



12th October 2015

The week gone by

Global **equities** (in euro terms) saw a sharp turnaround last week as sectors which has been hit hard in recent months rallied sharply from technically oversold levels. Investors continue to focus on China as well as the timing of US interest rate rises. There is now only a 30% chance of lift-off of US rates in December 2015 with a 50% chance in March 2016. Equities remain well valued on a yield basis compared to cash and bonds whilst price/earnings multiples have contracted somewhat.

The global index (in euro terms) rose by 3.6% last week and has given a total return year-to-date of plus 5.8%. Technically, the Index remains 4% below the critical 200-day moving average but is around 8% higher than the recent low on 24th August. All of the major equity **markets** were up in local currency terms last week ranging from 0.7% in Ireland to 4.9% in Japan. The influential US market was up 3.3% on the week.

Eurozone **bond** prices fell by 0.7% on the week, reacting to strength in higher risk assets. Overall, eurozone bonds have given a return of plus 1.6% year-to-date although prices remain well-off their mid-April peaks. The German 10-year bond yield rose from 0.51% to 0.61% last week; it had hit an all-time-low of 0.06% in April. Equivalent US yields rose from 1.99% to 2.09%. **Commodity** prices in general were up by 4.4% (in dollar terms) last week, with oil prices up 9%, but are down by 11.9% so far in 2015.

	Index	1 Week Return 02.10.15 to 09.10.15		Year to Date Return 31.12.14 to 09.10.15	
		Local Currency %	Euro %	Local Currency %	Euro %
Global (euro)	FTSE World (total return)	3.6	3.6	5.8	5.8
US	S&P 500	3.3	2.0	-2.1	4.1
Europe	FT/S&P Europe Ex. U.K.	5.0	5.0	6.5	6.5
Ireland	ISEQ	0.7	0.7	17.5	17.5
UK	FTSE 100	4.7	4.3	-2.3	2.2
Japan	Topix	4.9	3.2	7.7	14.0
Hong Kong	Hang Seng	4.4	3.2	-4.9	1.2
Australia	S&P/ASX 200	4.5	7.7	-2.4	-6.8
Bonds	Merrill Lynch Euro over 5 year	-0.7	-0.7	1.6	1.6

The week ahead

- The Q3 earnings' results season begins in earnest in the US with a number of big financial companies reporting. It is likely that September headline and core CPI (Thursday) will print at -0.2% and 0.1% month-on month, respectively.
- At the EU summit (Thursday), EU leaders will have an in-depth debate on migration and the Five Presidents Report on the strengthening of Monetary Union. It is projected that final Euro area September headline and core HICP inflation (Friday) will confirm preliminary estimates of -0.1% and 0.9% year-on-year, respectively.
- In the UK, it is expected that September CPI (Tuesday) will remain unchanged at 0.0% year-on-year.

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