

Trade talks continue to weigh on markets

Weekly Snapshot



Sovereign Bonds
Corporate Bonds
Oil



World Equities
Copper
Gold

Week in Review

- The potential for a **US-China trade war dominated markets** last week, as equities sold off amid the continuing rhetoric. The **Chinese Renminbi also came under pressure** as Chinese central bankers cut the Reserve Requirement Ratio on the back of concerns over the Chinese economy.
- The **US dollar continued to appreciate against a basket of peers**, particularly against emerging market currencies, which have been caught right in the middle of the US-Chinese spat. The US dollar was also **helped by a slew of positive economic releases** including solid labour market data, and steadying inflation expectations.
- Political risk remained a focus in Europe as **Angela Merkel** attempts to build a consensus position on the migrant crisis, both domestically and with key eurozone allies whilst the pressure on **Theresa May** continues to be ramped up as the Brexit negotiations enter a key phase.

	1 Week Return 22.06.18 to 29.06.18		Year to Date Return 31.12.17 to 29.06.18	
	Local Currency %	Euro %	Local Currency %	Euro %
Global (euro)	-1.5%	-1.5%	2.8%	2.8%
US	-1.3%	-1.6%	1.7%	4.7%
Europe	-1.3%	-1.3%	-3.7%	-3.7%
Ireland	-1.7%	-1.7%	-0.8%	-0.8%
UK	-0.6%	-1.3%	-0.7%	-0.2%
Japan	-0.8%	-1.7%	-4.8%	-0.4%
Hong Kong	-1.3%	-1.6%	-3.2%	-0.8%

The **global index** fell 1.5% last week to pare back gains for the first half of the year to 2.8%. **Oil** closed up strongly at just over \$74 per barrel on the back of supply concerns centering on the potential for sanctions against

Iran. **Gold** continued its recent slide and closed the week at \$1,253 per troy ounce. **Copper** also slipped during the week and is now down over 10% so far in 2018.

The **ten year US bond yield** finished the week at 2.86%, helped by the prevailing 'risk off' sentiment. The **German equivalent** closed at 0.30%.

The Week Ahead

Thursday 5 July	Friday 6 July	Friday 6 July
The minutes of the June FOMC meeting are released, which may provide further insights into the reasoning behind the most recent rate hike.	US non-farm payrolls go to print, and are expected to come in at 198,000, with the unemployment rate holding steady at 3.8%.	US Manufacturing PMI data for the month of June is released, with the data expected to come in at 58.3, signaling the continuing expansion of the US economy.

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