 15-Yr	0.58	+0.08
US 10-Yr	0.98	+0.14
French 10-Yr	-0.31	+0.04
German 10-Yr	-0.54	+0.05
Japanese 10-Yr	0.02	-0.01

Global Equity Market - Valuations

Market	Div YLD %	LTM PE	NTM PE	10Y AVG
FTSE 100	3.3	19.6	21.8	13.8
FTSE 250	1.9	17.2	27.4	15.0
FTSE AS	3.1	19.0	22.7	14.0
FTSE Small x Inv_Tsts	2.1	15.9	-	15.7
CAC	1.9	22.5	28.8	14.3
DAX	2.7	22.8	19.8	13.1
Dow	2.1	22.1	24.7	15.8
S&P 500	1.6	26.6	26.2	16.8
Nasdaq	0.7	37.3	32.4	19.1
Nikkei	1.6	27.8	25.5	17.2
MSCI World	1.9	25.3	25.1	15.9
MSCI EM	2.0	19.7	19.4	12.2

UK Mortgage Rates

Mortgage Rates	Oct	Sep
Base Rate Tracker	1.50	1.50
2-yr Fixed Rate	1.85	1.79
3-yr Fixed Rate	2.00	1.92
5-yr Fixed Rate	2.02	1.97
10-yr Fixed Rate	2.50	2.48
Standard Variable	3.63	3.59

* 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

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