

Risk assets lower, as taper talk tempers market

Weekly Snapshot



Copper
Oil



World Equities
Sovereign Bonds
Corporate Bonds
Gold

Week in Review

- Risk assets closed out the first half of the year on a negative note, as a **more hawkish tone**, in relation to interest rates, from both the **ECB President Mario Draghi and BoE Chief Economist Andrew Haldane** sent stocks lower, the Euro higher, and government bond prices lower. Equities still finished the first half of the year in positive territory, whilst eurozone sovereign bonds have lost value over the first six months of 2017.
- President Draghi's positive assessment on the eurozone economy led to speculation that the ECB may begin to phase out its asset purchase programme pushed the euro to its highest level in more than a year. **The talk of 'tapering'** and the fears of less central bank stimulus **weighed on European stocks**.
- In the US, the **delay of a proposed Healthcare vote** was a blow to the Trump Administration. This was tempered by some stronger economic data, with **favourable trade balance data** released. Japanese trade data was also positive, whilst oil returned its biggest weekly gain since mid-May following a drop in US production.

| | Index | 1 Week Return 23.06.17 to 30.06.17 | | Year to Date Return 31.12.16 to 30.06.17 | |
|---------------|---------------------------|---------------------------------------|--------|---|--------|
| | | Local Currency % | Euro % | Local Currency % | Euro % |
| Global (euro) | FTSE World (total return) | -2.1% | -2.1% | 3.2% | 3.2% |
| US | S&P 500 | -0.6% | -2.6% | 8.2% | 0.0% |
| Europe | FTSE Europe Ex. U.K. | -2.3% | -2.3% | 7.1% | 7.1% |
| Ireland | ISEQ | -2.4% | -2.4% | 4.8% | 4.8% |
| UK | FTSE 100 | -1.5% | -1.2% | 2.4% | -0.3% |
| Japan | Topix | 0.0% | -3.0% | 6.1% | 1.8% |
| Hong Kong | Hang Seng | 0.4% | -1.8% | 17.1% | 7.5% |
| Bonds | Merrill Lynch Euro over 5 | -2.1% | -2.1% | -1.5% | -1.5% |

The **global index** fell by over 2% in euro terms over the course of the week. **Gold** also fell by over 1% whilst **Copper** saw a more positive move;

returning 2.9%. As mentioned, **Oil** reversed its recent trend, up over 7% on the week.

US 10 year Treasuries were higher, with the yield moving to 2.30%, from 2.14% a week ago. The EUR/USD rate closed at \$1.14.

The Week Ahead

| Tuesday 4 July | Thursday 6 July | Friday 7 July |
|---|---|--|
| UK services PMI data goes to print and is expected to fall to 53.4 from 53.8, perhaps signaling a more cautious stance as Brexit negotiations begin in earnest. | The ECB releases the minutes for its June meeting, which may deliver further insight into their potential exit strategy from their current accommodative monetary policy. | The June jobs report for the US is released where the consensus expects a rise of 177,000, from 138,000 a month ago. The unemployment rate is forecast to remain steady at 4.3%. |

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