

Central Bankers continue balancing act

Weekly Snapshot



World Equities
Sovereign Bonds
Corporate Bonds



Oil
Copper
Gold

Week in Review

- Central Banks took centre stage last week, with **key guidance for the rest of 2018 emanating from both sides of the Atlantic**. The US Federal Reserve increased rates by 25bps (0.25%), as forecasted, and also signalled that another two rate hikes could be expected in 2018.
- The **ECB also announced a policy shift** in extending the QE programme for another three months until the end of 2018 – although notably reducing the amount of bond purchases from €30bn per month to €15bn. However, President Draghi simultaneously **pushed out rate hike expectations to Q319**, which buoyed both equity and bond markets whilst sending the euro lower against the dollar.
- The **White House announced \$50 worth of potential tariffs on China**, giving an indication that the ‘trade war’ rhetoric is likely to be in focus for markets going forward. Latin American markets also came under some pressure, with **assets in Brazil and Argentina losing value** due to a myriad of economic policy issues.

	1 Week Return 08.06.18 to 15.06.18		Year to Date Return 31.12.17 to 15.06.18	
	Local Currency %	Euro %	Local Currency %	Euro %
Global (euro)	1.0%	1.0%	5.5%	5.5%
US	0.0%	1.4%	4.0%	7.7%
Europe	1.4%	1.4%	-0.9%	-0.9%
Ireland	0.0%	0.0%	1.3%	1.3%
UK	-0.6%	-0.2%	-0.7%	1.0%
Japan	0.4%	0.8%	-1.6%	3.8%
Hong Kong	-2.1%	-0.8%	1.3%	4.5%
Bonds	1.6%	1.6%	0.5%	0.5%

The **global index** rose during the week, bringing the year-to-date gain to 5.5%, **Oil** was broadly flat, closing just above \$65 per barrel. **Gold** was

lower, down 1.5% in dollar terms, whilst **Copper** also lost value during the week. The **ten year US bond yield** finished the week at 2.92%

from 2.95%. The **German equivalent** closed at 0.40%. The **EUR/USD** rate finished at 1.16, whilst **EUR/GBP** was at 0.87.

The Week Ahead

Wednesday 20 June	Friday 22 June	Friday 22 June
A host of central bankers will speak at the ECB Central Bank Forum in Portugal, including President Draghi and Fed Chair Powell.	June composite PMI data for Europe is expected to decline slightly to 53.5 from 53.8, which still indicates a continuing expansion.	OPEC meets in Vienna to potentially negotiate a further production agreement between the bloc of oil producing countries.

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