ZURICH

# Earnings help equities advance for a fourth straight week

## Weekly Snapshot

**World Equities**

**Corporate Bonds**

**Sovereign Bonds**

**Industrial Metals**

**Gold**

## Week in Review

- **Q2 earnings began in earnest last week,** and trended mostly better than expected. Positive results from some Tech companies helped to guide the influential S&P 500 higher. However, this is tempered by the fact that earnings are still trending lower on a year-on-year basis.
- **Oil continues to move lower** off its June highs. Two headwinds were evident during the week; stockpiles remain at record levels and the dollar index advanced on the back of steadily improving US economic data.
- **Central Banks have so far adopted a 'wait-and-see' approach** following the Brexit vote. Both the Bank of England and the ECB have not increased stimulus packages. However, there is a market expectation of further action this year as a number of Post-Brexit surveys have indicated a reduction in business sentiment.

| | Index | 1 Week Return 15.07.16 to 22.07.16 | | Year to Date Return 31.12.15 to 22.07.16 | |
|---|---|---|---|---|---|
| | | Local Currency % | Euro % | Local Currency % | Euro % |
| Global (euro) | FTSE World (total return) | 1.2% | 1.2% | 3.9% | 3.9% |
| US | S&P 500 | 0.6% | 1.1% | 6.4% | 5.4% |
| Europe | FT/S&P Europe Ex. U.K. | 0.5% | 0.5% | -6.8% | -6.8% |
| Ireland | ISEQ | 0.3% | 0.3% | -14.5% | -14.5% |
| UK | FTSE 100 | 0.9% | 0.8% | 7.8% | -5.0% |
| Japan | Topix | 0.8% | 0.1% | -14.2% | -3.0% |
| Hong Kong | Hang Seng | 1.4% | 1.9% | 0.2% | -0.8% |
| Bonds | Merrill Lynch Euro over 5 | 0.3% | 0.3% | 8.9% | 8.9% |

The **global index** (in euro terms) moved up 1.2% last week and the **majority of equity markets** were also in positive territory.

**Oil returned -3.8%** whilst copper was flat for the week. Gold and silver were in negative territory in dollar terms, as risk aversion continued to decline.

US ten year yields rose slightly from 1.55% to 1.57% whilst the equivalent German yield fell from 0.01% to -0.03%, pushing it back into negative territory. The Irish ten year bond yield closed at 0.47%, trending lower from 0.50% a week ago.

# The Week Ahead

| Wednesday 27 July | Friday 29 July | Friday 29 July |
|---|---|---|
| The Federal Open Market Committee (FOMC) meets where no interest rate change is expected. However, the accompanying comments will be closely analysed. | The Bank of Japan announces their latest interest rate decision. Recent comments have dampened expectations of 'helicopter money' but there is still the potential for a policy change. | Preliminary GDP figures for Q2 are released for both the eurozone and the US. An increase from 1.1% to 2.6% quarter-on-quarter is expected in the US. Whilst the equivalent eurozone rate is expected to be lower at 0.3% from 0.6%. |

**Warning: Past performance is not a reliable guide to future performance.**
**Warning: The value of your investment may go down as well as up.**
**Warning: Benefits may be affected by changes in currency exchange rates.**
**Warning: If you invest in this product you may lose some or all of the money you invest.**

Zurich Life Assurance plc
Zurich House, Frascati Road, Blackrock, Co. Dublin, Ireland.
Telephone: 01 283 1301 Fax: 01 283 1578 Website: www.zurichlife.ie