

Week in review

Week ending 20 April 2018

Key highlights

1. Spring in step
2. Oil and Metal on the up
3. A busy week for resignations ...
4. ... and for corporate activity
5. And finally

Spring in step

Equity investors enjoyed the spring sunshine this week. The S&P 500 was up 1.4% by Thursday's close. The FTSE 100 and the FTSE World Europe ex UK indices gained 1.0% and 1.2%, respectively.

Despite the clement weather, it was a less sunny week for politicians on both sides of the Atlantic. In the UK, Theresa May's government came under fire from all sides for the Windrush scandal, in which people resident in Britain for 50 years were threatened with deportation. Meanwhile, President Macron of France talked of a "fascination with illiberalism" and "a certain European civil war". In the US, President Trump faced flak from James Comey, the ousted director of the FBI, while Trump's attorney was in court after files were seized in an FBI raid on his office. All of this played out against a backdrop of tense relations with Russia, which was angered by the Western powers' strike on Syrian chemical facilities at the weekend.

Oil and metal on the up

But although the geopolitical tensions left the world's equity investors largely unruffled, the story in the commodity markets was rather different. Sanctions imposed by the US on Russia's Rusal, the world's second-largest aluminium producer, have driven up the prices of both aluminium and alumina. There has been a knock-on effect on the prices of other metals, such as palladium and nickel, on fears that other Russian commodity firms could be hit by further sanctions.



As the prices of its commodities soared, Rusal's share price plummeted on Monday, when the company was largely cut out of US and European Union-based trading. Mining stocks listed elsewhere were boosted by the higher prices, however.

Metals weren't the only commodities on the up. The oil price reached its highest level since November 2014. Again, geopolitics lay behind the move, as the strikes on Syria prompted fears of constrained supply from the Middle East.

A busy week for resignations ...

The business world indulged in a spot of spring-cleaning over the week. On Monday, Martin Sorrell's departure from WPP caused a sharp sell-off in the share price of the advertising giant. Mr Sorrell resigned as chief executive over the weekend, following an investigation into allegations of misconduct. The nature of the alleged misconduct is not known – and Mr Sorrell has denied any wrongdoing. The lack of his involvement in the appointment of a successor alarmed investors, who were already jittery ahead of the company's earnings announcement at the end of this month.

Another FTSE 100 component, Marks & Spencer, also shed a senior executive this week. Board member Patrick Bousquet-Chevanne, the executive director of customer, marketing and M&S.com, is to leave the company after six years. His exit is just one of the changes instigated by Archie Norman, the new chairman. Marks & Spencer also announced the closure of a distribution centre near Warrington, putting more than 400 jobs at risk. Investors responded positively to both developments; the company's share price was up 3.2% by Thursday's close.

Please talk to your financial adviser for more information.

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... and for corporate activity

There was no shortage of corporate activity this week, though not all of it was successful. In the UK, Melrose Industries' bid for engineering firm GKN looked set to avoid referral to the Competition and Markets Authority. Ministers are likely to seek guarantees that Melrose will not sell off GKN's defence-related businesses, however.

On Thursday, Shire, the FTSE-listed Irish pharmaceuticals group, rejected a £42.3 billion takeover bid from Japan's Takeda. A competing offer from Allergan was expected, but the US botox manufacturer pulled out at the end of the week. Shire's shares slumped on the news.

And finally...

He's short, hairy and lives in Lanarkshire. And he doesn't like to be messed about. No, not some stereotypical Scotsman, but that truculent garnisher of sporrans, the badger.

Scotland's Cragneithan Castle had to contend last week with what staff described as a "very angry badger". In a scenario reminiscent of *The Wind in the Willows*, the black-and-white beast moved into the sixteenth-century castle's cellar tunnel. Attempts to lure him out with cat food and honey proved unsuccessful.

This striped squatter wasn't to be, ahem, badgered into leaving. And while he remained in the tunnel, sections of the castle to be closed to visitors. Although the malcontent mustelid eventually left at the weekend, the tunnel remained closed as staff strove to repair the damage done by his claws.

Game, sett and match to Brock!