

Few signs of festive cheer as markets worry about global growth

Weekly Snapshot



Corporate Bonds
Sovereign Bonds



World Equities
Oil
Gold
Copper

Week in Review

- U.S. equities sold-off on Friday to end the week lower and now trade at their **lowest price-earnings valuation since 2012**. The **financial sector struggled** over worries that lending margins will be impacted due to declines in longer term Treasury yields.
- While trade issues and global growth are causing some concern, economic data related to the **U.S consumer remains positive**. **Weekly jobless claims have fallen to near 5-year lows** and November retails sales rose at a solid pace.
- European stocks advanced on a weaker euro currency as the **European Central Bank (ECB) ended their monthly bond buying program** but kept rates unchanged. Policy will remain accommodative throughout the first half of 2019.

	1 Week Return 07.12.18 to 14.12.2018		Year to Date Return 31.12.17 to 14.12.2018	
	Local Currency %	Euro %	Local Currency %	Euro %
World	-1.2%	-0.3%	-7.7%	-1.8%
US	-1.3%	-0.6%	-2.8%	3.2%
Europe	0.6%	0.6%	-10.0%	-10.0%
Ireland	-0.2%	-0.2%	-22.4%	-22.4%
UK	0.9%	0.5%	-11.0%	-12.0%
Japan	-1.6%	-1.5%	-11.4%	-6.5%
Hong Kong	0.7%	1.4%	-9.6%	-4.0%
Bonds	0.3%	0.3%	1.2%	1.2%

The **MSCI World index** declined 0.3% in euro terms, with weakness in U.S. small cap stocks, and financials in particular, outweighing the advance in Europe, the U.K. and Hong Kong.

Oil prices declined marginally to \$51.20 /barrel, with supply concerns continuing to keep prices suppressed.

Gold moved lower to \$1,238 per troy ounce, while **Copper** declined to \$6,128 as investors digest the impact of a slowdown in economic growth.

The **U.S. 10-year yield** ticked higher to 2.89%, with the **German equivalent** remaining at 0.25%.

Meanwhile, the yield on the **Italian 10-year bond** fell below 3% after their Government agreed to some EU budget demands.

The **EUR/USD** rate ended the week stronger at 1.131, with the **EUR/GBP** weaker at 0.898.

The Week Ahead

Tuesday 18 December	Wednesday 19 December	Thursday 20 December
Housing starts and permits in the U.S. have struggled this year with no improvement expected in November. Starts are forecast to come in at 1.222 million, compared with 1.228 in October. Permits are forecast at 1.258 million versus 1.265 million previously.	The U.S. Federal Open Market Committee (FOMC) meets and the Fed is expected to raise rates by 0.25% to a range of 2.25% to 2.50%. The meeting should also give some insight into the slowing down of further rate hikes in 2019.	U.S. Initial jobless claims are expected to tick higher to 221,000 in the December 15 week. In the U.K., Retail sales are forecast to grow 0.3% m-m and 1.9% y-y. Finally, the Bank of England is expected to maintain rates at 0.75% at their MPC meeting.

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