



16th November 2015

The week gone by

Global **equities** (in euro terms) lost all of the previous week's gains on the back of general profit-taking. Investors continue to focus on China as well as the timing of US interest rate rises. There is now a 67% chance of lift-off of US rates on 16th December following more hawkish comments from the Federal Reserve. Euro currency weakness has significantly improved returns for eurozone investors in 2015 (see table below). Equities remain reasonably valued on a yield basis compared to cash and bonds.

The global index (in euro terms) fell by 2.8% last week but has given a total return year-to-date of plus 10.7%. Technically, the Index remains above the critical 200-day moving average, despite last week's decline, and is 12.9% higher than the low on 24th August. Apart from Japan (+1.4%), all of the major equity **markets** were down in local currency terms last week ranging from minus 1.9% in Ireland to minus 3.7% in the UK. The influential US market was down 3.6% on the week.

Eurozone **bond** prices were up by 1.3% during a risk-off week. Overall, eurozone bonds have given a return of plus 2.5% year-to-date. The German 10-year bond yield fell from 0.69% to 0.56% last week. Equivalent US yields fell from 2.33% to 2.27%. **Commodity** prices in general were down by 3.3% (in dollar terms) last week, with oil prices off 8%, and are down by 19.7% so far in 2015.

	Index	1 Week Return 06.11.15 to 13.11.15		Year to Date Return 31.12.14 to 13.11.15	
		Local Currency %	Euro %	Local Currency %	Euro %
Global (euro)	FTSE World (total return)	-2.8	-2.8	10.7	10.7
US	S&P 500	-3.6	-3.9	-1.7	10.4
Europe	FT/S&P Europe Ex. U.K.	-3.0	-3.0	9.5	9.5
Ireland	ISEQ	-1.9	-1.9	24.0	24.0
UK	FTSE 100	-3.7	-2.8	-6.8	2.4
Japan	Topix	1.4	1.6	12.7	23.7
Hong Kong	Hang Seng	-2.1	-2.3	-5.1	6.6
Australia	S&P/ASX 200	-3.1	-2.3	-6.6	-8.5
Bonds	Merrill Lynch Euro over 5 year	1.3	1.3	2.5	2.5

The week ahead

- The US October FOMC minutes (Wednesday) will show the committee's views on inflation as well as the risks to the US outlook from growth concerns abroad. It is projected that October CPI (Tuesday) will print at 0.2% month-on-month (last: minus 0.2%).
- The October ECB minutes (Thursday) will be scrutinized by the markets, given President Draghi's dovish statement and the market expectation of a significant monetary policy announcement for the December meeting.
- In the UK, it is expected that October CPI (Tuesday) will remain static at minus 0.1%.

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