

Equities buoyant on Trump speech and rate expectations

Weekly Snapshot



World Equities



Industrial Metals

**European Sovereign
Bonds**

Gold

**European Corporate
Bonds**

Oil

Week in Review

- **US stocks once again hit record highs** last week, as **President Trump's speech** to both houses of Congress was well received. Despite being short on policy detail, markets took confidence from his tone and potential ability to build consensus amongst lawmakers.
- Comments from several Fed officials, **striking a more 'hawkish' tone**, also lifted equities as Federal Reserve Chair Janet Yellen said an interest-rate increase would **"likely be appropriate"** at the central bank's upcoming meeting if employment and inflation continue to meet policy makers' expectations. The implied probability of a hike in March **jumped from 50% on Monday to 90%** by the end of the week.
- Earnings season for **Q4 2016**, which has almost concluded, is being seen as the **best in almost two years** with positive earnings per share growth, and the majority of companies beating estimates. The week saw the Euro Area's **headline CPI return to the 2%** level for the **first time in four years**.

	Index	1 Week Return 24.02.17 to 03.03.17		Year to Date Return 31.12.16 to 03.03.17	
		Local Currency %	Euro %	Local Currency %	Euro %
Global (euro)	FTSE World (total return)	0.5%	0.5%	6.0%	6.0%
US	S&P 500	0.7%	0.1%	6.4%	6.3%
Europe	FTSE Europe Ex. U.K.	2.0%	2.0%	4.4%	4.4%
Ireland	ISEQ	2.9%	2.9%	2.4%	2.4%
UK	FTSE 100	1.8%	0.0%	3.2%	2.4%
Japan	Topix	0.5%	-1.7%	2.6%	4.4%
Hong Kong	Hang Seng	-1.7%	-2.3%	7.1%	6.8%
Bonds	Merrill Lynch Euro over 5	-0.5%	-0.5%	-2.3%	-2.3%

The **global index** returned 0.5% for the week, as stocks in Europe led the way, up over 2.0%. Gold and silver both slipped this week, but remain

well in positive territory for the year. **The US 10 year bond** price moved lower, on the back of the aforementioned rate hike

expectations, and finished the week at 2.48% The yield on the **equivalent German Bund** followed suit, closing at 0.35% from 0.18% a week earlier.

The Week Ahead

Tuesday 7 March	Thursday 9 March	Friday 10 March
The third estimate of Q4 GDP for the eurozone is released, where the consensus expects growth to be confirmed at 0.4% (quarter-on-quarter) and 1.7% (year-on-year).	The ECB governing council meets for an interest rate decision where the market expects no change in policy to be announced. The subsequent press conference will be closely watched for any indications of future changes.	US employment data for February goes to print where 185,000 jobs are expected to have been created (prev: 227,000) and the unemployment rate is forecast to fall to 4.7% from 4.8%.

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