Markets move higher as flows continue into equities

U.S. data dominated the back end of last week, with the monthly payroll data coming in well below expectations. Employers added 266,000 new jobs versus an expectation of over 1 million. Leisure and hospitality led the gains, which is to be expected as the U.S. continues to reopen. 430,000 workers did come back last month, but the general consensus is that the labour market is still constrained by lack of supply, as workers (for a myriad of reasons) are slow to re-enter the workforce. The disappointing numbers sent U.S. bond yields to a two month low, as inflation fears somewhat subsided.

Average hourly earnings were up 0.7% over the course of a month, with the abnormally strong reading further potential evidence of labour shortages. Economic activity indicators also show evidence of some supply bottlenecks, with backlogged factory orders rising to an all-time high of 68.2.

The Q1 earnings seasons are drawing to a close with nearly 450 of companies in the S&P 500 having reported. Earnings per share looks to be coming in more than 20% ahead of 2019 figures (if we exclude 2020 for obvious reasons) and results on average have handily beaten analyst expectations.

From a monetary policy perspective, it was interesting to see the Bank of England reduce its asset purchases and point to the quicker than expected recovery as the primary motivation. In relation to vaccine rollout, the EU appears to have caught up with the U.S. in terms of the pace of delivery in Q2. This should lead to a scaling back of restrictions (as we see this morning here in Ireland) which should help to boost economic activity further over the summer months. Earnings within the currency bloc were also positive, leading to decent gains last week for eurozone equities.

Our regular market information continues on the next page.

Snapshot

World Equities
Corporate Bonds
Oil
Gold
Copper

Sovereign Bonds

The week ahead	
12 May	U.S. & German inflation numbers go to print.
13 May	Weekly U.S. jobless claims will be closely watched after last Friday's non-farm payroll surprise.
14 May	U.S. retail sales for April are published.

	1 Week Return 03.05.21 to 10.05.21		Year to Date Return 01.01.21 to 10.05.21	
	Local Currency	Euro	Local Currency	Euro
World	1.1%	0.5%	11.4%	12.2%
U.S.	0.6%	0.1%	12.0%	12.9%
Europe	1.1%	1.1%	11.9%	11.9%
Ireland	3.0%	3.0%	11.2%	11.2%
U.K.	2.5%	2.3%	12.2%	15.6%
Japan	1.7%	1.5%	7.7%	3.2%
Hong Kong	2.4%	1.9%	12.0%	12.7%
Corporate Bonds	0.0%	0.0%	-1.1%	-1.1%
Sovereign Bonds	-0.1%	-0.1%	-5.0%	-5.0%

Equities

- Global stocks increased last week, and were up 0.5% in euro terms.
- Year-to-date global markets are up 12.2% in euro terms and 11.4% in local terms.
- The U.S market, the largest in the world, was up 0.1% in euro terms and 0.6% local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 1.58% last week, down from 1.60% a week earlier. The German equivalent finished at -0.21%. The Irish 10-year bond yield finished at 0.20%, to remain in positive territory.
- The Euro/U.S. Dollar exchange rate finished at 1.22, whilst Euro/GBP finished at 0.87.

Commodities

- Oil finished the week at $65 per barrel and is up 35.1% year-to-date in euro terms.
- Gold finished the week at $1,835 per troy ounce and is down -2.9% year-to-date in euro terms.
- Copper finished the week at $10,420 per tonne.

Figures are calculated using Total Returns Indices.

Warning: Past performance is not a reliable guide to future performance.
Warning: The value of your investment may go down as well as up.
Warning: Benefits may be affected by changes in currency exchange rates.
Warning: If you invest in this product you may lose some or all of the money you invest.

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