

# Equities see negative week as volatility returns to markets

## Weekly Snapshot



Sovereign Bonds  
Corporate Bonds



World Equities  
Copper  
Oil  
Gold

## Week in Review

- **Equities endured a torrid time** last week as markets fell on concerns **over the threat posed by higher bond yields**. Strong economic data, starting with the US jobs report on 2 February, and 'hawkish' comments from major central banks accentuated the view that market participants may have underestimated the path of future rate rises on both sides of the Atlantic. **Volatility**, as measured by the VIX index, **awoke from its slumber** and rose to a level above 49 on Tuesday, after starting the week at 18.
- **Q417 earnings** in the US continued to come in with broadly positive results materialising. According to Bloomberg, nearly three quarters of companies on the S&P 500 have reported, and **over 80% have delivered better-than-expected profits**.
- On the political front **Congress in the US passed a budget agreement** for the next two years, which suspends the debt ceiling and avoided another government shutdown.

	1 Week Return 02.02.18 to 09.02.18		Year to Date Return 31.12.17 to 09.02.18	
	Local Currency %	Euro %	Local Currency %	Euro %
Global (euro)	-4.1%	-4.1%	-4.2%	-4.2%
US	-5.2%	-3.5%	-2.0%	-3.6%
Europe	-5.0%	-5.0%	-4.4%	-4.4%
Ireland	-4.2%	-4.2%	-6.2%	-6.2%
UK	-4.7%	-5.2%	-7.7%	-7.4%
Japan	-7.1%	-4.3%	-4.7%	-2.6%
Hong Kong	-9.5%	-8.0%	-1.4%	-3.0%
Bonds	0.1%	0.1%	-0.6%	-0.6%

The **global index** fell by just over 4% last week, and is now also down over 4% year-to-date. **Hong Kong** was worst hit, down almost 10% in local terms.

**Oil** moved lower last week, and closed at below \$60/barrel for the first time this year. **Copper** and **gold** also fell by -4.8% and -1.3% respectively.

The **ten year US bond yield** finished the week at 2.85%, with the 3.0% point being a key level to watch for in the coming weeks. The **EUR/USD** rate closed the period at 1.23.

## The Week Ahead

Tuesday 13 February	Wednesday 14 February	Wednesday 14 February
In the UK the consensus expects headline inflation to come in at 2.9%, slightly down on the last reading of 3.0%. The core figure is expected to rise to 2.6% from 2.5%.	The big event of the week will be the release of US CPI data where the consensus expects the year-on-year figure to come in at 2.0%.	The second estimate of Q417 GDP for the eurozone goes to print, where the quarter-on-quarter growth figure is expected to be confirmed at 0.6%.

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