



Global Overview

Good week for equity markets

Equity markets made strong gains last week driven by comments in the Federal Reserve policy minutes which gave strong indications that the next rise in US rates may be the last in the current cycle.

Oil price hits new record

Oil prices rose 4% on the week to a new record of \$74 per barrel. The threat to Iran's oil output caused by concerns over its nuclear ambitions as well as bomb attacks on oil targets in Nigeria drove prices higher.

Metal prices continue to rise

Metals such as silver and gold experienced a bout of profit taking on Thursday. However, they recovered on Friday and silver is up 46% year to date. Metals such as copper and nickel hit record highs.

US dollar under pressure

The US dollar fell 2% to \$1.23 against the euro as the interest rate differential between the US and Europe looks set to narrow. Investor focus also seems to be turning back towards the US current account deficit which is negative for the dollar. The euro is up 4.6% against the US\$ this year.

Market	Index	Year to Date Return		1 Week Return	
		31.12.05 to 21.04.06		14.04.06 to 21.04.06	
		Local Currency	Euro	Local Currency	Euro
		%	%	%	%
US	S&P 500	5.1	0.8	1.7	-0.1
US	NASDAQ	6.2	1.9	0.7	-1.1
Europe	FT/S&P Europe Ex. U.K.	10.5	10.5	2.3	2.3
Ireland	ISEQ	7.2	7.2	0.5	0.5
UK	FTSE 100	9.2	8.5	1.7	1.6
Japan	Topix	6.5	3.0	0.7	0.3
Hong Kong	Hang Seng	13.7	9.1	2.9	1.1
Australia	S&P/ASX 200	10.2	7.3	1.4	1.8
Bonds	Merrill Lynch Euro over 5 year Govt.	-4.8	-4.8	0.2	0.2

Equities



USA

Overview

US equities rallied last week on the back of robust corporate earnings and the expected end to US interest rate tightening.

Key Movers

Upbeat corporate earnings – There were healthy earnings results from a number of companies including Merck and Apple Computers.

Google – The technology giant jumped 10% to \$443 after delivering a strong set of quarterly earnings to the market.

Dell – Shares in Dell fell almost 4% following stock downgrades from Citigroup.



Europe

Overview

European stocks had a good week on the back of strong corporate earnings.

Key Movers

Fortum – The Finnish utility group rose due to expectations that electricity prices will boost earnings.

Nokia – The telecoms giant rose 7% when it delivered better than expected results. Rival Ericsson lost 10% when it announced flat profits and pressures on operating margins.



Ireland

Key Movers

AIB – AIB had a good week on the back of solid earnings from subsidiary M&T Bank.

Ryanair – Ryanair had a difficult week due to the impact of higher oil prices. The share was down over 4% on the week.



Asia Pacific

Australian mining stocks

The Australian market hit highs last week due to strong returns on mining stocks in particular. BHP Billiton rose 3%.

Hong Kong property stocks

Property stocks helped the Hong Kong market last week as optimism over US interest rates had a knock on effect. Hong Kong interest rates are closely correlated with US interest rates.

Bonds

Bond markets steady

Bond prices steadied last week following a number of difficult weeks. Prices were helped by the release of minutes from the Federal Reserve's last meeting. The minutes indicated that the next rate rise in the US is likely to be the last.

Inflation jitters

However, an unexpectedly strong rise in the US consumer price index on Wednesday and strong global commodity prices stemmed any major price rises.

Global Outlook

- Growth expectations remain at very high levels with global GDP now expected to expand by 3.7% in 2006, slightly above last year's figure of 3.6%. Surging commodity prices remain a key focus of the major central banks.
- After the Fed's 15th consecutive hike to 4.75%, investors are focused on any indications that this rate cycle will either pause or peak out. Currently rates are expected to reach 5% - 5.25% by mid year.
- Following the most recent ECB rate hike to 2.5%, investors expect rates to be raised to over 3.25% by year end. Despite moderate inflation in the eurozone, rising short rates and less than expected demand from pension funds has kept bond prices under some pressure.
- Equity markets remain reasonably supported by a strong earnings' background and favourable valuations relative to bonds; high oil prices and tighter liquidity conditions from higher interest rates should constrain the upside to markets. The gradual ending of super-easy money policies in Japan continues to deserve attention because of its potential negative impact on various asset classes.
- Currently, the funds are close to neutral in bonds and slightly overweight in equities versus the manager average. Sectorwise, the funds are overweight industrials and financials while underweight some of the defensive areas, like telecoms. Geographically the funds are underweight Ireland and North America. The UK, Europe, Japan and Pacific are overweight.