



ILIM – The week that was...

Week 32

“Obstacles are those frightening things that become visible when we take our eyes off our goals” – Henry Ford

- Prices on average, as measured by the CPI (consumer price index), were 0.3% higher in July compared with July 2013. The most notable changes in the year were increases in Education (+4.5%), Alcoholic Beverages & Tobacco (+3.7%), Miscellaneous Goods & Services (+2.8%) and Restaurants & Hotels (+2.5%). There were decreases in Communications (-5.1%), Clothing & Footwear (-3.6%), Furnishings, Household Equipment & Routine Household Maintenance (-3.3%) and Food & Non-Alcoholic Beverages (-3.0%).
- According to the ESRI, Irish Gross Domestic Product (GDP) will surge 3% this year fuelled by a recovery in spending as well as improving investment. That compares with the more conservative 2.1% forecast from the Department of Finance.
- An article published in the Economic and Social Research Institute's (ESRI) latest Quarterly Economic Commentary highlights that Irish house prices at end of December 2013 were undervalued by up to 27%. Noting that in the absence of a significant housing supply response they are likely to continue to increase in the coming years.
- European Central Bank President Mario Draghi left interest rates unchanged at record lows and said it was too early to judge whether Russian sanctions on EU exports will have an impact on the euro zone's recovery.
- Retail sales rose in June at the fastest annual rate since early 2007 across the Eurozone, an indication that consumer spending may start supporting the economic recovery.
- The Bank of England left its benchmark interest rate on hold, but the debate over when the central bank will begin raising its benchmark rate is heating up.
- Italy has slipped into its third recession since 2008, in an unexpected setback that threatens to restrain the broader euro zone's fitful recovery.
- According to Moody's (Rating Agency) France will likely miss its deficit reduction targets due to weaker-than-hoped economic growth and risks the government will fail to fully implement spending cuts.
- The Institute of International Finance published data on portfolio inflows into emerging economies showing that flows accelerated to a two year high of \$44bn in July, following strong inflows in May and June.
- **The Story of the week for me...** Eircom the Irish telecoms group is considering launching itself on the public market for a third time as part of its ongoing financial restructuring attempts.

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Index Performances and Market Data

Equity Markets (%)	2009	2010	2011	2012	2013	YTD
ISEQ	27	-3	0.6	14.7	35.8	0.8%
FTSE 100	22.1	9.0	-5.6	6.0	18.7	-0.5%
Euro Stoxx 50	23.4	-0.1	-17.7	13.4	21.5	-1.1%
S&P 500	23.5	12.8	0	12.4	32.4	5.8%
Nasdaq	43.9	16.9	-1.8	14.1	36.9	5.4%
Nikkei	19	-3	-17.3	16.24	59.4	-4.0%
MSCI Emerging Markets	74.5	16.4	-20.4	13.8	-2.3	6.5%
MSCI World	23	17.2	-7.62	12.1	26.3	3.6%
Sovereign 10yr Bond Yields (%)	2009	2010	2011	2012	2013	YTD
US	3.8	3.3	1.9	1.7	3.0	2.4%
German	3.4	3	1.8	1.4	1.9	1.1%
UK	4.0	3.4	2.0	1.9	3.0	2.5%
Japan	1.3	1.1	1.0	0.7	0.7	0.5%
Ireland	4.8	9.1	8.4	4.5	3.4	2.2%
Italy	4.1	4.8	7.1	4.6	4.1	2.8%
Greece	5.8	12.5	31.7	12.7	8.2	6.3%
Portugal	4.1	6.6	13.4	6.9	6.1	3.7%
Spain	4.0	5.5	5.1	5.4	4.1	2.6%
Central Bank Rates (%)	2009	2010	2011	2012	2013	YTD
ECB	1	1	1	0.75	0.25	0.15
Bank of England	0.5	0.5	0.5	0.5	0.25	0.50
US Federal Reserve	0.25	0.25	0.25	0.25	0.25	0.25
Foreign Exchange Rates	2009	2010	2011	2012	2013	YTD
Dollar/Euro (\$/€)	1.43	1.34	1.30	1.31	1.37	1.34
Sterling/Euro (£/€)	0.89	0.86	0.83	0.81	0.83	0.79
Dollar/Sterling (\$/£)	1.61	1.56	1.55	1.61	1.65	1.67
IPD All Property Return	2009	2010	2011	2012	2013	YTD
Ireland	-23.2	-2.4	-2.4	3.1	End q1	TBC
UK	2.2	14.5	8.1	2.7	End q1	TBC
US	-18.7	14.8	14.5	5.3	End q1	TBC

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