

Trade talks continue to weigh on markets

Weekly Snapshot



Sovereign Bonds

Corporate Bonds

Oil



World Equities

Copper

Gold

Week in Review

- The potential for a **US-China trade war dominated markets** last week, as equities sold off amid the continuing rhetoric. The **Chinese Renminbi also came under pressure** as Chinese central bankers cut the Reserve Requirement Ratio on the back of concerns over the Chinese economy.
- The **US dollar continued to appreciate against a basket of peers**, particularly against emerging market currencies, which have been caught right in the middle of the US-Chinese spat. The US dollar was also **helped by a slew of positive economic releases** including solid labour market data, and steady inflation expectations.
- Political risk remained a focus in Europe as **Angela Merkel** attempts to build a consensus position on the migrant crisis, both domestically and with key eurozone allies whilst the pressure on **Theresa May** continues to be ramped up as the Brexit negotiations enter a key phase.

	1 Week Return 22.06.18 to 29.06.18		Year to Date Return 31.12.17 to 29.06.18	
	Local Currency %	Euro %	Local Currency %	Euro %
Global (euro)	-1.5%	-1.5%	2.8%	2.8%
US	-1.3%	-1.6%	1.7%	4.7%
Europe	-1.3%	-1.3%	-3.7%	-3.7%
Ireland	-1.7%	-1.7%	-0.8%	-0.8%
UK	-0.6%	-1.3%	-0.7%	-0.2%
Japan	-0.8%	-1.7%	-4.8%	-0.4%
Hong Kong	-1.3%	-1.6%	-3.2%	-0.8%

The **global index** fell 1.5% last week to pare back gains for the first half of the year to 2.8%. **Oil** closed up strongly at just over \$74 per barrel on the back of supply concerns centering on the potential for sanctions against

Iran. **Gold** continued its recent slide and closed the week at \$1,253 per troy ounce. **Copper** also slipped during the week and is now down over 10% so far in 2018.

The **ten year US bond yield** finished the week at 2.86%, helped by the prevailing 'risk off' sentiment. The **German equivalent** closed at 0.30%.

The Week Ahead

Thursday 5 July	Friday 6 July	Friday 6 July
The minutes of the June FOMC meeting are released, which may provide further insights into the reasoning behind the most recent rate hike.	US non-farm payrolls go to print, and are expected to come in at 198,000, with the unemployment rate holding steady at 3.8%.	US Manufacturing PMI data for the month of June is released, with the data expected to come in at 58.3, signaling the continuing expansion of the US economy.

Merrill Lynch, Pierce, Fenner & Smith Incorporated ("BofAML"), used with permission. BofAML PERMITS USE OF THE BofAML INDICES AND RELATED DATA ON AN "AS IS" BASIS, MAKES NO WARRANTIES REGARDING SAME, DOES NOT GUARANTEE THE SUITABILITY, QUALITY, ACCURACY, TIMELINESS, AND/OR COMPLETENESS OF THE BofAML INDICES OR ANY DATA INCLUDED IN, RELATED TO, OR DERIVED THEREFROM, ASSUMES NO LIABILITY IN CONNECTION WITH THE USE OF THE FOREGOING, AND DOES NOT SPONSOR, ENDORSE, OR RECOMMEND ZURICH LIFE ASSURANCE PLC, OR ANY OF ITS PRODUCTS OR SERVICES.

Warning: Past performance is not a reliable guide to future performance.
Warning: The value of your investment may go down as well as up.
Warning: Benefits may be affected by changes in currency exchange rates.
Warning: If you invest in this product you may lose some or all of the money you invest.