

# Markets move higher in quiet trading week

Stocks moved forward once again in a light week for economic data, with the summer holiday season taking hold. However, the U.S. data that was released was taken positively. Inflation for July came in at 0.5%, breaking a four month streak of upside surprises. Whilst prices are still increasing, they are doing so at a decelerating rate. Sectors such as used cars and other travel categories saw prices levelling off as the initial reopening ‘pop’ in prices appears to be subsiding. However, one note of caution was seen in U.S. producer price data which was also released last week. July figures showed the produce price index is up 7.8% over the last year, suggesting that whilst inflation could be transitory it may not simply disappear.

There was positive news on the U.S. political front, as the Senate passed an infrastructure package worth roughly \$1 trillion, including over \$550 billion for new spending in areas such as highway construction, broadband networks and modernising the electrical grid. Whilst the details are far from concrete, there is optimism abound relating to the potential growth boost such a fiscal package can provide. On the other hand, larger firms are wary of how such spending will be financed, with a return to Pre-Trump corporate tax rates on the cards.

The U.K. saw a positive reading for Q2 GDP, with QoQ growth coming in at 4.8% - directly in line with consensus estimates. The monthly figure for June beat forecasts by coming in at 1% (MoM) with the services area especially strong, despite the delay in removing restrictions in the U.K. Finally, eurozone stocks advanced in line with global counterparts, as bond yields ticked lower with the Irish ten year yield now at -0.08% with Germany at -0.47%.

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## Snapshot



- World Equities
- Corporate Bonds
- Sovereign Bonds
- Oil
- Gold
- Copper

## The week ahead

17 Aug	Q2 eurozone GDP and U.S. retail sales figures both go to print.
18 Aug	U.K. Inflation and the latest Federal Reserve minutes are published.
20 Aug	Japanese inflation and U.K. retail sales figures are released.



	1 Week Return 09.08.21 to 16.08.21		Year to Date Return 01.01.21 to 16.08.21	
	Local Currency	Euro	Local Currency	Euro
World	1.0%	0.5%	17.2%	21.6%
U.S.	0.7%	0.3%	19.2%	23.7%
Europe	1.2%	1.2%	21.3%	21.3%
Ireland	1.3%	1.3%	15.1%	15.1%
U.K.	1.5%	1.1%	15.1%	21.0%
Japan	1.3%	1.3%	9.5%	6.8%
Hong Kong	-0.3%	-0.8%	7.0%	10.6%
Corporate Bonds	0.1%	0.1%	0.3%	0.3%
Sovereign Bonds	0.2%	0.2%	-1.2%	-1.2%

### Equities

- Global stocks were up last week by 0.5% in euro terms and 1.0% in local terms.
- Year-to-date global markets are up 21.6% in euro terms and 17.2% in local terms.
- The U.S market, the largest in the world, was up 0.3% in euro terms and 0.7% in local terms.

### Fixed Income & FX

- The U.S. 10-year yield finished at 1.26% last week, down from 1.29% a week earlier. The German equivalent finished at -0.47%. The Irish 10-year bond yield finished in negative territory at -0.08%.
- 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 43.1% year-to-date in euro terms.
- Gold finished the week at \$1,777 per troy ounce and is down -3.0% year-to-date in euro terms.
- Copper finished the week at \$9,543 per tonne.

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