

MANSARD FUND MARKET REPORT - 23 MAY 2016

Market Recap

- Equities finished the week relatively unchanged as investors jostled with the probability of a rate hike from the US Fed as early as June. The fed futures pricing of a June rate hike jumped from 4% to 30% in a week.
- FED minutes made it clear that the Reserve would like to raise rates at either its June or July meeting if economic data and labor market conditions continued to strengthen.
- The US 10 year yield increased from 1.75% to 1.85% with the bulk of the movement occurring midweek on the back of the minutes.
- The global bond markets came under pressure this week on improving risk appetite, as commodities continued their run. German Bund rose 3bp, despite the Eurozone inflation decreasing in April.
- Over in the FX space, the US dollar appreciated against most of its crosses. AUD weakened after a report showed employers added fewer jobs in April. JPY continued to weaken to the delights of Kuroda. EUR weakened in reaction to lower inflation data.

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