

Equities fall as US tax plans hit speed bump

Weekly Snapshot



Gold
Oil



World Equities
Sovereign Bonds
Copper
Corporate Bonds

Week in Review

- Reports from the US that the **Senate** and **House** have **diverging plans for their respective tax reform bills** weighed on markets with the Senate's version delaying corporate tax cuts until 2019, as opposed to next year. These **differences will need to be reconciled** for the administration to get legislation passed.
- As earnings seasons draws to a close, of the **88% of the S&P 500** that have reported, **72% have seen positive surprises** in relation to earnings-per-share, with tech, materials and healthcare leading the way. The picture was **less positive in Europe** where **lacklustre earnings** weighed on markets, with equities having their worst week in three months.
- However, the picture was brighter on the economic front with **manufacturing and services PMI** data beginning the fourth quarter on a **high note**. The European Commission has subsequently **upgraded** its 2017 **GDP growth rate** to 2.2% from 1.7%.

	Index	1 Week Return 03.11.17 to 10.11.17		Year to Date Return 31.12.16 to 10.11.17	
		Local Currency %	Euro %	Local Currency %	Euro %
Global (euro)	FTSE World (total return)	-0.6%	-0.6%	8.4%	8.4%
US	S&P 500	-0.2%	-0.7%	15.3%	4.3%
Europe	FTSE Europe Ex. U.K.	-2.1%	-2.1%	10.5%	10.5%
Ireland	ISEQ	-1.5%	-1.5%	5.5%	5.5%
UK	FTSE 100	-1.7%	-1.3%	4.1%	0.6%
Japan	Topix	0.4%	0.4%	18.6%	10.2%
Hong Kong	Hang Seng	1.8%	1.4%	32.4%	19.0%
Bonds	Merrill Lynch Euro over 5	-0.6%	-0.6%	0.5%	0.5%

The **global index** in euro terms returned -0.6% last week, as Europe suffered its worst week since August, although remains up over 10% in 2017.

Oil continued its recent positive run, as political uncertainty in Saudi Arabia pushed prices to just short of \$57/barrel.

The **ten year US bond yield** closed the week at 2.40% with the **German equivalent** closing at 0.41%. The **EUR/USD** rate closed at 1.17, and has stabilised somewhat in recent weeks.

The Week Ahead

Tuesday 14 November	Wednesday 15 November	Thursday 16 November
The 2 nd estimate of Q3 eurozone GDP goes to print, with the consensus expecting a growth rate of 0.6% (quarter-on-quarter)	US CPI data for October is released and will be watched closely by the market as the Fed eyes a rate rise next month.	Eurozone inflation for October will also be made available this week, the first figures since the ECB announced the recent reduction in the QE programme.

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