Markets move higher amid relatively benign volatility conditions

Markets moved higher again last week amid relatively benign volatility conditions. The S&P 500 and NASDAQ both hit record highs as U.S. stocks saw their best week since April. Energy stocks outperformed as the price of oil moved to a level last seen in 2018, whilst bond proxy sectors such as utilities and real estate lagged. It was a quiet week for U.S. economic releases with the focus mainly on the housing market. Both new and existing home sales fell in May, but in line with expectations. There is growing evidence that prices are starting to level off somewhat as demand wanes slightly. However, in the context of the current interest rate environment the U.S. housing market remains robust.

It has been clear that the U.S. has led the global post COVID-19 recovery, but there are encouraging signs that other areas of the developed world are beginning to catch up. Within the eurozone, manufacturing PMIs for June remained above the 60 mark, consolidating the positivity seen from Mau's record figure. The services PMI figure was also supportive, coming in at 58.0 – it's highest figures since early 2018. The service sector has lagged somewhat, as the makeup of the eurozone economy and the intricacies of some restrictions left it more exposed throughout COVID-19. Whilst we may be seeing a delay in easing restrictions in Ireland over the coming weeks, the general trend within the eurozone, is lower case numbers, rising vaccinations, and an easing of lockdown restrictions.

In the U.K., the Bank of England left interest rates unchanged last week but did revise its GDP growth expectations for Q221 as the economic backdrop continues to improve. Both manufacturing and services PMIs fell slightly in the latest reading, but still both remain exceptionally at 64.2 and 61.7 respectively.

Our regular market information continues on the next page.

Snapshot

World Equities
Corporate Bonds
Oil
Copper

Sovereign Bonds
Gold

The week ahead

30 June	Flash eurozone inflation data is released.
1 July	The latest U.S. and Chinese manufacturing PMIs are published.
2 July	U.S. non-farm payrolls for June go to print.

	1 Week Return 21.06.21 to 28.06.21		Year to Date Return 01.01.21 to 28.06.21	
	Local Currency	Euro	Local Currency	Euro
World	1.5%	1.1%	13.3%	16.0%
U.S.	1.5%	1.1%	14.2%	16.9%
Europe	0.5%	0.5%	16.3%	16.3%
Ireland	3.7%	3.7%	14.1%	14.1%
U.K.	1.1%	0.8%	12.9%	17.6%
Japan	3.4%	2.4%	9.8%	4.8%
Hong Kong	2.1%	1.7%	11.1%	13.7%
Corporate Bonds	0.0%	0.0%	-1.2%	-1.2%
Sovereign Bonds	-0.8%	-0.8%	-5.0%	-5.0%

Equities

- Global stocks were up last week by 1.1% in euro terms and 1.5% in local terms.
- Year-to-date global markets are up 16.0% in euro terms and 13.3% in local terms.
- The U.S market, the largest in the world, was up 1.1% in euro terms and 1.5% local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 1.52% last week, up from 1.43% a week earlier. The German equivalent finished at -0.16%. The Irish 10-year bond yield finished at 0.23%, to remain in positive territory.
- The Euro/U.S. Dollar exchange rate finished at 1.19, whilst Euro/GBP finished at 0.86.

Commodities

- Oil finished the week at $74 per barrel and is up 56.4% year-to-date in euro terms.
- Gold finished the week at $1,784 per troy ounce and is down -3.8% year-to-date in euro terms.
- Copper finished the week at $9,388 per tonne.

Figures are calculated using Total Returns Indices.

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