

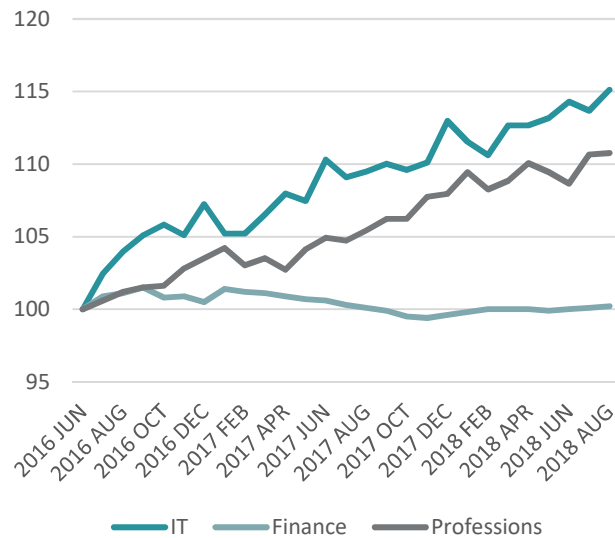
ECONOMIC SIGNPOSTS

October 2018: The three key charts of the month

This note should be read in conjunction with: UK Key Indicators | UK Capital View | Monday Note | Proponomics

1 UK GDP – tech surge

ONS: GDP index from June 2016 for key industry sectors



- GDP grew by 0.7% in the three months to August - confirming the economy rebounded over the spring and summer.
- Tech and media industries remain growth engines, likewise the professions.
- Finance growth is relatively stagnant, and office demand has evolved accordingly.

2 Stock market rollercoaster

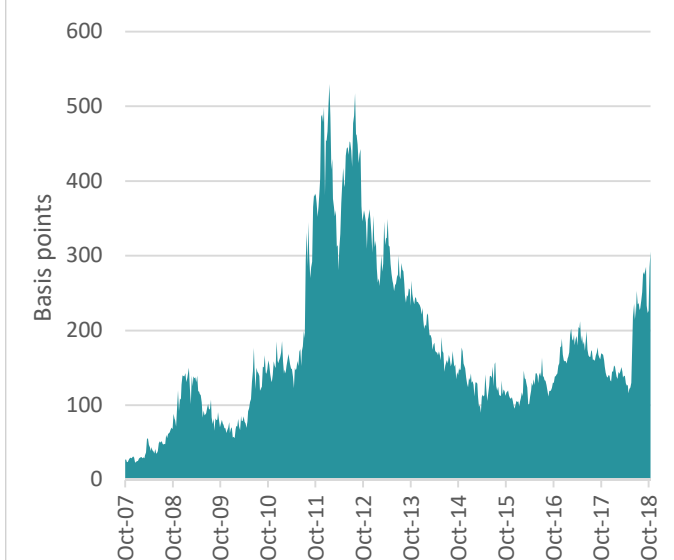
Reuters: Price to earnings ratio for the FTSE All Share index



- Global stock markets have tumbled over fears on tech share values, and global growth.
- How stretched values are varies from one index to the next – FTSE All Share is trading 12 times earnings (average = 16).
- We believe investors have taken profits, but will now rotate towards cheaper equities.

3 Chill in the Euro Area

Reuters: The spread between Italian versus German 10 year government bonds



- The spread between the Italian bond yield over its German equivalent has widened.
- This reflects the uncertainty surrounding whether the new Italian budget meets criteria for Eurozone membership.
- The uncertainty surrounding the bloc has not gone away.