



Bond yields fall, as trade tension focus moves to Mexico

Snapshot



Gold

Sovereign Bonds



World Equities

Corporate Bonds

Oil

Copper

Week Ahead

6 June

Eurozone unemployment and inflation data for May is released.

6 June

The ECB meets for their latest interest rate decision.

7 June

US Jobs Report for May goes to print.

A surprise announcement from the US administration about forthcoming tariffs on Mexican goods triggered a sharp rally in global bond markets, with the 10yr Treasury yield gapping down to 2.12% on Friday in the biggest daily move since the Fed's March meeting, while the 10yr Bund yield fell to a new low of -0.21%. Investors are reassessing the global growth and policy outlook amid escalating trade tensions, as the US market suffered its worst week this year, falling over 2.5%. The trigger for last week's selloff was President Trump's announcement that tariffs of up to 25% on all Mexican goods would be imposed if Mexico does not take decisive steps to fight illegal migration to the US. However, Eurozone lending growth to households picked up to 3.4% YoY in April from 3.3% YoY in March, and US households remain in an upbeat mood with the Conference Board Consumer Confidence Index rising in May.

| | 1 Week Return 24.05.19 to 31.05.19 | | Year to Date Return 31.12.18 to 31.05.19 | |
|-----------------|---------------------------------------|-------|---|-------|
| | Local Currency | Euro | Local Currency | Euro |
| World | -2.3% | -1.8% | 8.6% | 11.4% |
| U.S. | -2.6% | -2.3% | 10.1% | 13.0% |
| Europe | -1.8% | -1.8% | 9.5% | 9.5% |
| Ireland | -0.3% | -0.3% | 13.2% | 13.2% |
| U.K. | -1.6% | -1.9% | 6.0% | 7.7% |
| Japan | -1.9% | -0.6% | 1.8% | 5.9% |
| Hong Kong | -2.3% | -1.8% | 7.4% | 10.1% |
| Corporate Bonds | 0.2% | 0.2% | 3.5% | 3.5% |
| Sovereign Bonds | 0.7% | 0.7% | 5.5% | 5.5% |

Equities

- The MSCI World was down more than 2% in local terms with the euro return also down 1.8%.
- All major equity markets were down this week, with the US market suffering its worst week of the year.

Fixed Income & FX

- The U.S. 10-year yield ticked lower again during the week, moving to 2.12% from 2.32%. The German equivalent almost moved to a record low of -0.21%.
- The Euro US Dollar exchange rate remained unchanged on the previous week at 1.12, whilst Euro/GBP was at 0.88.

Commodities

- Oil finished the week lower at just below \$53 per barrel.
- Gold finished the week up at \$1,305 per troy ounce. Copper finished the week down at \$5,806 per tonne.

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