

Economics trumps trade tariffs to move markets higher

Weekly Snapshot



World Equities
Sovereign Bonds
Gold



Corporate Bonds
Copper
Oil

Week in Review

- Risk assets were helped late last week by **better-than-expected employment numbers from the US**. Non-farm payrolls advanced 213,000, with upward revisions for the last two months also released. The participation rate also moved unexpectedly higher, which moved the unemployment rate to 4.0% from 3.8%. Wage growth came in slightly under forecast and remains at an annual rate of 2.7%.
- There was **no last minute deal between the US and China** as the first round of tariffs was implemented on Friday morning. The **US imposed sanctions covering \$35bn** worth of goods with the Chinese vowing to retaliate. Whilst not a huge sum economically, the tariffs have the potential to have a large symbolic effect on relations between the two countries.
- Theresa May is under further pressure** in Westminster this morning after Brexit Minister **David Davis resigned** following a perceived softening in the UK's position.

	1 Week Return 29.06.18 to 06.07.18		Year to Date Return 31.12.17 to 06.07.18	
	Local Currency %	Euro %	Local Currency %	Euro %
Global (euro)	0.3%	0.3%	3.2%	3.2%
US	1.5%	1.0%	3.2%	5.7%
Europe	1.1%	1.1%	-2.6%	-2.6%
Ireland	0.3%	0.3%	-0.5%	-0.5%
UK	-0.3%	-0.2%	-0.9%	-0.5%
Japan	-2.3%	-2.6%	-6.9%	-2.9%
Hong Kong	-2.2%	-2.7%	-5.4%	-3.6%
Bonds	0.2%	0.2%	1.2%	1.2%

The **global index** ground higher last week to finish up 0.3%. The US was the strongest performer, whilst Asia lagged the market.

Oil was lower on the back of Trump tweets aimed at OPEC, whilst **gold** found some firmer ground following its recent slid, closing at \$1,255 per troy ounce.

The **ten year US bond yield** finished the week at 2.82%, in response to lower US wage growth. The **German equivalent** closed at 0.29%.

The Week Ahead

Thursday 12 July	Friday 13 July	Friday 13 July
Consumer Price Index data for the US goes to print where the consensus expects the headline figure to come in at 2.9% year-on-year (last: 2.8%).	Q2 Earnings season gathers pace with the release of results from some of the key US Financials – namely Citigroup, JP Morgan, and Wells Fargo.	The market will look for a concrete resolution to the migrant issue in Europe at the upcoming ECOFIN meeting in Cyprus.

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