

Modest recovery continues in equity markets

Weekly Snapshot



World Equities

Oil



Sovereign Bonds



Gold

Week in Review

- **US economic data surprised** to the upside on Friday with GDP growth for Q4 2015 revised upwards from 0.7% to 1%, versus a consensus expectation of a downward revision to 0.5%. The market expectations of further Fed hikes in 2016 jumped on the back of this; but remain lower than at the turn of the year.
- Comments from the Saudi oil minister which dampened expectations for a production cut were offset by Kurdish pipeline issues and **generally more positive sentiment**. However headwinds to higher oil prices still persist and supply issues remain, despite recent production freeze agreements.
- Sterling continued to slide against its major cohorts during the week as **uncertainty over Brexit issues gathered pace**. Although the FTSE 100 has a wider international exposure, currency fluctuations should remain a heightened consideration for international investors.

| | Index | 1 Week Return 19.02.16 to 26.02.16 | | Year to Date Return 31.12.15 to 26.02.16 | |
|---------------|---------------------------|---------------------------------------|--------|---|--------|
| | | Local Currency % | Euro % | Local Currency % | Euro % |
| Global (euro) | FTSE World (total return) | 2.7 | 2.7 | -6.6 | -6.6 |
| US | S&P 500 | 1.6 | 3.4 | -4.7 | -5.2 |
| Europe | FT/S&P Europe Ex. U.K. | 1.8 | 1.8 | -9.4 | -9.4 |
| Ireland | ISEQ | 1.9 | 1.9 | -8.1 | -8.1 |
| UK | FTSE 100 | 2.5 | 0.5 | -2.3 | -8.5 |
| Japan | Topix | 1.5 | 2.1 | -15.3 | -10.4 |
| Hong Kong | Hang Seng | 0.4 | 2.2 | -11.6 | -12.4 |
| Bonds | Merrill Lynch Euro over 5 | 0.7 | 0.7 | 4.1 | 4.1 |

The **global index** (in euro terms) rose 2.7% last week to deliver gains for the second week running. The US S&P 500 Index also saw a positive return of 1.6%, with Euro weakness once again adding to returns for Irish investors.

The FTSE ended the week up 2.5% but it is worth noting the impact of

the weaker Sterling, with the return pared to 0.5% for Euro investors. **Ireland** outperformed Europe on a relative basis with a return of 1.9% versus 1.8% for Europe ex UK.

Eurozone **bond** prices in general were up 0.7% German 10 year yields fell five basis points to 0.15, with the Irish equivalent following suit from 0.95 to

0.90; with the spread maintained in advance of the Irish election. US Treasuries were little changed on the week.

Oil remains down over 10% year to date but did post a strong Euro return of 10.6% for the week as the market shrugged off comments from the Saudi oil minister.

The Week Ahead

| Tuesday | Wednesday | Friday |
|--|--|---|
| Eurozone and UK manufacturing PMI are both released on Tuesday morning. With readings expected in the Eurozone of 51 (prev. 52.3) and UK of 52.38 (prev. 52.9) respectively. | The Fed's 'Beige Book' is due out at 2pm (EST). The Fed gathers anecdotal information and publishes it by district. This should help provide further information on the current state of the US economy. | US nonfarm payrolls will be released, with the consensus forecast for an increase to 203k (previous 151k). The unemployment rate is also expected to remain constant at 4.9%. |

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