

Stocks rally on prospect of US tax reform

Weekly Snapshot



World Equities

Gold

Oil

Industrial Metals

European Corporate Bonds

European Sovereign Bonds



Week in Review

- **Stocks rallied** as tax policy reform proposals from the new US administration came into focus, as President Trump stated on Thursday that he would announce a plan in the coming weeks to address the need for '**fundamental comprehensive tax reform**' in the US.
- US administration policy was a key focus throughout the week, as hopes rose that Trump's 'border adjustment tax' would run into opposition in the Senate. **Markets continue to grapple with the confluence of US policy** and the S&P 500 hasn't closed up or down by more than 1% in a single session since December 7.
- **Fixed income markets displayed caution** in Europe, as bond investors focussed on the upcoming elections in the Netherlands, with Marine Le Pen also garnering further attention in France.

| | Index | 1 Week Return 03.02.17 to 10.02.17 | | Year to Date Return 31.12.16 to 10.02.17 | |
|---------------|---------------------------|---------------------------------------|--------|---|--------|
| | | Local Currency % | Euro % | Local Currency % | Euro % |
| Global (euro) | FTSE World (total return) | 2.1% | 2.1% | 3.3% | 3.3% |
| US | S&P 500 | 0.8% | 2.1% | 3.5% | 2.6% |
| Europe | FTSE Europe Ex. U.K. | 0.3% | 0.3% | 1.5% | 1.5% |
| Ireland | ISEQ | -0.5% | -0.5% | -0.6% | -0.6% |
| UK | FTSE 100 | 1.0% | 2.5% | 1.6% | 2.0% |
| Japan | Topix | 2.1% | 2.9% | 1.8% | 3.9% |
| Hong Kong | Hang Seng | 0.2% | 0.2% | -3.1% | -3.1% |

The **global index** rose strongly in euro terms during the course of the week, returning 2.1%.

Commodities were also broadly positive, as **gold, silver and copper** all moved higher. **Oil** grinded slightly higher and closed the week just short of \$54/barrel.

The US 10 year bond rose during the week, with yields (which move inversely to price) moving from 2.46% to 2.41%.

The yield on the **equivalent German Bund** closed was lower, on the aforementioned political risk concerns, and moved from 0.41% to 0.32%.

The euro weakened versus the US Dollar, moving from 1.08 to 1.06 over the period, enhancing returns for Irish investors with holdings in the US. The **euro/GBP** rate closed the week at 0.85.

The Week Ahead

| Tuesday 14 February | Tuesday 14 February | Wednesday 15 February |
|---|---|---|
| In Europe, the consensus estimate is for Q4 GDP growth to be confirmed 0.5% (quarter-on-quarter) and 1.8% (year-on-year). | In the UK inflation data for January will be published where the consensus forecasts a year-on-year rise of 1.9%. | US CPI data is also released this week, where the month-on-month figure is expected to come in at 0.3%, similar to the last reading, with the year-on-year figure expected at 1.8%, from 2.1% previously. |

Warning: Past performance is not a reliable guide to future performance.
Warning: The value of your investment may go down as well as up.
Warning: Benefits may be affected by changes in currency exchange rates.
Warning: If you invest in this product you may lose some or all of the money you invest.