

# Equities slip as markets struggle to meet demand

The U.S. April Consumer Price Index (a key gauge of inflation) was published last Wednesday highlighting supply shortages. The rise for April from a year earlier was the sharpest since September 2008 as a reopening surge in demand drove prices higher. Policymakers at the Federal Reserve do not seem to be overly concerned, at least at present, about the recent price trends. In a speech this week before the April CPI data release, Fed Governor Brainard said that any increase in inflation should be largely "transitory", seeing the rise as temporary and not likely to influence policy.

Strong U.K. March GDP data indicated the economy is starting to get back on track as GDP rose 2.1% month-over-month, reflecting gains in both services and industrial output. That said, U.K. GDP did fall for Q1 overall, with the decline concentrated in private demand, with relative resilience stemming from government demand.

The release of the Eurozone May manufacturing and services PMIs are expected to indicate an economic recovery that is gradually gaining pace. After a rise in COVID cases around the turn of the year and an initially slow vaccination rollout, the services PMI in particular will be closely watched. As the pace of vaccinations has improved, it has allowed for some progress in reopening the retail and other service sectors of the economy. In Ireland today some retail stores are opening their doors to the public for the first time this year.

Our regular market information continues on the next page.

## Snapshot



Oil  
Gold



World Equities  
Corporate Bonds  
Sovereign Bonds  
Copper

## The week ahead

18 May

U.K. employment data is released.

19 May

The minutes of the latest Fed FOMC go to market.

21 May

Flash eurozone consumer confidence figures for May are released.



|                 | 1 Week Return<br>10.05.21 to 17.05.21 |       | Year to Date Return<br>01.01.21 to 17.05.21 |       |
|-----------------|---------------------------------------|-------|---|-------|
|                 | Local Currency                        | Euro  | Local Currency                              | Euro  |
| World           | -0.7%                                 | -0.5% | 9.9%  | 10.8% |
| U.S.            | -0.3%                                 | -0.1% | 10.4%                                       | 11.4% |
| Europe          | -0.4%                                 | -0.4% | 11.4%                                       | 11.4% |
| Ireland         | -3.3%                                 | -3.3% | 7.0%  | 7.0%  |
| U.K.            | -0.9%                                 | -1.0% | 11.3%                                       | 15.6% |
| Japan           | -3.5%                                 | -3.9% | 4.9%  | -0.2% |
| Hong Kong       | -2.4%                                 | -2.2% | 10.2%                                       | 10.9% |
| Corporate Bonds | -0.5%                                 | -0.5% | -1.5%                                       | -1.5% |
| Sovereign Bonds | -1.2%                                 | -1.2% | -6.1%                                       | -6.1% |

### Equities

- Global stocks decreased last week, and were down -0.5% in euro terms and -0.7% in local terms.
- Year-to-date global markets are up 10.8% in euro terms and 9.9% in local terms.
- The U.S market, the largest in the world, was down -0.1% in euro terms and -0.3% local terms.

### Fixed Income & FX

- The U.S. 10-year yield finished at 1.61% last week, up from 1.58% a week earlier. The German equivalent finished at -0.14%. The Irish 10-year bond yield finished at 0.28%, to remain in positive territory.
- The Euro/U.S. Dollar exchange rate finished at 1.21, whilst Euro/GBP finished at 0.86.

### Commodities

- Oil finished the week at \$65 per barrel and is up 35.5% year-to-date in euro terms.
- Gold finished the week at \$1,854 per troy ounce and is down -1.7% year-to-date in euro terms.
- Copper finished the week at \$10,214 per tonne.

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