

US stocks extend winning streak as French concerns cast a shadow

Weekly Snapshot



World Equities

Gold

European Corporate
Bonds

European Sovereign
Bonds

Oil



Industrial Metals

Week in Review

- US equities began the shortened holiday week with a **fresh record high** and went on to rise for a fifth consecutive week, despite a fall back on Friday. **Optimism surrounding the US economy remains** after another set of broadly positive data, with expectations of a March or May interest rate rise beginning to creep up.
- European economic data was also strong**, with eurozone PMI data and German business sentiment pointing to an increasingly positive backdrop for the single currency bloc. Also, for the first time in almost four years **all 19 members of the eurozone posted a positive inflation figure**.
- However, **French politics remains the key focus for investors in Europe**. Candidates Emmanuel Macron and Francois Fillon both had relatively positive weeks on the campaign trail but the odds of a Le Pen victory, which would be perceived as a negative for the EU and equity markets, has increased over the last month, and this has been reflected in a **fall in the prices of French government debt in recent weeks**.

	Index	1 Week Return 17.02.17 to 24.02.17		Year to Date Return 31.12.16 to 24.02.17	
		Local Currency %	Euro %	Local Currency %	Euro %
Global (euro)	FTSE World (total return)	0.9%	0.9%	5.5%	5.5%
US	S&P 500	0.7%	1.2%	5.7%	5.5%
Europe	FTSE Europe Ex. U.K.	-0.2%	-0.2%	2.3%	2.3%
Ireland	ISEQ	-0.9%	-0.9%	-0.5%	-0.5%
UK	FTSE 100	-0.8%	0.2%	1.4%	2.2%
Japan	Topix	0.4%	1.5%	2.1%	5.9%
Hong Kong	Hang Seng	-0.3%	0.2%	8.9%	8.6%
Bonds	Merrill Lynch Euro over 5	0.9%	0.9%	-1.8%	-1.8%

The **global index** was up 0.9% in euro terms for the week, led by the influential US market. Gold returned 1.8%, with Oil up 1.1% - closing just

short of \$55 barrel. **The US 10 year bond** price moved higher, pushing the yield down to 2.31%. The yield on the **equivalent German Bund** also

moved lower to 0.18% on the back of French election concerns. The euro closed at 1.06 against the US dollar.

The Week Ahead

Tuesday 28 February	Wednesday 1 March	Thursday 2 March
President Trump's speech to the joint session of Congress will be keenly watched for further details of his policy agenda, however how much detail emerges remains to be seen.	The second estimate for Q4 US GDP is released where the consensus expects an upward revision to a growth rate of 2.1% (quarter-on-quarter).	February inflation data from the eurozone goes to print, where the market anticipates 1.9% headline inflation figures, up from 1.8% last month (year-on-year).

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