

Equities remain under pressure ahead of US election

Weekly Snapshot



Industrial Metals

Gold

Sovereign Bonds



Oil

World Equities

Corporate Bonds

Week in Review

- Equities remained under pressure as **markets continued to fixate on the possibility of Donald Trump being elected US President**. Although betting markets and polls still forecast a Clinton win, the shock of the Brexit result remains to the forefront of investor's minds.
- As expected, there was **no policy change from the Federal Reserve** at the FOMC's November meeting, however inflation forecasts were raised. This, coupled with a positively received October jobs report, strengthens once again the case for a December rate hike.
- Both the Bank of England and the Bank of Japan also left policy unchanged at their respective November meetings. **In the UK the Monetary Policy Committee has reigned in talk of loosening policy**, on the back of stronger than expected post Brexit vote economic data. Elsewhere there was good PMI data emanating from both the eurozone and China, where the manufacturing sector expansion hit a 27 month high.

	Index	1 Week Return 28.10.16 to 04.11.16		Year to Date Return 31.12.15 to 04.11.16	
		Local Currency %	Euro %	Local Currency %	Euro %
Global (euro)	FTSE World (total return)	-3.5%	-3.5%	0.7%	0.7%
US	S&P 500	-1.9%	-3.3%	2.0%	-0.3%
Europe	FTSE Europe Ex. U.K.	-3.9%	-3.9%	-8.9%	-8.9%
Ireland	ISEQ	-0.2%	-0.2%	-12.9%	-12.9%
UK	FTSE 100	-4.3%	-3.2%	7.2%	-11.1%
Japan	Topix	-3.3%	-3.1%	-12.9%	-0.1%
Hong Kong	Hang Seng	-1.4%	-2.8%	3.3%	0.9%
Bonds	Merrill Lynch Euro over 5	0.1%	0.1%	6.5%	6.5%

The **global index fell over 3% in euro terms** last week, with all of the major markets down as a stronger euro also weighed on Irish investors.

Oil was down over 9% and is now hovering near a three month low as

doubts over OPEC's ability to cut a deal continue to linger.

Gold started the week strongly on the back of safe haven sentiment before tapering off towards the end of the week, to finish up 2.3%. Pre-election

moves into **German and US bonds saw yields fall as prices rose**. Finally, despite the increase in December rate hike expectations, the US dollar was weaker during the week as the EUR/USD rate closed at 1.11, from 1.10 a week ago.

The Week Ahead

Tuesday 8 – Wednesday 9 November

All eyes will be on the US as the electorate go to the polls to decide the next president. Exit polls are expected midnight Irish time, with a result expected before European markets open on Wednesday morning. Whilst there are large deviations in market forecasts, the general consensus is that an unexpected Trump victory would be negative in the short term, whilst a win for Clinton would see a more muted upside reaction.

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