

Market in positive mood despite mixed jobs report

Markets moved higher last week, in a shortened trading period given global bank holidays. Energy stocks outperformed as oil hit its highest price in over two years, whilst Tesla dragged down the consumer discretionary sector. In general, it was a light week of trading (despite increased retail ‘meme stock’ activity) as the summer season begins in earnest.

The main economic release came in the form of Friday’s US nonfarm payrolls data. Employers added 559,000 jobs in May, below expectations of over 600,000. The underlying data points towards continuing issuing with participation (which ticked lower to 61.6% from 61.7%) as the unemployment rate moved lower to 5.8%. In other economic news, the services sector hit a record high of 64.0 in May and ADP jobs data also came in above consensus estimates.

The May US payrolls report released on Friday eased concerns about the potential for a swift tightening of the U.S. Federal Reserve’s monetary policies, and that sentiment lifted government bond prices. After increasing early in the week, the yield on the benchmark 10-year U.S. Treasury note fell back on Friday following the May payrolls report. Yields, which fall when bond prices rise, edged lower to settle at 1.55%.

Headline inflation hit the ECB’s 2% ceiling target in May for the first time since 2018. This was mainly due to base effects because of much higher energy prices this year compared to the same time last year. Core inflation, which excludes volatile food and energy costs, ticked up to 0.9% from 0.8%. Shares in Europe rose amid optimism about the prospect of an economic recovery as the final Eurozone PMI survey for May was even stronger than the preliminary estimate suggested. Both the manufacturing and services indices were revised up, with strong numbers across both periphery and core economies. The highlight in the Eurozone this week will be the ECB monetary policy meeting and press conference, where we expect the ECB will extend its more aggressive pace of assets purchases into Q3.

Our regular market information continues on the next page.

Snapshot



World Equities
Corporate Bonds
Oil



Gold
Copper

The week ahead

9 June	The latest Chinese inflation report is published.
10 June	The ECB meets for its latest rate decision, and US CPI data for May goes to print.
11 June	The preliminary June meeting for US consumer confidence is released.



	1 Week Return 31.05.21 to 07.06.21		Year to Date Return 01.01.21 to 07.06.21	
	Local Currency	Euro	Local Currency	Euro
World	0.7%	1.1%	12.4%	12.8%
U.S.	0.7%	1.1%	12.2%	12.7%
Europe	1.0%	1.0%	15.0%	15.0%
Ireland	0.8%	0.8%	10.4%	10.4%
U.K.	0.1%	0.5%	11.9%	16.4%
Japan	1.7%	2.3%	9.6%	4.0%
Hong Kong	-1.9%	-1.4%	10.8%	11.2%
Corporate Bonds	0.3%	0.3%	-1.1%	-1.1%

Equities

- Global stocks were up last week, at 1.1% in euro terms and 0.7% in local terms.
- Year-to-date global markets are up 12.8% in euro terms and 12.4% in local terms.
- The U.S market, the largest in the world, was up 1.1% in euro terms and 0.7% local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 1.55% last week, down from 1.59% a week earlier. The German equivalent finished at -0.21%. The Irish 10-year bond yield finished at 0.19%, to remain in positive territory.
- The Euro/U.S. Dollar exchange rate finished at 1.22, whilst Euro/GBP finished at 0.86.

Commodities

- Oil finished the week at \$69 per barrel and is up 42.1% year-to-date in euro terms.
- Gold finished the week at \$1,897 per troy ounce and is up 0.2% year-to-date in euro terms.
- Copper finished the week at \$9,881 per tonne.

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