

Stocks move higher as markets eye US rate rise

Weekly Snapshot



World Equities
Sovereign Bonds
Corporate Bonds



Gold
Oil
Copper

The **global index** in euro terms returned 1.1% last week with Ireland a strong performer at 3.0%.

Oil fell for a second week in a row, returning just short of -2%, closing at

Week in Review

- Markets moved higher once more, led by continued positive political moves from Washington and solid economic data. The **US government averted a shutdown** (as expected) and progress continued in the **tax reform negotiations**. Reports also surfaced that President Trump will propose an infrastructure spending package early in the New Year.
- Friday's **US non-farm payrolls data painted a broadly positive picture** as the number of jobs created came in above expectations and the unemployment rate stayed near a 17 year low. However, as with previous recent releases, **wage growth came in below forecasts**.
- The first round of Brexit negotiations drew to a close as the issue of the **Irish border appeared to at least be temporarily solved**, although details remain light. Sterling hit a six month high versus the euro as a result, but **difficult negotiations remain on the road ahead**.

	1 Week Return 01.12.17 to 08.12.17		Year to Date Return 31.12.16 to 08.12.17	
	Local Currency %	Euro %	Local Currency %	Euro %
Global (euro)	1.1%	1.1%	9.4%	9.4%
US	0.4%	1.4%	18.4%	6.3%
Europe	1.5%	1.5%	10.8%	10.8%
Ireland	3.0%	3.0%	8.4%	8.4%
UK	1.3%	1.7%	3.5%	0.8%
Japan	0.4%	0.3%	18.8%	9.5%
Hong Kong	-1.5%	-0.4%	30.2%	16.0%
Bonds	0.2%	0.2%	2.3%	2.3%

\$57.36/barrel. Copper fell more sharply, down 3.7%, to close at 297.9.

The **ten year US bond yield** edged up slightly to 2.38%, as markets fully price in the expected interest rate

move this week. The **10 year German equivalent** closed at 0.30%, with no change from a week previously. The **EUR/USD** rate finished the period at 1.17, whilst **EUR/GBP** was at 0.88.

The Week Ahead

Wednesday 13 December	Thursday 14 December	Thursday 15 December
The market fully expects the US Fed to raise interest rates to 1.5% from the current 1.25% level. The accompanying commentary will be closely watched for information on the wind down of the QE programme.	Both the Bank of England and the European Central Bank meet for interest rates decisions, where no change in current policy is forecast from either meeting.	Flash manufacturing and services PMIs go to print in the eurozone, where further improvement in data will be seen as a boost for risk assets.

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