

Equities shrug off inflation concerns with sharp weekly rise

Weekly Snapshot



World Equities

Copper

Oil

Gold



Sovereign Bonds

Corporate Bonds

Week in Review

- **Equity markets** recovered strongly last week, with the S&P 500 seeing its **best 1 week local return in over five years**, although dollar weakness negated these returns for Irish investors. The **VIX 'fear index' also declined to below 20** after spiking close to 50 a week previously.
- A **stronger than expected January CPI reading** in the US **failed to derail equities**, as market participants come to terms with rising inflation expectations. **US Treasuries lost value** as expectations of rising interest rates continue to gather momentum, with the 10-year yield (which moves inversely to price) briefly touching a four year high on 14 February.
- With the **Q4 earnings season coming to a close, 76% of companies have exceeded earnings-per-share estimates**, helping to underpin the positive price trends across equities.

	1 Week Return 09.02.18 to 16.02.18		Year to Date Return 31.12.17 to 16.02.18	
	Local Currency %	Euro %	Local Currency %	Euro %
Global (euro)	2.7%	2.7%	-1.7%	-1.7%
US	4.3%	3.0%	2.2%	-1.3%
Europe	3.3%	3.3%	-1.2%	-1.2%
Ireland	3.5%	3.5%	-2.9%	-2.9%
UK	2.9%	3.1%	-5.1%	-4.8%
Japan	0.3%	1.4%	-4.4%	-2.0%
Hong Kong	5.5%	4.2%	4.0%	0.1%
Bonds	0.1%	0.1%	-0.5%	-0.5%

The **global index** rose by nearly 3% in euro terms for the week, but remains in negative territory for 2018.

Hong Kong was the best performing of the major markets, up 5.5% in local terms.

Oil moved higher last week, and closed back above \$60/barrel, helped by the weakening US Dollar. **Copper** and **gold** returned 7.1% and 2.4% respectively.

The **ten year US bond yield** finished the week at 2.87%, with the 3.0%

point being a key level to watch for in the coming weeks. The **EUR/USD** rate closed the period at 1.24 and EUR/GBP was at 0.88.

The Week Ahead

Wednesday 21 February	Wednesday 21 February	Wednesday 21 February
Euro area flash composite PMI data for February goes to print where both the Services and Manufacturing figures are expected to fall from their multi year highs, whilst firmly remaining in expansion territory.	The FOMC minutes covering Janet Yellen's last meeting as Fed Chair are released. No change in policy is envisaged with a rate rise in March broadly expected by the market.	US PMI data for February is also released where the Services figure is expected to rise to 54.0 from 53.3 with the consensus predicting a fall in the Manufacturing index from 55.5 to 55.0.

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