

US stocks extend winning streak as French concerns cast a shadow

Weekly Snapshot



World Equities

Gold

European Corporate Bonds

European Sovereign Bonds

Oil



Industrial Metals

Week in Review

- US equities began the shortened holiday week with a **fresh record high** and went on to rise for a fifth consecutive week, despite a fall back on Friday. **Optimism surrounding the US economy remains** after another set of broadly positive data, with expectations of a March or May interest rate rise beginning to creep up.
- European economic data was also strong**, with eurozone PMI data and German business sentiment pointing to an increasingly positive backdrop for the single currency bloc. Also, for the first time in almost four years **all 19 members of the eurozone posted a positive inflation figure**.
- However, **French politics remains the key focus for investors in Europe**. Candidates Emmanuel Macron and Francois Fillon both had relatively positive weeks on the campaign trail but the odds of a Le Pen victory, which would be perceived as a negative for the EU and equity markets, has increased over the last month, and this has been reflected in a **fall in the prices of French government debt in recent weeks**.

| | Index | 1 Week Return 17.02.17 to 24.02.17 | | Year to Date Return 31.12.16 to 24.02.17 | |
|---------------|---------------------------|---------------------------------------|--------|---|--------|
| | | Local Currency % | Euro % | Local Currency % | Euro % |
| Global (euro) | FTSE World (total return) | 0.9% | 0.9% | 5.5% | 5.5% |
| US | S&P 500 | 0.7% | 1.2% | 5.7% | 5.5% |
| Europe | FTSE Europe Ex. U.K. | -0.2% | -0.2% | 2.3% | 2.3% |
| Ireland | ISEQ | -0.9% | -0.9% | -0.5% | -0.5% |
| UK | FTSE 100 | -0.8% | 0.2% | 1.4% | 2.2% |
| Japan | Topix | 0.4% | 1.5% | 2.1% | 5.9% |
| Hong Kong | Hang Seng | -0.3% | 0.2% | 8.9% | 8.6% |
| Bonds | Merrill Lynch Euro over 5 | 0.9% | 0.9% | -1.8% | -1.8% |

The **global index** was up 0.9% in euro terms for the week, led by the influential US market. Gold returned 1.8%, with Oil up 1.1% - closing just

short of \$55 barrel. **The US 10 year bond** price moved higher, pushing the yield down to 2.31%. The yield on the **equivalent German Bund** also

moved lower to 0.18% on the back of French election concerns. The euro closed at 1.06 against the US dollar.

The Week Ahead

| Tuesday 28 February | Wednesday 1 March | Thursday 2 March |
|--|---|--|
| President Trump's speech to the joint session of Congress will be keenly watched for further details of his policy agenda, however how much detail emerges remains to be seen. | The second estimate for Q4 US GDP is released where the consensus expects an upward revision to a growth rate of 2.1% (quarter-on-quarter). | February inflation data from the eurozone goes to print, where the market anticipates 1.9% headline inflation figures, up from 1.8% last month (year-on-year). |

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.