

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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