



# ILIM – The week that was...

## Week 45

“Not everything that can be counted counts, and not everything that counts can be counted.”  
– *Albert Einstein*

- The ECB and Bank of England keep interest rates at historic lows.
- The European Commission cut its growth forecasts for the Eurozone and the European Union, citing the tensions in Ukraine and the Middle East along with a lack of investment in the area.
- Mario Draghi, ECB president, confirmed that the European central bank will act more aggressively to combat the struggling Eurozone economy. Noting that the central bank's governing council was unanimous in its commitment to deploy further unconventional tools, including quantitative easing, should economic conditions deteriorate.
- The National Treasury Management Agency (NTMA) received over €8 billion in bids for a new 15 year bond, raising €3.75 billion in total.
- Russia's central bank said the ruble is currently undervalued and that it stands ready to act to support the currency. The central bank also said it has revised its monetary policy forecast and will announce the new outlook next week.
- Australia's central bank forecasts ongoing below-average growth in the resource-rich economy, saying the benefit of a recent drop in the Australian dollar would largely be offset by sharp falls in commodity prices.
- Inflation rates across the world's largest economies eased for the fourth straight month in September, while the number of countries that saw prices fall from last year's levels increased significantly.
- U.S. oil prices tumbled to a new two-year low on news that Saudi Arabia cut its price for oil to the U.S., suggesting that the kingdom is trying to compete with U.S. shale oil.
- In American politics, Republicans fared even better than expected in the midterm elections on capturing at least seven seats to take control of the Senate and expanding their majority in the House. There has been plenty of strategist discussion about the tendency for stocks to outperform over an extended period following results like these.
- Gold and silver fall to new four-year lows
- **The Story of the week...** Sunday marked the 25th anniversary of the fall of the Berlin wall and the end of the cold war.

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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   | 7.9  |
| 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   | 11.9 |
| Nasdaq                         | 43.9  | 16.9 | -1.8  | 14.1  | 36.9   | 12.1 |
| Nikkei                         | 19    | -3   | -17.3 | 16.24 | 59.4   | 4.6  |
| MSCI Emerging Markets          | 74.5  | 16.4 | -20.4 | 13.8  | -2.3   | 5.6  |
| MSCI World                     | 23    | 17.2 | -7.62 | 12.1  | 26.3   | 8.6  |
| Sovereign 10yr Bond Yields (%) | 2009  | 2010 | 2011  | 2012  | 2013   | YTD  |
| US                             | 3.8   | 3.3  | 1.9   | 1.7   | 3.0    | 2.3  |
| German                         | 3.4   | 3    | 1.8   | 1.4   | 1.9    | 0.8  |
| UK                             | 4.0   | 3.4  | 2.0   | 1.9   | 3.0    | 2.2  |
| Japan                          | 1.3   | 1.1  | 1.0   | 0.7   | 0.7    | 0.5  |
| Ireland                        | 4.8   | 9.1  | 8.4   | 4.5   | 3.4    | 1.7  |
| Italy                          | 4.1   | 4.8  | 7.1   | 4.6   | 4.1    | 2.3  |
| Greece                         | 5.8   | 12.5 | 31.7  | 12.7  | 8.2    | 7.9  |
| Portugal                       | 4.1   | 6.6  | 13.4  | 6.9   | 6.1    | 3.2  |
| Spain                          | 4.0   | 5.5  | 5.1   | 5.4   | 4.1    | 2.1  |
| Central Bank Rates (%)         | 2009  | 2010 | 2011  | 2012  | 2013   | YTD  |
| ECB                            | 1     | 1    | 1     | 0.75  | 0.25   | 0.05 |
| 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   | 1.24 |
| Sterling/Euro (£/€)            | 0.89  | 0.86 | 0.83  | 0.81  | 0.83   | 0.78 |
| Dollar/Sterling (\$/£)         | 1.61  | 1.56 | 1.55  | 1.61  | 1.65   | 1.58 |
| 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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