Weekly Investment News
22 January 2018

Equities move higher as interest rate expectations tick up

Weekly Snapshot

World Equities

Sovereign Bonds

Copper

Oil

Gold

Corporate Bonds

Week in Review

- The US **Government shut down did little to deter global equities** as they moved higher once again, bringing the **year-to-date return to over 3%**. Negotiations are ongoing on Capitol Hill, as both sides of the political divide attempt to bridge the gap.
- The first full week of **Q4 earnings on the S&P was positively received** and economic data also impressed. **Strong retail sales** and industrial production combined with **forecast beating inflation data** provided a supportive backdrop for equities. Consumer sentiment in the US however did see a drop from the last reading.
- The **US ten year treasury yield moved above 2.6%** for the first time since last March, as market expectations for US rate rises moved upwards. **The Euro also moved to a three year high versus the US Dollar.**

	1 Week Return 12.01.18 to 19.01.18		Year to Date Return 31.12.17 to 19.01.18	
	Local Currency %	Euro %	Local Currency %	Euro %
Global (euro)	0.4%	0.4%	3.1%	3.1%
US	0.9%	0.7%	5.1%	3.3%
Europe	0.8%	0.8%	3.8%	3.8%
Ireland	1.2%	1.2%	1.7%	1.7%
UK	-0.6%	0.2%	0.6%	1.3%
Japan	0.7%	0.8%	4.0%	4.0%
Hong Kong	2.7%	2.7%	7.8%	5.9%
Bonds	0.3%	0.3%	0.0%	0.0%

The **global index** in euro terms was up 0.4% last week continuing the strong start to the year. Hong Kong led the way, up 2.7% in euro terms.

Oil paused for breath following its recent strong run, but remains above $63/barrel. Copper closed down nearly 1% for the week whilst gold was down 0.5%, in what was a poor week for commodity investors.

The **ten year US bond yield** finished the week at 2.6% whilst the **German equivalent** was at 0.57%, relatively unchanged from 0.58% a week ago.

The **EUR/USD** rate closed the period at 1.22, whilst **EUR/GBP** was at 0.88 having stabilised somewhat recently.

The Week Ahead

Wednesday 24 January	Thursday 25 January	Friday 26 January
The consensus forecasts a slight decline in the composite eurozone PMI data, down to 57.9 from 58.3. However, an indicator above 50 still represents an ongoing expansion of activity.	No change is expected when the ECB meets for its first interest rate decision of 2018. The associated commentary will be closely watched for any indication of the council's views on the recent euro currency strength.	The first estimate for US GDP data for Q417 goes to print where the median forecast is for a quarter-on-quarter growth figure of 2.9% (last 3.2%).

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