

Markets cautious in advance of US Presidential Inauguration

Weekly Snapshot



Gold



World Equities

European Corporate Bonds

Industrial Metals

European Sovereign

Bonds

Oil

Week in Review

- Markets struggled to find direction in the week leading up to the **inauguration of Donald Trump**, and some of the uncertainty over his future policies began to leak into financial markets. The **S&P 500 index** closed with a small decline, and has **essentially been trading sideways since mid-December**. US Treasuries saw prices fall during the course of the week as a more 'hawkish' stance from the Fed, coupled with stronger economic data, drove yields higher.
- UK Prime Minister Teresa May provided some clarity in her speech last Tuesday, and markets are now expecting a 'Hard Brexit' from the EU. **Sterling saw its biggest one day gain against the dollar since 2008**, up 2.9%, in the immediate aftermath of the speech. The **UK Supreme Court** is expected to rule this week on whether parliamentary approval is required to trigger **Article 50**, but irrespective of their decision markets still forecast the move by the end of March.

	Index	1 Week Return 13.01.17 to 20.01.17		Year to Date Return 31.12.16 to 20.01.17	
		Local Currency %	Euro %	Local Currency %	Euro %
Global (euro)	FTSE World (total return)	-0.8%	-0.8%	0.7%	0.7%
US	S&P 500	-0.2%	-0.7%	1.5%	0.2%
Europe	FTSE Europe Ex. U.K.	-0.8%	-0.8%	0.8%	0.8%
Ireland	ISEQ	-0.5%	-0.5%	1.6%	1.6%
UK	FTSE 100	-1.9%	-1.2%	0.8%	-0.5%
Japan	Topix	-0.7%	-1.4%	1.0%	1.3%
Hong Kong	Hang Seng	-0.2%	-0.8%	4.0%	2.7%

The **global index** fell 0.8% over the course of the week, as modest economic data was offset by US policy uncertainty concerns.

Copper fell over the course of the week, down 2.4% in dollar terms.

Gold saw another weekly price gain, as investors perhaps utilise it as an inflation hedge.

The **US 10 year bond** yield saw a volatile week, falling to 2.33% before finishing at 2.47%, from 2.40% a

week ago. The yield on the equivalent German Bund also rose, closing the week at 0.42%, from 0.34%.

The **euro was up** once again against the dollar over the week, with the EUR/USD rate closing at 1.07.

The Week Ahead

Tuesday 24 January	Thursday 26 January	Friday 27 January
Eurozone manufacturing and services PMIs (Purchasing Managers' Index) are released. Considered a strong gauge of economic activity they will be closely watched for continuing signs of improvement. The consensus is for a manufacturing reading of 54.8, with the services expected at 53.9. A reading in either above 50 signifies an expansion in activity.	A preliminary reading for UK Q4 GDP goes to print where growth of 0.5% (quarter-on-quarter) is envisaged. The Q3 growth figure has been previously confirmed at 0.6%.	In the US all eyes will be on the advance release of Q4 GDP. The consensus is for a growth figure of 2.0%, down from 2.2% reading from Q3.

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