

Equities rise on solid economic numbers, and expected US rate cut

Snapshot



World Equities
Sovereign Bonds
Corporate Bonds



Oil
Gold
Copper

Week Ahead

30
July

The latest interest rate decision for Japan is released to market.

31
July

The Federal Reserve meet for their July meeting, where a rate cut is anticipated.

1
Aug

The BoE meets for its interest rate decision, and US PMI data also goes to print.

Markets moved higher last week as investor optimism grew over the near certain probability of a US rate cut to be announced this Wednesday, in what is the key event of the week ahead. US GDP also exceeded expectations on Friday, growing at 2.1% (annualised) versus a median expectation of 1.8%. Whilst the overall figure was lower than last quarter, the surge in personal consumption was the highest since 2017. The ECB met last week, and there is growing expectation that QE will be reintroduced, with a rate cut in the eurozone also been discussed in some quarters. This is due to sluggish eurozone growth and a continuing weakness in manufacturing, although the services sector is holding up better.

	1 Week Return 19.07.19 to 26.07.19		Year to Date Return 31.12.18 to 26.07.19	
	Local Currency	Euro	Local Currency	Euro
World	0.8%	1.7%	17.6%	20.8%
U.S.	1.4%	2.2%	21.1%	24.8%
Europe	0.9%	0.9%	16.7%	16.7%
Ireland	1.3%	1.3%	19.9%	19.9%
U.K.	0.4%	0.3%	11.6%	11.9%
Japan	1.0%	1.1%	6.0%	10.5%
Hong Kong	-1.1%	-0.4%	14.4%	18.0%
Corporate Bonds	0.5%	0.5%	7.0%	7.0%
Sovereign Bonds	0.4%	0.4%	10.9%	10.9%

Equities

- US equities led global markets higher last week, on the back of solid economic data and rate cut expectations.
- Hong Kong was down over 1% in local terms, as the ongoing local political issues seeped into market sentiment.

Fixed Income & FX

- The U.S. 10-year yield moved higher during the week, ending at 2.07%. The German equivalent moved lower once again, and is now at -0.38%.
- The Euro/US Dollar exchange rate finished at 1.11, whilst Euro/GBP was at 0.90.

Commodities

- Oil finished the week lower at \$56 per barrel.
- Gold finished the week at \$1,418 per troy ounce.
- Copper was lower at \$5,941 per tonne.

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GR: 3399 Print Ref: ZL ISA 3399 1218

