

# Markets volatile on trade talks and political pressures

## Weekly Snapshot



Copper



World Equities

Sovereign Bonds

Corporate Bonds

Oil

Gold

## Week in Review

- **Italian political developments** dominated markets last week, as negotiations traded back and forth between the coalition government and the President. **Risk dissipated somewhat later in the week**, as a more moderate Finance Minister was proposed. However, **volatility flared in Spain** as Prime Minister Rajoy was ousted in a no-confidence vote.
- Trade tensions also flared as no eleventh hour trade deal materialised in relation to **steel and aluminium tariffs** on US imports from EU, Canada, and Mexico – and will be sure to be a key talking point as the G7 meets later in the week.
- However, **US stocks got a boost** from a better-than-expected **May jobs report** with 223,000 jobs added, much higher than the 12 month average of 191,000. **Unemployment** also edged down to an **18 year low of 3.8%**.

	1 Week Return 25.05.18 to 01.06.18		Year to Date Return 31.12.17 to 01.06.18	
	Local Currency %	Euro %	Local Currency %	Euro %
Global (euro)	-0.2%	-0.2%	4.1%	4.1%
US	0.5%	0.4%	2.3%	5.4%
Europe	-1.3%	-1.3%	-1.9%	-1.9%
Ireland	0.2%	0.2%	2.1%	2.1%
UK	-0.4%	-0.2%	0.2%	1.9%
Japan	-1.3%	-1.5%	-3.8%	2.0%
Hong Kong	-0.3%	-0.4%	1.9%	4.6%
Bonds	-0.2%	-0.2%	0.2%	0.2%

The **global index** closed lower last week, as negative price action in Europe offset gains in the US.

Commodities were broadly lower for the period as **oil** fell for the second week in a row, on the back of rising

US output. **Copper** bucked the trend and was up 0.7% in dollar terms.

The **ten year US bond yield** finished the week at 2.90% from 2.93% as prices (which move inversely to yields) rose, on the back of risk aversion early in the week, although these gains

were partly erased by the good economic data releases on Friday.

The **EUR/USD** rate finished at 1.17, whilst **EUR/GBP** was at 0.87.

## The Week Ahead

Tuesday 5 June	Thursday 7 June	Friday 8 – Saturday 9 June
UK Services PMI data goes to print, where the consensus expects the index to edge up slightly to 52.9 from 52.8.	There is no change forecast as the final eurozone GDP data for Q1 is released, with the quarter-on-quarter growth rate to be confirmed at 0.4%.	Trade tariffs are likely to dominate at the G7 Summit in Quebec, with US Commerce Secretary Wilbur Ross to face some tough questions from his peers.

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