

Markets steady with U.S. corporate earnings offsetting growth concerns

Snapshot



World Equities
Sovereign Bonds
Corporate Bonds
Copper
Gold



Oil

Week Ahead

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JAN

Euro Economic Sentiment
U.S. GDP & FOMC Meeting

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JAN

Eurozone GDP Flash
U.S. Jobless Claims

01
FEB

U.K. PMI Manufacturing
U.S. ISM Manufacturing

Markets finished the week relatively flat, bolstered by technology sector stocks, with the consumer staples and healthcare sectors lagging. With almost a quarter of S&P 500 companies having reported earnings so far, profits are up 13% and earnings estimates are still forecast to grow 6% in 2019. Since 1955, in years when corporate earnings grew by at least that amount, the stock market rose 83% of the time. On the economic front, the data remains mixed. Initial jobless claims in the U.S. fell below 200,000, the lowest since 1969. The unemployment rate remains near a 50-year low and the labour market remains solid. However, the IMF did cut their 2019 global growth projections from 3.7% to 3.5%. In China, growth fell to 6.6%, the lowest rate since 1990. Meanwhile, in Europe, the German IHS Markit manufacturing purchasing managers index fell into contraction, dropping to 49.9 in January.

	1 Week Return 18.01.19 to 25.01.19		Year to Date Return 31.12.18 to 25.01.19	
	Local Currency	Euro	Local Currency	Euro
World	0.1%	-0.2%	6.3%	6.6%
U.S.	-0.2%	-0.6%	6.5%	7.0%
Europe	0.4%	0.4%	6.0%	6.0%
Ireland	-0.1%	-0.1%	6.7%	6.7%
U.K.	-2.3%	-0.2%	1.1%	5.1%
Japan	0.6%	0.5%	5.1%	5.9%
Hong Kong	1.5%	1.1%	6.8%	7.2%
Sovereign Bonds	0.9%	0.9%	1.2%	1.2%
Corporate Bonds	0.3%	0.3%	0.8%	0.8%

Equities

- The MSCI World Index advanced 0.1%, with Asia leading the move higher. Hong Kong was up +1.5% and Japan 0.6% higher.
- 25% of companies from the S&P 500 will report quarterly earnings during the week ahead.

Fixed Income & FX

- The U.S. 10-year yield nudged lower to 2.76% with the German yield falling to 0.19% on regional growth concerns.
- The EUR/USD strengthened to 1.141 but the EUR/GBP declined to 0.864 despite Brexit deal uncertainty.

Commodities

- The rebound in oil stalled as analysts forecast that production in the U.S. is set to rise further. Oil finished the week at \$53.69.
- The softer U.S. dollar supported the rise in Gold to \$1,303 per troy ounce and Copper to \$6,030.

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