Markets march higher on economics and earnings

U.S. Markets hit record highs last week with strong earnings and a positive jobs report the main drivers. Employers added 943,000 jobs in June which was well above consensus estimates and the best reading of 2021. Data for April and May was also revised upwards as the unemployment rate fell to a post pandemic low of 5.4%. PMI data was also encouraging with the services reading jumping to 64.1, well above expectations. Whilst the manufacturing reading came in lower than expected (59.5), both metrics are firmly in expansion territory. There is also some early evidence that supply chain bottlenecks are starting to ease slightly.

With 90% of companies having now reported, the S&P 500 is on track to see earnings per share come in 15% ahead of consensus forecasts. 72% of companies have beaten expectations on both EPS and sales, which makes it the strongest quarter for earnings this century.

Eurozone equities also saw a strong week helped by earnings, whilst bond yields (which move inversely to price) moved lower as COVID delta variant fears lingered. Germany looks set to make masks a requirement on public transport until the new year as authorities grapple with reopening timings across Europe. The Bank of England met last week and stated that 'some modest tightening of monetary policy' could happen over the coming months. With inflation on the rise across the developed world, the policy path of central bankers will continue to be a key theme throughout the rest of this year.

Our regular market information continues on the next page.

Snapshot

World Equities

Corporate Bonds

Sovereign Bonds

Oil

Gold

Copper

The week ahead	
11 Aug	July U.S. inflation data is published.
12 Aug	Preliminary Q2 GDP figures for the UK go to print.
13 Aug	U.S. consumer sentiment readings are released.

	1 Week Return 03.08.21 to 09.08.21		Year to Date Return 01.01.21 to 09.08.21	
	Local Currency	Euro	Local Currency	Euro
World	0.7%	1.7%	16.2%	20.9%
U.S.	1.1%	2.1%	18.4%	23.2%
Europe	1.1%	1.1%	19.6%	19.6%
Ireland	1.3%	1.3%	15.1%	15.1%
U.K.	0.7%	1.5%	13.2%	19.5%
Japan	-0.3%	-0.2%	8.1%	5.2%
Hong Kong	-0.9%	0.0%	7.1%	11.1%
Corporate Bonds	0.0%	0.0%	0.3%	0.3%
Sovereign Bonds	0.4%	0.4%	-1.4%	-1.4%

Equities

- Global stocks were up last week by 1.7% in euro terms and 0.7% in local terms.
- Year-to-date global markets are up 20.9% in euro terms and 16.2% in local terms.
- The U.S market, the largest in the world, was up 1.7% in euro terms and 0.7% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 1.29% last week, up from 1.18% a week earlier. The German equivalent finished at -0.46%. The Irish 10-year bond yield finished in negative territory at -0.07%.
- The Euro/U.S. Dollar exchange rate finished at 1.18, whilst Euro/GBP finished at 0.85.

Commodities

- Oil finished the week at $67 per barrel and is up 42.5% year-to-date in euro terms.
- Gold finished the week at $1,746 per troy ounce and is down -4.5% year-to-date in euro terms.
- Copper finished the week at $9,446 per tonne.

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