

# Global markets continue strong start to the year

## Snapshot



World Equities  
Corporate Bonds  
Sovereign Bonds  
Oil, Gold, Copper



N/A

## Week Ahead

19  
FEB

U.K. Labour Market Report  
Japan Merchandise Trade

20  
FEB

U.S. Federal Reserve Minutes  
Euro Consumer Confidence

21  
FEB

U.S. Retail Sales & Jobless Claims  
ECB Minutes & French CPI

Markets continued their strong start to the year with global equities advancing 2.3% (2.9% in euro terms) last week. The move came on the back of increased optimism that a trade deal will be reached between the U.S. and China. With the Federal Reserve commentary also having turned dovish since the latter part of 2018, fears have dissipated that interest rates will be raised aggressively this year. In fact, some analysts are forecasting no further rate hikes in 2019. Meanwhile, Q4 corporate earnings are on track to have grown 13% from a year ago, which would mark the fifth straight quarter of double digit earnings growth. It wasn't all good news last week, however. Industrial production fell 0.6% in the estimate for January, while retail sales in the U.S. slumped 1.2% in December. Considering that retail sales account for about a quarter of consumer spending and consumer spending accounts for 68% of Gross Domestic Product, this is a figure that needs to be monitored closely. Finally, growth in Europe continues to wane, with Germany just avoiding slipping into recession in the final quarter of the year.

|                 | 1 Week Return<br>08.02.19 to 15.02.19 |      | Year to Date Return<br>31.12.18 to 15.02.19 |       |
|-----------------|---------------------------------------|------|---------------------------------------------|-------|
|                 | Local Currency                        | Euro | Local Currency                              | Euro  |
| World           | 2.3%                                  | 2.9% | 9.7%                                        | 11.3% |
| U.S.            | 2.5%                                  | 3.0% | 11.0%                                       | 12.9% |
| Europe          | 3.3%                                  | 3.3% | 8.9%                                        | 8.9%  |
| Ireland         | 2.6%                                  | 2.6% | 9.7%                                        | 9.7%  |
| U.K.            | 2.3%                                  | 2.4% | 7.4%                                        | 10.2% |
| Japan           | 2.4%                                  | 2.2% | 5.6%                                        | 6.7%  |
| Hong Kong       | 0.7%                                  | 1.2% | 10.0%                                       | 11.6% |
| Corporate Bonds | 0.2%                                  | 0.2% | 1.9%                                        | 1.9%  |
| Sovereign Bonds | 0.2%                                  | 0.2% | 1.3%                                        | 1.3%  |

### Equities

- The MSCI World Index advanced 2.3% in local currency terms. Europe and the U.S. posted the strongest gains.
- Stocks in the energy and industrial sectors led gains in the U.S., with utilities and financials lagging.

### Fixed Income & FX

- Inflation continues to show limited upward pressure. The U.S. 10-year yield is at 2.66% while the German yield ticked up to 0.10%.
- The Euro weakened against the U.S. dollar to 1.127 but remained at 0.876 against the British pound.

### Commodities

- OPEC and Russia confirmed cutbacks in production, sending oil prices 5% higher for the week to \$55.59.
- Gold and Copper prices finished the week at \$1,322 per troy ounce and \$6,193 respectively.

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