



23rd November 2015

The week gone by

Global **equities** (in euro terms) had a strong week recovering from the previous week's profit-taking. Markets reacted positively to the expectation of further monetary easing in the eurozone and some stronger economic data in the US. Investors continue to focus on China as well as the timing of US interest rate rises. There is now a 70% chance of liftoff in US rates on 16th December. 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) rose by 3.6% last week and has given a total return year-to-date of 14.6%. Technically, the Index is now 2.6% above the critical 200-day moving average and is 4.3% off the 2015 high set on 15th April. All of the major equity **markets** were up in local currency terms last week ranging from 1.1% in Japan to 4.1% in Australia. The influential US market was up 3.3% on the week.

Eurozone **bond** prices were up by 1.1% last week reacting to a possible ECB interest rate cut on 3rd December and/or further quantitative easing. Overall, eurozone bonds have given a total return of plus 3.5% year-to-date. The German 10-year bond yield fell from 0.56% to 0.48% last week. Equivalent US yields fell marginally from 2.27% to 2.26%. **Commodity** prices in general were down by 0.6% (in dollar terms) last week and are down by a hefty 20.1% so far in 2015.

	Index	1 Week Return 13.11.15 to 20.11.15		Year to Date Return 31.12.14 to 20.11.15	
		Local Currency %	Euro %	Local Currency %	Euro %
Global (euro)	FTSE World (total return)	3.6	3.6	14.6	14.6
US	S&P 500	3.3	4.5	1.5	15.3
Europe	FT/S&P Europe Ex. U.K.	2.8	2.8	12.6	12.6
Ireland	ISEQ	3.7	3.7	28.5	28.5
UK	FTSE 100	3.5	4.5	-3.5	6.9
Japan	Topix	1.1	2.1	13.9	26.2
Hong Kong	Hang Seng	1.6	2.8	-3.6	9.6
Australia	S&P/ASX 200	4.1	6.9	-2.9	-2.2
Bonds	Merrill Lynch Euro over 5 year	1.1	1.1	3.5	3.5

The week ahead

- The second estimate of US Q3 GDP (Tuesday) is likely to come in at 2.0% quarter-on-quarter (last: 1.5%). It is expected that the November consumer confidence index (Tuesday) will increase to 99.2 (last: 97.6).
- It is forecast that euro area 'flash' November composite PMI (Monday) will move up marginally to 54.0 (last: 53.9).
- In the UK, the key event will be the Autumn statement (Wednesday). It is expected that Q3 GDP (Friday) will be confirmed at 0.5% quarter-on-quarter.

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