ZURICH

Markets fall but weaker euro supports returns for Irish investors

Snapshot

Sovereign Bonds

World Equities

Gold

Oil

Corporate Bonds

Copper

Stocks fell for a third straight week as trade and growth concerns continue to hang over investors. The difference between yields for the 10 year and the 2 year U.S. treasuries also turned negative for the first time since 2007. This 'yield inversion' is seen by some as a recession indicator, and whilst it is just one metric, it did nothing to strengthen already fragile market sentiment. Markets actually started the week well as trade tariff tensions receded somewhat, before they were dragged into negative territory over the recession indicator fears emanating from the bond markets.

Economic data from the U.S. was broadly positive for the week with Retail Sales and Inflation figures both coming in positive. The annual meeting of world central bankers at the 'Jackson Hole Symposium' takes place this week, and will be closely watched for indications of future global central bank activity.

	1 Week Return 12.08.19 to 19.08.19		Year to Date Return 31.12.18 to 19.08.19	
	Local Currency	**Euro**	**Local Currency**	**Euro**
World	-0.4%	0.6%	11.9%	15.2%
U.S.	0.1%	1.2%	15.5%	19.3%
Europe	-0.2%	-0.2%	11.3%	11.3%
Ireland	-0.3%	-0.3%	11.7%	11.7%
U.K.	-1.5%	-0.1%	5.0%	3.1%
Japan	-1.2%	-1.4%	0.4%	6.8%
Hong Kong	0.9%	2.0%	3.3%	6.5%
Corporate Bonds	0.2%	0.2%	7.5%	7.5%
Sovereign Bonds	2.8%	2.8%	14.9%	14.9%

Week Ahead

21 Aug The minutes from the July Federal Reserve meeting are released to the market.

22 Aug Eurozone PMI data goes to print, and investors will hope for signs of economic improvement.

23 Aug Japanese inflation data for July is released.

Equities

- Equities rose slightly last week finishing at 0.6% in euro terms.
- The influential U.S. market recovered from the previous week finishing at 1.2% for the week in euro terms.

Fixed Income & FX

- The U.S. 10-year yield moved lower last week to finish at 1.61%, having started the year at 2.68%. The German equivalent moved lower once again, and is now at -0.65%.
- The Euro/U.S. Dollar exchange rate finished at 1.11, whilst Euro/GBP was at 0.92.

Commodities

- Oil finished the week lower at $55 per barrel.
- Gold finished the week at $1,501 per troy ounce.
- Copper was lower at $5,720 per tonne.

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