

Global Overview

- Equity markets declined last week on the back of weaker than expected economic data from the US and mixed corporate results.
- U.S. retail sales for March were weak rising just 0.3%. The University of Michigan consumer confidence survey fell to its lowest level in 18 months. The Empire State survey of manufacturers in the US was also weaker than expected.
- The oil price slipped a further 5.3% to a two-month low to just above \$50 per barrel as fears that production wouldn't keep up with demand eased.
- Commodity prices fell with aluminium down 7% and copper down 6%. Commodity heavy countries in Latin America such as Mexico and Brazil as well as Australia had a difficult week as a result.
- The weakness on equity markets and the emergence of poor economic data drove investors into bonds with prices rising 0.7% on the week.
- On currency markets, the US dollar managed to hold onto to most of its recent gains despite news of the trade deficit soaring to \$61 billion in February.

Market	Index	Year to Date Return 31.12.04 to 15.04.05		1 Week Return 08.04.05 to 15.04.05	
		Local Currency %	Euro %	Local Currency %	Euro %
US	S & P 500	-5.7	-1.1	-3.3	-3.3
US	NASDAQ	-12.3	-8.0	-4.6	-4.6
Europe	FT/S&P Europe Ex. U.K.	3.7	3.7	-2.0	-2.0
Ireland	ISEQ	-1.9	-1.9	-1.1	-1.1
UK	FTSE 100	1.6	5.3	-1.9	-1.3
Japan	Topix	0.1	-0.7	-4.2	-3.6
Hong Kong	Hang Seng	-4.2	0.2	-0.2	-0.2
Australia	S&P/ASX 200	-0.9	2.2	-3.6	-3.9
Bonds	Merrill Lynch Euro over 5 year Govt.	2.6	2.6	0.7	0.7

Equities



USA

- US equity markets declined last week in the face of poor corporate and economic data.
- The big news of the week came from IBM when it delivered earnings that were below expectations and a downbeat outlook.
- General Motors shares fell dramatically amid rumours over its credit rating status. The stock fell to a 12-year low.
- There was better news from General Electric and Citigroup when they delivered better than expected earnings. GE reported a 25% rise in profits due to strong growth in most of its businesses.



Europe

- European markets were also affected by the downturn.
- The health care sector was the only sector to finish the week in positive territory due to success by Eli Lilly in defending a patent case in the US and positive news from Roche on one of its cancer drugs.



Europe (continued)

- Basic resources, autos and technology sectors were the biggest decliners.
- Woolworths, ASML and BASF were among the main market laggards.



Ireland

- The ISEQ index fell 1.1% on the week affected by the downward trend in world markets.
- Ryanair agreed an out of court settlement with the British Airports Authority, bringing their dispute over fuel levy charges at Stansted airport to an end.
- Tullow Oil released good results on Tuesday.



Pacific Basin

- Asian equity markets declined on the back of negative corporate news and a widening in sovereign credit spreads.
- Samsung's results were worse than expected, as was its outlook.
- With regard to economic news, China announced March export data which showed no signs of slowing and rose to a 3rd record high +35% year on year in 1Q 2005 while import growth slowed.
- Defensive areas outperformed, while basic materials, financials and technology stocks underperformed.

Eurozone Bonds

- Bond prices rose last week on the back of weak economic data from the US and declines on equity markets world wide.
- The US Federal Reserve released the minutes of its last meeting. The minutes showed that the bank is not inclined to start raising interest rates more aggressively in the near-term. Comments from the ECB were also softer in tone than prior rhetoric.

Global Outlook

- Activity in the global economy remains reasonably strong, although the recent data in most economies has disappointed expectations. Policymakers remain vigilant regarding the effects of high oil prices on growth and inflation.
- We have said for some time that inflation data will remain central to the Fed's policy actions over coming months. The Fed had heightened its inflation concerns somewhat, driving short rate expectations to 4% by end year, from 2.75% currently. In recent days these expectations have eased back to 3.75%.
- The ECB remains on hold with rates at 2% and inflation projections which are still benign. Recently it has voiced concerns over rising property prices, generous financial liquidity conditions and the level of government borrowings. On balance however, it is still likely that low ECB rates and well-behaved eurozone inflation can remain supportive of eurozone bonds.
- Equity market returns have been quite varied so far this year; many of the major indices fell into negative territory last week. The US market remains the most sluggish, of the large markets. Within most markets the technology sector has been an under-performer for a number of months. For 2005, global profit growth is still expected to be around 10%, although investors are now attaching less certainty to that prediction.
- Currently, the funds are neutral to slightly overweight bonds and neutral to slightly underweight equities versus the manager average having recently lowered exposures to the US, European and Pacific Basin. Sector-wise the funds exposure to cyclical sectors such as basic industries and resources has been reduced while some defensive sectors have been increased. In geographical terms, the funds continue to be neutral the UK and Japan and close to neutral in the Pacific Basin, underweight the US, while overweight Europe.