

# Rising oil prices and strong earnings help to support equity markets

## Weekly Snapshot



**World Equities**

**Oil**



**Sovereign Bonds**



**Euro**

**Gold**

Ireland and the UK underperformed on a relative basis for the week returning -1.4% and -0.5% in local terms respectively. The **global index** (in euro terms) was up (1.0%) last week, to leave year to date returns also at 1.0%.

The **Japanese Topix Index** was one of the strongest performers on a global stage returning 3.4% in local terms. Although yen weakness pared

## Week in Review

- **Stocks delivered weekly gains** on the back of generally positive earnings results and a surprise to the upside in US initial jobless claims figures, which fell to the lowest level since 1973.
- Tech stocks underperformed for the week as big names such as Netflix, Alphabet (Google) and Microsoft all missed earnings expectations. However earnings results are positively skewed so far with **76% beating expectations**.
- **Oil had another strong week**, defying expectations of a fall in the wake of collapsed negotiations last weekend. The Chicago Board Options Exchange Volatility Index (VIX) was reduced on the week from 14.36 to 13.95, signalling a rise in risk sentiment.

	Index	1 Week Return 15.04.16 to 22.04.16		Year to Date Return 31.12.15 to 22.04.16	
		Local Currency %	Euro %	Local Currency %	Euro %
Global (euro)	FTSE World (total return)	1.0%	1.0%	1.0%	1.0%
US	S&P 500	0.5%	1.1%	2.3%	-0.9%
Europe	FT/S&P Europe Ex. U.K.	1.7%	1.7%	-4.1%	-4.1%
Ireland	ISEQ	-1.4%	-1.4%	-9.8%	-9.8%
UK	FTSE 100	-0.5%	1.5%	1.1%	-4.4%
Japan	Topix	3.4%	1.1%	-9.0%	-4.5%
Hong Kong	Hang Seng	0.7%	1.2%	-2.0%	-5.2%
Bonds	Merrill Lynch Euro over 5	-1.0%	-1.0%	4.0%	4.0%

these gains back to 1.1% for euro investors.

**Commodities** once again had a positive week, with oil, copper and silver all posting gains. Gold slipped slightly in local terms, but returns were positive in euro terms.

The **euro** weakened against the dollar and sterling, with EUR/USD closing the week at 1.12, still significantly higher

since the turn of the year. Sterling recovered some of the ground lost in recent weeks but weakness is expected to persist.

**Sovereign yields rose slightly** across the board as risk aversion declined on the margin. European corporate bonds continue to show strength in advance of expected ECB activity in the sector.

## The Week Ahead

Wednesday 27 April	Friday 29 April	Monday 25 – Friday 29 April
The Federal Open Market Committee (FOMC) meets on Wednesday where the expectation is to keep the target rate at 0.25-0.5%. Similarly little in the way of change to the released statements is expected.	March headline Eurozone inflation is expected to fall to -0.1% year-on-year and for the core rate to ease to 0.9% year-on-year. Both far below the target rate of 2%.	Earnings season continues with tech giants eBay and Facebook reporting, along with more traditional players such as Ford and Dow Chemicals.

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