

# Equities move higher as earnings season takes hold

## Weekly Snapshot



World Equities  
Sovereign Bonds  
Oil  
Copper



Corporate Bonds  
Gold

## Week in Review

- **Equity markets continued to test all-time highs** last week as the US Senate approved a \$4 trillion budget measure and should help pave the way for tax reform, which is now a key focus for the administration. **Earnings season also picked up pace** last week, where over 14% of the S&P 500 has now reported – with 70% beating earnings-per-share expectations.
- The **yield on the bellwether US 10-year treasury rose over the course of the week**; helped by the Senate budget agreement. Markets were also focused on speculation as to who will **replace Janet Yellen as Fed Chair**, with a decision expected in the first week of November.
- In Europe **tensions in Spain** deepened as the central government took steps to **impose direct rule on Catalonia**, as the president of the region refused to back down on his succession demands.

|               | Index                     | 1 Week Return<br>13.10.17 to 20.10.17 |        | Year to Date Return<br>31.12.16 to 20.10.17 |        |
|---------------|---------------------------|---------------------------------------|--------|---|--------|
|               |                           | Local Currency %                      | Euro % | Local Currency %                            | Euro % |
| Global (euro) | FTSE World (total return) | 0.7%                                  | 0.7%   | 6.9%  | 6.9%   |
| US            | S&P 500                   | 0.9%                                  | 1.2%   | 15.0%                                       | 3.0%   |
| Europe        | FTSE Europe Ex. U.K.      | -0.1%                                 | -0.1%  | 11.0%                                       | 11.0%  |
| Ireland       | ISEQ                      | -0.7%                                 | -0.7%  | 4.2%  | 4.2%   |
| UK            | FTSE 100                  | -0.2%                                 | -0.5%  | 5.3%  | 0.7%   |
| Japan         | Topix                     | 1.3%                                  | 0.1%   | 14.0%                                       | 4.9%   |
| Hong Kong     | Hang Seng                 | 0.0%                                  | 0.4%   | 29.5%                                       | 15.2%  |
| Bonds         | Merrill Lynch Euro over 5 | -0.3%                                 | -0.3%  | -0.4%                                       | -0.4%  |

The **global index** in euro terms was up 0.7% last week, led by the US and Japan, which was buoyed by the re-election of President Abe.

**Gold** fell nearly 2%, as a more 'risk-on' sentiment permeated markets.

**Oil** was relatively flat over the course of the week, and finished at \$51.50.

The influential **US ten year bond yield** moved to 2.38% from 2.27%. The **German equivalent** stood at 0.45% from 0.40% a week ago, and

has been trading in a tighter trading range recently.

The EUR/USD rate closed at 1.18 whilst EUR/GBP was at 0.89.

## The Week Ahead

| Tuesday 24 October  | Thursday 26 October   | Friday 27 October   |
|---|---|---|
| Flash eurozone manufacturing PMI data is released for October, which will give an early insight into how the key economies in the currency bloc performed last month. | No change in policy is expected when the ECB meets for its latest interest rate decision. However, the commentary will be closely watched for details on any potential QE tapering. | Preliminary GDP data for the US goes to print, with the Q3 figure forecast to come in at 2.5% (quarter-on-quarter). |

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