

Stocks post gains as Washington moves closer to debt ceiling agreement

US equities finished the week on a positive note as news of a potential deal between Republicans and Democrats regarding the US debt ceiling filtered through to markets. Markets have been volatile over the last number of weeks as investors feared the US Treasury would not be able to meet its obligations. Republican House Speaker, Kevin McCarthy has been at the centre of discussion with US president Joe Biden over the course of negotiations between the two major parties in Washington. On Friday his comments about ‘finishing the journey’ aided positive sentiment surrounding the potential resolution of discussions.

Last week also saw strong economic data in the US, with some investors concerned this could cause the Federal Reserve to be inclined to raise rates further at their next meeting in June. On Thursday the US Commerce Department revised their previous Q1 Gross Domestic Product (GDP) figure upwards to 1.3% from 1.1%. The release also indicated that stronger than expected consumer spending had contributed to the uptick in economic growth. Following this, Friday saw the release of the Core Personal Consumption Expenditures (PCE) price index, the Fed’s preferred measure of inflation. The report showed that despite recent downtrends in inflation, the much-watched indicator instead rose. Economists had expected a flat result, however Core PCE in April came in at 4.7% up from 4.6% in March.

In Europe sentiment was not as positive as the economic outlook deteriorated somewhat. The German federal statistics agency revised GDP figures downwards on Thursday to display a contraction of -0.3%, from an original figure of 0.0%, indicating that Europe’s largest economy has now entered a technical recession in Q1 of 2023, following on from contraction in Q4 of 2022. European stocks were down for the week returning -1.5%, losses however were capped to some extent as positive sentiment filtered through on Friday from the US.

Our regular market information continues on the next page.

Snapshot



World Equities
Corporate Bonds
Oil



Sovereign Bonds
Gold
Copper

The week ahead

31 May	US JOLTs Job Openings report goes to print.
1 June	Eurozone Consumer Price Index figures are issued.
2 June	US Jobs data and Unemployment Rate is released.



	1 Week Return 22.05.23 to 29.05.23		Year to Date Return 31.12.22 to 29.05.23	
	Local Currency	Euro	Local Currency	Euro
World	-0.6%	0.3%	9.6%	9.2%
U.S.	0.3%	1.2%	10.2%	9.8%
Europe	-1.5%	-1.5%	12.2%	12.2%
Ireland	-2.4%	-2.4%	22.0%	22.0%
U.K.	-1.8%	-1.6%	3.9%	6.2%
Japan	-1.2%	-1.7%	15.5%	8.2%
Hong Kong	-2.8%	-2.0%	-8.0%	-8.7%
Corporate Bonds	0.0%	0.0%	0.4%	0.4%
Sovereign Bonds	-1.0%	-1.0%	0.4%	0.4%

Equities

- Global stocks were up slightly last week by 0.3% in euro terms and down -0.6% in local terms.
- Year-to-date global markets are up 9.2% in euro terms and 9.6% in local terms.
- The U.S. market, the largest in the world, finished at 1.2% in euro terms and 0.3% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 3.80% last week. The German equivalent finished at 2.51%. The Irish 10-year bond yield finished at 2.95%.
- The Euro/U.S. Dollar exchange rate finished at 1.07, whilst Euro/GBP finished at 0.87.

Commodities

- Oil finished the week at \$73 per barrel and is down -9.0% year-to-date in euro terms.
- Gold finished the week at \$1,944 per troy ounce and is up 6.4% year-to-date in euro terms.
- Copper finished the week at \$8106 per tonne.

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