

Interest rate expectations weigh on equity markets

Weekly Snapshot



Oil
Gold



World Equities
Corporate Bonds
Copper

Week in Review

- **Stocks fell last week**, as a focus on rising interest rates took centre stage. Fed Chair Powell's positive view on the US economy, coupled with strong US economic data, **drove the 10 year US treasury yield to above 3.2%** - the highest in seven years.
- On Friday, **non-farm payroll data in the US disappointed slightly**, as the economy only added 134,000 jobs (vs a last reading of 270,000). However, much of the disappointment was **attributed to the impact of Hurricane Florence**, and the unemployment rate did move to 3.7%.
- A replacement deal for NAFTA was also agreed, with the US, Mexico, and Canada joining to create the USMCA trading group. The **euro was hit by a disagreement between the EU and Italy** over budget plans, which will hopefully see a resolution over the coming weeks

	1 Week Return 28.09.18 to 05.10.18		Year to Date Return 31.12.17 to 05.10.18	
	Local Currency %	Euro %	Local Currency %	Euro %
Global (euro)	-1.3%	-0.7%	5.0%	7.6%
US	-1.0%	-0.3%	7.9%	12.5%
Europe	-1.9%	-1.9%	-3.5%	-3.5%
Ireland	-1.1%	-1.1%	-8.3%	-8.3%
UK	-2.6%	-1.2%	-4.8%	-3.6%
Japan	-1.4%	-0.7%	-1.4%	1.8%
Hong Kong	-4.4%	-3.8%	-11.2%	-7.7%

The **global index** was down -0.7% in euro terms, with Hong Kong the worst performing of the major markets. **Oil** was up and closed at over \$74/barrel, marking its longest weekly winning streak since January. **Gold** moved

higher over the course of the week and closed at over \$1,200 per troy ounce. The **ten year US bond yield** finished at 3.23%, having started the year at 2.41%.

The **German equivalent** also closed higher at 0.57%. The **EUR/USD** rate finished the week at 1.15, with the **EUR/GBP** rate at 0.88.

The Week Ahead

Wed 10 October	Wednesday 3 October	Friday 12 October
The US Producer Price Index (PPI) for September goes to print where the consensus forecasts a rise of 0.2% (MoM).	US CPI for September is also released where the market expects the core figure to come in at 0.2 (MoM).	Some large US financials provide their latest earning figures, with JP Morgan, Wells Fargo, and Citigroup all reporting.

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