



Global Overview

- Equity markets advanced last week on the back of a fall in the oil price and some mixed corporate data.
- Oil prices hit a record high of over \$58 a barrel before falling back to \$54 by the end of the week, as increased production from OPEC boosted inventories in the US.
- In Europe, the EU Commission cut its estimate for eurozone growth for 2005 to 1.6% from 2%. The Commission cited high oil prices and the strength of the euro for its downward revision.
- The European Central Bank kept interest rates on hold at 2% due to continued weak eurozone economic data. In the UK, the Bank of England also kept rates on hold at 4.75%.
- On currency markets, the US dollar firmed to \$1.29 against the euro due to its improving interest rate differential against the eurozone.

Market	Index	Year to Date Return 31.12.04 to 08.04.05		1 Week Return 01.04.05 to 08.04.05	
		Local Currency %	Euro %	Local Currency %	Euro %
US	S & P 500	-2.5	2.2	0.7	0.5
US	NASDAQ	-8.1	-3.6	0.7	0.5
Europe	FT/S&P Europe Ex. U.K.	5.7	5.7	1.2	1.2
Ireland	ISEQ	-0.8	-0.8	2.0	2.0
UK	FTSE 100	3.5	6.7	1.4	1.4
Japan	Topix	4.5	3.7	1.3	0.3
Hong Kong	Hang Seng	-4.0	0.4	1.3	1.1
Australia	S&P/ASX 200	2.8	6.3	0.7	0.7
Bonds	Merrill Lynch Euro over 5 year Govt.	1.8	1.8	-0.1	-0.1

Equities



USA

- US equity markets had mixed performances on the back of decline in the oil price and other commodity prices.
- Walmart's sales for March were lower than expected, as were sales for other retailers.
- In the healthcare sector, Pfizer announced bigger than expected cost saving actions and this had a positive impact on the sector.
- Energy stocks underperformed on the back of the oil price and healthcare stocks outperformed due to the Pfizer announcement.
- Dell reaffirmed guidance at their analyst meeting and the stock rose 0.4% on the week.



Europe

- European equities finished higher on the week. Oil and gas stocks were the best performers followed by the health care and the food & beverages sectors.
- The auto sector underperformed while technology and insurance stocks were also relatively weak.
- Companies such as Allied Domecq and British Energy performed well.



Europe

- Allied Domecq, the world's second largest liquor company, was strong as Pernod-Ricard and Fortune Brands announced an acquisition bid for the company. The Italian insurer Ras SpA stock fell as its influential CEO left to join San Paolo IMI to head up their insurance unit.



Ireland

- The ISEQ index increased by almost 2% as companies such as United Drug performed strongly over the week. The stock gained on the back of an upgrade from Goodbody Stockbrokers.
- Financial stocks also performed well while C&C was helped by news of consolidation in the drinks sector.



Pacific Basin

- Asian equities advanced last week as a drop in the price of oil eased growth and inflation fears. Exporters were some of the biggest gainers.
- Japanese real estate stocks also rose as office vacancies in Tokyo fell again.
- Thai equities fell after a series of bomb attacks in the Muslim dominated south of the country unnerved investors; consumer confidence in the country fell to a 2 year low.

Eurozone Bonds

- In a quiet week for economic news, eurozone bond prices slipped a marginal 0.1%.
- As expected, the ECB kept interest rates on hold again due to continued subdued economic data from the eurozone. Jean Claude Trichet, the president of the ECB, noted that there had been no discussion of an interest rate hike at the meeting.

Global Outlook

- Activity in the global economy remains reasonably strong, although the forward indicators suggest some slowdown over coming months. The effects of the continued high level of oil prices seem limited to date, but policymakers remain vigilant.
- We have said for some time that inflation data will remain central to the Fed's policy actions over coming months. The Fed has heightened its inflation concerns somewhat, leading markets to now anticipate short rates at 4% by end year, from 2.75% currently.
- The ECB remains on hold with rates at 2% and inflation projections which are still benign. Recently it has voiced concerns over rising property prices, generous financial liquidity conditions and the level of government borrowings. On balance however, it is still likely that low ECB rates and well-behaved eurozone inflation can remain supportive of eurozone bonds.
- Equity market returns have been quite varied so far this year. The US market remains sluggish, continuing to lag better-performing European and Asian markets. Within most markets the technology sector has been an under-performer for a number of months. For 2005, global profit growth is expected to be around 10%, providing an underpinning to equity markets.
- Currently, the funds are neutral to slightly overweight both bonds and equities versus the manager average. Sector-wise the funds remain overweight in financials and general industrials; resources have been added to after some profit-taking while some defensive sectors have been increased. In geographical terms, the funds continue to be neutral the UK and Japan, underweight the US, while overweight Europe and the Pacific Basin.