

US raises interest rates, as weaker euro boosts equity returns

Weekly Snapshot



World Equities
Oil



Sovereign Bonds
Corporate Bonds
Gold
Copper

Week in Review

- Stocks took a bit of a breather this week, as the US closed out one of its strongest quarterly performances in a number of years. Concerns about a **widening Italian budget** deficit impacted on European markets, but the weaker euro currency enhanced returns from US dollar denominated assets.
- The **Federal Reserve raised US interest rates** on Wednesday, in a move that was widely expected by market participants. It also **removed the reference to 'accommodative'** in relation to monetary policy, which signals they are moving to a more neutral level of interest rates.
- **US consumer confidence remains near an all-time high** in September, whilst WTI **oil** remained comfortably **above the \$70 level** as OPEC showed little sign of increasing short term supply.

	1 Week Return 14.09.18 to 21.09.18		Year to Date Return 31.12.17 to 21.09.18	
	Local Currency %	Euro %	Local Currency %	Euro %
Global (euro)	-0.3%	0.7%	6.4%	8.4%
US	-0.5%	0.7%	9.0%	12.8%
Europe	-0.7%	-0.7%	-3.0%	-3.0%
Ireland	-2.3%	-2.3%	-7.3%	-7.3%
UK	0.3%	1.1%	-2.3%	-2.5%
Japan	0.7%	1.0%	0.0%	2.5%
Hong Kong	-0.6%	0.4%	-7.1%	-4.1%
Bonds	-0.6%	-0.6%	-0.3%	-0.3%

The **global index** was up 0.7% in euro terms, as a weaker euro helped Irish investors. The US, UK, and Japanese exchanges were the best of the major markets.

Oil was up over the course of the week, and closed at \$73/barrel. **Gold**

lost further ground as interest rates moved higher and closed at \$1,192 per troy ounce.

The **ten year US bond yield** finished at 3.06%, having started the year at 2.41%. The **German equivalent** also closed higher at 0.47%.

The **EUR/USD** rate finished the week at 1.16 with the **EUR/GBP** rate at 0.89.

The Week Ahead

Monday 1 October	Wednesday 3 October	Friday 5 October
The UK Conservative Party Conference continues, which will be closely watched for any progress in relation to the UK's stance in Brexit negotiations.	PMI data for the US is released, where the consensus expects a continued expansion in both manufacturing and services.	US non-farm payroll data for September goes to print where the consensus expects a reading of 188,000, with the unemployment rate to tick down to 3.8%.

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