



Irish Life Weekly Investment Bulletin

The week that was – WEEK 49 2018 (ending 07/12/2018)

“Do not fear mistakes. There are none.” – Miles Davis

Irish consumer sentiment rises to 96.5 in November – The KBC Bank/ESRI Consumer Sentiment Index rose to a 3-month high of 96.5 in November, helped by lower fuel costs, the budget and lower inflation in house prices. This compared to October’s 93.5 but still well below the recent peaks seen in January and July.

Irish unemployment rate in November falls to 10-year low of 5.3% – Latest figures published by the CSO show the seasonally adjusted unemployment rate for November 2018 was 5.3% (5.4% for females, 5.3% for males and 12.3% for youth). This new 10-year low figure compares to rate of 6.4% in November 2017.

Global stock market down 3.5% on the week – The MSCI AC World TR Index showed a -3.53% return from 30th November to 7th December, cancelling out the previous week’s 3.4% rise as concerns continued on trade and Brexit. The Vix (CBOE Volatility Index) closed the week at 23.23, up from 18.07 on 30th November.

Mixed U.S. jobs report for November – The Labor Department reported that non-farm payrolls grew 155,000 in November whereas economists had expected 198,000 jobs but the unemployment rate held steady at 3.7% (a 49 year low) and year-on-year wage growth equalled October’s 3.1% total, the highest rate since 2009.

China/U.S. trade concerns continue despite 90 day ‘truce’ – Despite the meeting at the G-20 summit between President Trump and President Xi resulting in a 90-day ‘truce’, there were continued concerns for a potential resolution because of lack of substantiation of key details and further aggressive Trump comments.

Eurozone growth in Q3 up just 1.6% year-on-year – Eurostat reported that seasonally adjusted GDP rose by 1.6% in the Eurozone compared to the July-to-September period in 2017. Among member states, the largest growth in the third quarter was observed in Malta with growth of 3.6%, but Lithuania down 0.3%.

The Story of the week: A picture of a silver van travelling on the A38 towards Plymouth in the UK carrying an enormous Christmas tree on its roof, almost dragging along the road behind the van prompted police to warn drivers as the festive period approaches. Posted online by PC Bickley, who wrote: “Shocking image spotted on the A38 by one of our speed camera vans over the weekend.” One social media user replied: "I'd like to see the size of their house to get that in the living room ..." while another commented: "Elf and Safety trying to spoil people's Christmas."

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Index Performances and Market Data*

| Equity and Bond Markets % (in Local Currency) | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 YTD (to 07/12) |
|--|-------------|-------------|-------------|-------------|-------------|----------------------------|
| MSCI AC World (Gross TR) | 26.2 | 9.9 | 1.8 | 9.7 | 20.4 | -3.5 |
| ISEQ Overall Return | 35.8 | 16.8 | 33.6 | -2.7 | 9.7 | -19.9 |
| FTSE 100 TR | 18.7 | 0.7 | -1.3 | 19.1 | 11.8 | -8.1 |
| Euro Stoxx 50 TR | 21.5 | 4.0 | 6.4 | 3.7 | 9.2 | -10.4 |
| S&P 500 TR | 32.4 | 13.7 | 1.4 | 12.0 | 21.8 | 0.3 |
| Nasdaq Composite | 38.3 | 13.4 | 5.7 | 7.5 | 28.2 | 0.9 |
| Nikkei 225 | 56.7 | 7.1 | 9.1 | 0.4 | 19.1 | -4.8 |
| MSCI Emerging Markets | 0.9 | 2.6 | -8.0 | 7.1 | 27.8 | -10.8 |
| Eurozone Government Bonds 1-5 yr | 2.1 | 3.4 | 1.0 | 0.9 | -0.2 | -0.3 |
| Sovereign 10yr Bond Yields (%) | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 YTD |
| U.S. | 3.0 | 2.2 | 2.2 | 2.4 | 2.4 | 2.9 |
| German | 1.9 | 0.5 | 0.6 | 0.2 | 0.4 | 0.3 |
| UK | 3.0 | 1.9 | 1.9 | 1.2 | 1.2 | 1.3 |
| Japan | 0.7 | 0.3 | 0.2 | 0.0 | 0.0 | 0.0 |
| Ireland | 3.4 | 1.3 | 1.1 | 0.7 | 0.7 | 0.8 |
| Italy | 4.1 | 2.1 | 1.6 | 1.8 | 2.0 | 3.1 |
| Greece | 8.2 | 9.6 | 7.9 | 7.1 | 4.1 | 4.2 |
| Portugal | 6.1 | 2.7 | 2.5 | 3.8 | 1.9 | 1.8 |
| Spain | 4.1 | 1.6 | 1.7 | 1.4 | 1.6 | 1.4 |
| Central Bank Rates (%) | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 YTD |
| ECB | 0.25 | 0.05 | 0.05 | 0.0 | 0.0 | 0.0 |
| Bank of England | 0.25 | 0.50 | 0.50 | 0.25 | 0.50 | 0.75 |
| U.S. Federal Reserve | 0.25 | 0.25 | 0.50 | 0.75 | 1.50 | 2.25 |
| Foreign Exchange Rates | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 YTD |
| Euro/Dollar (€/\$) | 1.37 | 1.21 | 1.09 | 1.04 | 1.20 | 1.14 |
| Euro/Sterling (€/£) | 0.83 | 0.78 | 0.75 | 0.84 | 0.89 | 0.90 |
| Sterling/Dollar (£/\$) | 1.65 | 1.56 | 1.46 | 1.24 | 1.36 | 1.27 |
| IPD All Property Return % (in Local Currency) | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 YTD |
| Ireland | 12.3 | 36.1 | 25.1 | 12.6 | 8.1% | 5.5% (To end of Q3) |
| U.K. | 10.9 | 17.9 | 13.3 | 3.6 | 10.3% | 3.7% (To end of Q3) |
| U.S. | 11.6 | 11.5 | 12.5 | 7.7 | 7.1% | 3.7% (To end of Q3) |

*Past performance is not a reliable guide to future performance and may fall as well as rise.