

# Stocks rally on prospect of US tax reform

## Weekly Snapshot



**World Equities**

**Gold**

**Oil**

**Industrial Metals**

**European Corporate Bonds**

**European Sovereign Bonds**



## Week in Review

- **Stocks rallied** as tax policy reform proposals from the new US administration came into focus, as President Trump stated on Thursday that he would announce a plan in the coming weeks to address the need for '**fundamental comprehensive tax reform**' in the US.
- US administration policy was a key focus throughout the week, as hopes rose that Trump's 'border adjustment tax' would run into opposition in the Senate. **Markets continue to grapple with the confluence of US policy** and the S&P 500 hasn't closed up or down by more than 1% in a single session since December 7.
- **Fixed income markets displayed caution** in Europe, as bond investors focussed on the upcoming elections in the Netherlands, with Marine Le Pen also garnering further attention in France.

	Index	1 Week Return 03.02.17 to 10.02.17		Year to Date Return 31.12.16 to 10.02.17	
		Local Currency %	Euro %	Local Currency %	Euro %
Global (euro)	FTSE World (total return)	2.1%	2.1%	3.3%	3.3%
US	S&P 500	0.8%	2.1%	3.5%	2.6%
Europe	FTSE Europe Ex. U.K.	0.3%	0.3%	1.5%	1.5%
Ireland	ISEQ	-0.5%	-0.5%	-0.6%	-0.6%
UK	FTSE 100	1.0%	2.5%	1.6%	2.0%
Japan	Topix	2.1%	2.9%	1.8%	3.9%
Hong Kong	Hang Seng	0.2%	0.2%	-3.1%	-3.1%

The **global index** rose strongly in euro terms during the course of the week, returning 2.1%.

Commodities were also broadly positive, as **gold, silver and copper** all moved higher. **Oil** grinded slightly higher and closed the week just short of \$54/barrel.

The **US 10 year bond** rose during the week, with yields (which move inversely to price) moving from 2.46% to 2.41%.

The yield on the **equivalent German Bund** closed was lower, on the aforementioned political risk concerns, and moved from 0.41% to 0.32%.

The **euro** weakened versus the US Dollar, moving from 1.08 to 1.06 over the period, enhancing returns for Irish investors with holdings in the US. The **euro/GBP** rate closed the week at 0.85.

## The Week Ahead

Tuesday 14 February	Tuesday 14 February	Wednesday 15 February
In Europe, the consensus estimate is for Q4 GDP growth to be confirmed 0.5% (quarter-on-quarter) and 1.8% (year-on-year).	In the UK inflation data for January will be published where the consensus forecasts a year-on-year rise of 1.9%.	US CPI data is also released this week, where the month-on-month figure is expected to come in at 0.3%, similar to the last reading, with the year-on-year figure expected at 1.8%, from 2.1% previously.

**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.**