

Geopolitical concerns weigh on risk assets

Weekly Snapshot



Sovereign Bonds

Gold

Copper



World Equities

Corporate Bonds

Oil

Week in Review

- **Rising tensions** between the US administration and North Korea led to a **modest correction in risk assets** last week, as the VIX volatility index spiked nearly 50% (albeit from a subdued level). The relationship deteriorated as Pyongyang stated that its missiles have the capability to reach the US territory of **Guam**. Whilst relations remain taut, the intervention of China coupled with the release by **North Korea** of a Canadian pastor over the weekend has helped to ease the tensions.
- In economic news, **US consumer prices** and **retail sales** data **disappointed** on Friday, and this has once again focussed attention on the likelihood of a further interest rate rise this year from the Federal Reserve. The **US dollar also fell** against a basket of major currencies on the back of the North Korea concerns and also reduced inflation expectations.

	Index	1 Week Return 04.08.17 to 11.08.17		Year to Date Return 31.12.16 to 11.08.17	
		Local Currency %	Euro %	Local Currency %	Euro %
Global (euro)	FTSE World (total return)	-1.8%	-1.8%	1.3%	1.3%
US	S&P 500	-1.4%	-1.8%	9.0%	-2.7%
Europe	FTSE Europe Ex. U.K.	-2.4%	-2.4%	5.9%	5.9%
Ireland	ISEQ	-2.1%	-2.1%	1.0%	1.0%
UK	FTSE 100	-2.7%	-3.3%	2.3%	-3.7%
Japan	Topix	-0.9%	0.1%	6.5%	2.0%
Hong Kong	Hang Seng	-2.5%	-2.9%	22.2%	8.1%
Bonds	Merrill Lynch Euro over 5	0.5%	0.5%	0.1%	0.1%

The **global index** fell by 1.8% last week, led by the UK which was down 3.3% in euro terms. **Bonds** had a positive week with the Merrill Lynch over 5 year index returning 0.5%, on the back of heightened geopolitical concerns.

Gold also had a positive week, as its role as a safe haven asset led to a rise of 2.4%. **Oil** once again failed to hold above the \$50 mark, and finished the week at \$48.8, down 1.5%.

US 10 year Treasuries prices moved higher, with the yield (which moves

inversely to price) moving to 2.19%, from 2.24% a week previously, based on the aforementioned political risk.

The **EUR/USD** rate closed at \$1.18, whilst **EUR/GBP** was at £0.91.

The Week Ahead

Tuesday 15 August	Wednesday 16 August	Wednesday 16 August
In the UK headline CPI inflation figures go to print, where the consensus expects a slight tick up to 2.7% year-on-year (last 2.6%).	The final estimate of Q217 euro area GDP growth is expected to be confirmed at 0.6% (quarter-on-quarter).	The minutes of the July FOMC are released where the market will look for further information regarding the balance sheet normalization process, and the potential timing of the next interest rate rise.

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