

Equities rally as bonds fall on the back of Trump election

Weekly Snapshot



Industrial Metals

World Equities



Corporate Bonds

Gold

Sovereign Bonds

Oil

Week in Review

- Investment markets were dominated by **the election of Donald Trump** as the new President elect of the United States. The Republican Party also maintained control of both the Senate and the US House of Representatives, as Trump defied pollsters who had predicted Hillary Clinton to win.
- Recovering from an initial shock, **equities finished the week strongly** as investors were buoyed by the prospect of increased US government spending, tax cuts, and the potential for an easing of the regulatory burden for corporates.
- Developed world **sovereign bonds saw a sharp sell off** as inflationary fears rose to the surface. Yields on ten year US treasuries rose above 2% for the first time since January, and there is still the expectation of a rate hike by the Federal Reserve at its December meeting. Emerging market equities and currencies also came under pressure last week, on the back of the expectation of more protectionist trade policies from a Trump administration.

	Index	1 Week Return 04.11.16 to 11.11.16		Year to Date Return 31.12.15 to 11.11.16	
		Local Currency %	Euro %	Local Currency %	Euro %
Global (euro)	FTSE World (total return)	4.3%	4.3%	5.1%	5.1%
US	S&P 500	3.8%	6.5%	5.9%	6.0%
Europe	FTSE Europe Ex. U.K.	2.2%	2.2%	-6.9%	-6.9%
Ireland	ISEQ	5.0%	5.0%	-8.5%	-8.5%
UK	FTSE 100	0.6%	3.8%	7.8%	-7.7%
Japan	Topix	2.3%	1.5%	-10.9%	1.3%
Hong Kong	Hang Seng	-0.5%	2.1%	2.8%	2.8%
Bonds	Merrill Lynch Euro over 5	-2.6%	-2.6%	3.7%	3.7%

The **global index** rose 4.3% last week in what was a volatile week of trading in the aftermath of the US election.

Oil slipped 1.5% but remains up over 17% year-to-date. Gold fell heavily by nearly 6% during the week and closed at \$1227/oz; silver followed suit and

was down 5.7%. Copper rose strongly, returning 10.8% on the expectation of increased infrastructure spending in the US. **The 10 year US treasury** yield closed at **2.15%**, from 1.78% a week ago, on the back of the aforementioned fiscal stimulus

expectations. The **10 year German equivalent** also rose, and closed the week with a yield of 0.31%. **The euro weakened** against the dollar and sterling, which added to returns for Irish investors with holdings in these jurisdictions.

The Week Ahead

Tuesday 15 November	Wednesday 16 November	Thursday 17 November
Eurozone GDP growth for Q3 is expected to be confirmed at 0.3% (quarter-on-quarter) and 1.3% (year-on-year).	The UK unemployment rate is expected to tick up to 5%, from a reading of 4.9% in August.	US inflation figures are released where the consensus is for a month-on-month rise of 0.4%, and a year-on-year rise of 1.5%.

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Warning: The value of your investment may go down as well as up.
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