

Powell placates market participants as stocks go higher

There was an optimistic start to the week, as the FDA in the U.S. announced full approval for the Pfizer vaccine which could see a wider take up which in turn would help contribute to economic activity. Market participants were left relieved, and perhaps somewhat disappointed following Fed Chair Jerome Powell's speech at Jackson Hole. Powell did not make any significant comments, and markets reacted in a muted fashion to the lack of deviation from previous official Fed comments.

U.S. economic data was generally positive with existing home sales rising 2% throughout the month of July. GDP growth for the second quarter was also revised upwards to an annual rate of 6.6%, from the previous reading of 6.5%. Eurozone PMIs moderated from last month's reading, but the composite score still came in at a healthy 59.5 (a reading above 50 indicates an expansion). Eurozone stocks were also helped by policymaker comments that labelled inflation pressures as 'temporary'. In contrast to the eurozone reading, PMIs in the UK showed a more visible reduction. Services dropped to 55.1 (the lowest since February) whilst manufacturing came in at 60.1. Whilst still in expansion mode, future readings will be closely watched to see if this was an outlier or the start of a trend.

A terrorist attack on Thursday in Kabul airport led to the loss of nearly 100 lives (at current estimates), including a number of U.S. servicemen which will once again heighten the pressure on President Biden following the botched withdrawal from Afghanistan. Whether this spills over into current economic negotiations on Capitol Hill remains to be seen.

Our regular market information continues on the next page.

Snapshot



World Equities

Oil

Gold

Copper



Sovereign Bonds

Corporate Bonds

The week ahead

31 Aug

Chinese PMI and Eurozone inflation data are both published.

1 Sept

U.S. manufacturing PMI readings are released.

3 Sept

U.S. non-farm payrolls for August go to print.



	1 Week Return 23.08.21 to 30.08.21		Year to Date Return 01.01.21 to 30.08.21	
	Local Currency	Euro	Local Currency	Euro
World	0.7%	0.3%	17.6%	22.1%
U.S.	0.7%	0.4%	20.4%	25.0%
Europe	0.0%	0.0%	20.5%	20.5%
Ireland	2.0%	2.0%	20.9%	20.9%
U.K.	0.6%	0.4%	14.2%	19.2%
Japan	0.6%	0.0%	7.9%	5.2%
Hong Kong	-0.1%	-0.4%	6.6%	10.2%
Corporate Bonds	-0.4%	-0.4%	-0.2%	-0.2%
Sovereign Bonds	-1.1%	-1.1%	-2.1%	-2.1%

Equities

- Global stocks were up last week by 0.3% in euro terms and 0.7% in local terms.
- Year-to-date global markets are up 22.1% in euro terms and 17.6% in local terms.
- The U.S. market, the largest in the world, was up 0.4% in euro terms and 0.7% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 1.30% last week, up from 1.26% a week earlier. The German equivalent finished at -0.42%. The Irish 10-year bond yield finished in negative territory at -0.04%.
- The Euro/U.S. Dollar exchange rate finished at 1.18, whilst Euro/GBP finished at 0.86.

Commodities

- Oil finished the week at \$68 per barrel and is up 45.3% year-to-date in euro terms.
- Gold finished the week at \$1,815 per troy ounce and is down -1.0% year-to-date in euro terms.
- Copper finished the week at \$9,424 per tonne.

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