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Markets advance as Fed confirms readiness to protect against downturn

Snapshot

World Equities

Gold

Oil

Corporate Bonds

Sovereign Bonds

Copper

Week Ahead

07 JAN

Eurozone Retail Sales

U.S. Factory Orders

09 JAN

U.S. FOMC Announcement

Eurozone Unemployment

11 JAN

U.K. Monthly GDP

U.S. Consumer Price Index

A sharp rally on Friday ensured equity markets finished the week higher. The move came after reassurances from Federal Reserve Chairman Jerome Powell that underlying economic fundamentals remain solid, while confirming they would not hesitate in using the tools at their disposal to protect against an economic downturn. Powell's comments were timely after a profit warning from Apple and the disappointing ISM manufacturing release heightened concerns amongst investors of slowing economic growth. Meanwhile, the Peoples Bank of China (PBOC) have already stepped in with targeted stimulus, cutting the amount of cash banks must hold by one percentage point, which they anticipate will free up 800 billion yuan (circa $117 billion) for lending.

	1 Week Return 31.12.18 to 04.01.19		Year to Date Return 31.12.18 to 04.01.19	
	Local Currency	**Euro**	**Local Currency**	**Euro**
World	1.1%	1.3%	1.1%	1.3%
U.S.	1.0%	1.3%	1.0%	1.3%
Europe	1.8%	1.8%	1.8%	1.8%
Ireland	3.6%	3.6%	3.6%	3.6%
U.K.	1.7%	1.8%	1.7%	1.8%
Japan	-1.6%	0.1%	-1.6%	0.1%
Hong Kong	-0.2%	0.0%	-0.2%	0.0%
Sovereign Bonds	-0.3%	-0.3%	-0.3%	-0.3%
Corporate Bonds	-0.2%	-0.2%	-0.2%	-0.2%

Equities

- The MSCI World Index advanced 1.1%, with the U.S., Europe and the U.K all registering gains, while Asian indices weighed.
- Smaller cap benchmarks enjoyed the strongest gains after suffering the largest losses in 2018.

Fixed Income & FX

- The U.S. 10-year yield ticked lower to 2.65%, as investors sought U.S. safe-haven assets despite the move higher in equities.
- The Euro declined against most major currencies with EUR/USD at 1.144 and EUR/GBP at 0.898.

Commodities

- Oil prices rose to $48.92 with supply cuts and optimism around trade negotiations outweighing swelling U.S. supply.
- Gold moved higher to $1,291 per troy ounce, while Copper continued to decline amidst economic growth concerns to $5,897.

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