

## Europe leads the way in the wake of the French election





## Week in Review

- Stocks moved higher over the course of the week as investors
  were buoyed by the French election results. Political concerns
  were alleviated as the outcome of the vote was widely as
  expected. European equities are seeing net inflows once
  again, following large outflows during 2016.
- **US GDP data disappointed**, as the world's largest economy grew by a rate of only 0.7% for the first quarter. Markets however, took this in their stride and the **VIX**, the volatility index seen as a measure of fear on Wall Street, fell 9% to its **lowest level since February 2007**. The US administration announced tentative plans in respect of tax reform, but the market is likely to wait for further details.
- On the earnings front, just more than half of the S&P 500 have reported for Q1. Roughly 70% have beaten expectations in relation to the bottom line, with industrials and tech the best performing sectors.

	Index	1 Week Return 21.04.17 to 28.04.17		Year to Date Return 31.12.16 to 28.04.17	
		Local Currency %	Euro %	Local Currency %	Euro %
Global (euro)	FTSE World (total return)	0.2%	0.2%	5.2%	5.2%
US	S&P 500	1.5%	0.0%	6.5%	3.0%
Europe	FTSE Europe Ex. U.K.	3.1%	3.1%	8.7%	8.7%
Ireland	ISEQ	1.8%	1.8%	5.3%	5.3%
UK	FTSE 100	1.3%	0.8%	0.9%	2.4%
Japan	Topix	2.9%	-1.0%	0.9%	2.2%
Hong Kong	Hang Seng	2.4%	0.9%	11.9%	7.9%
Bonds	Merrill Lynch Euro over 5	0.1%	0.1%	-1.6%	-1.6%

The **global index** finished the week up 0.2%, led by a strong performance from Europe (+3.1%). **Gold** slipped by over 1% as a more 'risk-on' sentiment prevailed in the market.

**Oil** was down also, as US shale producers continued to ramp up supply. The **US ten year treasury** yield was little changed on the week, finishing at 2.28% from 2.25%.

The equivalent German yield moved from 0.25% to 0.32% as prices, which move inversely to yields, fell in the wake of the French election result. The **euro/USD** rate closed at 1.09, from 1.07 a week ago.

## The Week Ahead

## Wednesday 3 May Friday 5 May Sunday 7 May No interest rate change is expected US non-farm payroll data for April Emmanuel Macron and Marine Le Pen when the Fed's FOMC meets, although goes to print. The consensus will face off in the second round of there may be some guidance on the expectation is for a job creation the French Presidential election. likelihood of a June hike. Eurozone GDP figure of 193,000; up from 98,000 Markets expect the centre-right data is also released, and is expected to in the last reading. Macron to win, as he currently has a tick up to 0.5% from 0.4% (quarter-ondouble digit lead in the polls. quarter).

Warning: Past performance is not a reliable guide to future performance. Warning: The value of your investment may go down as well as up.

Warning: Benefits may be affected by changes in currency exchange rates.

Warning: If you invest in this product you may lose some or all of the money you invest.

Zurich Life Assurance plc

Zurich House, Frascati Road, Blackrock, Co. Dublin, Ireland.
Telephone: 01 283 1301 Fax: 01 283 1578 Website: www.zurichlife.ie
Zurich Life Assurance plc is regulated by the Central Bank of Ireland.
Intended for distribution within the Republic of Ireland.

