

Markets advance for third straight week on trade deal optimism

Snapshot



World Equities
Sovereign Bonds
Copper
Oil



Corporate Bonds
Gold

Week Ahead

15
JAN

French Core
Price Inflation
U.S. Producer
Prices Index

16
JAN

U.K. Consumer
Price Index
U.S. Retail Sales
Announcement

17
JAN

U.S. Housing
Starts
U.S. Jobless
Claims

Volatility declined and stocks marched higher for the third straight week with international markets leading the way. The move comes on the back of renewed optimism that a trade deal between the U.S. and China will be reached. Although we are in the latter stages of an economic cycle, the U.S. consumer is healthy and the broadly positive economic data suggests calls for an imminent recession are premature. Meanwhile, comments from Federal Reserve Chairman Jerome Powell further allayed fears of aggressive rate hikes in 2019, with core inflation (ex food and energy) within the Fed's range at 2.2%. In Europe, though, there were further signs of regional slowing as both French and German industrial production declined. As for the week ahead, U.S. earnings season kicks off and will give some indication into the health of corporate America, particularly on the back of some recent profit warnings.

	1 Week Return 04.01.19 to 11.01.19		Year to Date Return 31.12.18 to 11.01.19	
	Local Currency	Euro	Local Currency	Euro
World	2.8%	2.2%	3.9%	3.5%
U.S.	2.6%	2.0%	3.7%	3.7%
Europe	1.6%	1.6%	3.4%	3.4%
Ireland	0.5%	0.5%	4.2%	4.2%
U.K.	1.1%	1.3%	2.8%	3.4%
Japan	4.0%	3.7%	2.7%	3.9%
Hong Kong	4.0%	3.2%	3.7%	3.6%
Sovereign Bonds	0.3%	0.3%	0.0%	0.0%
Corporate Bonds	0.0%	0.0%	-0.1%	-0.1%

Equities

- The MSCI World Index advanced 2.8%, with all major markets advancing and Asian markets outperforming.
- Stocks in the U.S. are now up 10.4% since their December low with volatility at its lowest in over a month.

Fixed Income & FX

- The U.S. 10-year yield ticked higher to 2.70% with the German yield at 0.24% as the bid for safe-haven assets moderated.
- The EUR/USD advanced to 1.1471 but EUR/GBP declined to 0.893 as Brexit hopes fuelled a rally in the British pound.

Commodities

- The rebound in oil prices continued with supply cuts and trade talk optimism taking centre stage, sending prices to \$51.59.
- Gold moved marginally lower to \$1,288 per troy ounce, while Copper prices ticked higher to \$5,920.

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