

# Risk assets fall as Brexit vote triggers 'flight to safety'

## Weekly Snapshot



**Gold**  
**Sovereign Bonds**



**Corporate Bonds**



**Oil**  
**World Equities**

## Week in Review

- Equities, commodities and emerging market assets all came under pressure on Friday following the confirmation of the 'leave' result in the UK's referendum on EU membership. Markets had rallied in the days leading up to the vote as the majority of market participants anticipated a remain result.
- Foreign exchange markets were volatile with sterling falling to its lowest level against the US dollar in three decades. Gold, the yen and core sovereign bonds all rose as a 'flight to safety' materialised on Friday.
- Political figures, central bankers and industry leaders all moved to reassure markets in the wake of the vote. However, even as markets reacted on Friday the VIX index, which represents market volatility, remained below its 2016 high seen in February

	Index	1 Week Return 17.06.16 to 24.06.16		Year to Date Return 31.12.15 to 24.06.16	
		Local Currency %	Euro %	Local Currency %	Euro %
Global (euro)	FTSE World (total return)	-1.3%	-1.3%	-3.0%	-3.0%
US	S&P 500	-1.6%	-0.2%	-0.3%	-3.0%
Europe	FT/S&P Europe Ex. U.K.	-0.7%	-0.7%	-11.6%	-11.6%
Ireland	ISEQ	-1.9%	-1.9%	-13.4%	-13.4%
UK	FTSE 100	-1.9%	-1.5%	-1.7%	-10.6%
Japan	Topix	-3.7%	-0.5%	-22.2%	-10.3%
Hong Kong	Hang Seng	0.4%	1.9%	-7.5%	-10.1%
Bonds	Merrill Lynch Euro over 5	0.4%	0.4%	6.7%	6.7%

The **global index** (in euro terms) was down 1.3% last week as gains earlier in the week were wiped out on Friday

**All major markets**, with the exception of Hong Kong, were in negative territory for the week.

**Oil fell** -0.7% in dollar terms for the week, on the back of worries for post-Brexit energy demand. Gold saw a gain on the week of 1.3% as risk aversion rose.

The **EUR/USD rate** finished the week at 1.11, from 1.13 a week ago. **10 year US treasury yields** were down to 1.56%, whilst the German equivalent hit a record low of -0.17% before closing at -0.05%.

## The Week Ahead

Tuesday 28 June	Thursday 30 June	Friday 1 July
Final US GDP figures for Q1 are to be released, with the expectation being a downward revision from 0.8%(annualised) to 0.6%	June CPI figures for the eurozone, with core inflation expected to pick up from 0.8% to 0.9% (year-on-year). The final UK GDP figure for Q1 will also be released	Eurozone manufacturing PMI for June is released and is expected to rise to 52.6 from 51.5. Similarly the UK manufacturing PMI is forecast to print at 51, from a previous figure of 50.1

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