

Markets advance to record best January returns since 1987

Snapshot



World Equities
Corporate Bonds
Copper
Gold
Oil



Week Ahead

05
FEB

U.K. PMI Services Index
Eurozone Retail Sales

06
FEB

U.S. State of the Union Address
Crude Oil Inventory Report

07
FEB

Bank of England Minutes
U.S. Jobless Claims

Markets finished the week higher to record their best January since 1987, with volatility (as measured by the VIX index) declining to a two-month low. Corporate earnings surprised to the upside last week but it was comments from the U.S. Federal Reserve that particularly buoyed investor sentiment. Amidst weakening inflation and tighter financial conditions, the Fed confirmed they would pause interest rate hikes and remove stimulus slower than previously expected by maintaining their large bond balance sheet. This puts downward pressure on interest rates and should help to support borrowing costs. Global growth still remains a concern, with eurozone growth slowing to 1.8% in 2018, its weakest pace in four years. However, unemployment remains at a 12-year low and there are signs of wage growth accelerating in the region. Monetary policy also remains accommodative in both Europe and Asia, which should keep interest rates low and support confidence in the near term.

	1 Week Return 25.01.19 to 01.02.19		Year to Date Return 31.12.18 to 01.02.19	
	Local Currency	Euro	Local Currency	Euro
World	1.4%	0.8%	7.7%	7.4%
U.S.	1.6%	1.2%	8.2%	8.3%
Europe	0.2%	0.2%	6.2%	6.2%
Ireland	-0.2%	-0.2%	6.5%	6.5%
U.K.	3.1%	1.8%	4.2%	7.0%
Japan	-0.1%	-0.5%	5.0%	5.4%
Hong Kong	0.9%	0.4%	7.8%	7.6%
Corporate Bonds	0.6%	0.6%	1.4%	1.4%

Equities

- The MSCI World Index advanced 1.4%, with the U.S. (+1.6%) and the U.K. (+3.1%) leading the move higher.
- Communication services shares fared best with Facebook releasing better than expected earnings.

Fixed Income & FX

- The U.S. 10-year yield fell sharply to 2.68% on the Fed's dovish comments. The German equivalent yield fell to 0.17%.
- The Euro was stronger, rising to 1.146 against the U.S. dollar and 0.876 against the British pound.

Commodities

- The weaker U.S. dollar supported commodity prices across the board with oil finishing the week higher at \$55.26.
- Gold advanced to \$1,318 per troy ounce and despite Chinese growth concerns, Copper advanced to \$6,116.

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