

Stocks fall to 2022 low as earnings and rate hikes weigh

US markets fell to their lowest level of the year on Friday, as an earnings disappointment from Amazon pushed equities to their fourth consecutive week of losses. Tech orientated stocks across a number of sectors fell with the NASDAQ down 3.9% for the week in dollar terms, whilst energy outperformed to the upside on news of further restrictions on the sale of Russian gas.

It was a busy week on the economic data front on both sides of the Atlantic. In the US, Q1 GDP came in at -1.4% QoQ, however the headline figure masked strength in some of the underlying components. Houses prices in the US are now up over 20% in the last 12 months and core PCE inflation (the Fed's preferred measure) ticked lower to a 5.2% annualised rate for March. House prices were higher as a result of enduring supply chain issues, with housing completion timelines continuing to stretch out. It remains to be seen whether the recent moves higher in bond yields, which feeds into mortgage rates, starts to bite on demand.

In the eurozone, inflation hit another record high at 7.5% YoY in April on the headline measure, up from 7.4% in March, while core inflation also picked up to 3.5% from 2.9%. Although the eurozone economy grew in Q1, the increase in GDP was only 0.2% QoQ. The spike in inflation makes the ECB's job harder and there was further hawkish rhetoric from policymakers last week including ECB President Christine Lagarde, who said that the ECB would end QE asset purchases early in Q3, 'probably in July' and then consider raising interest rates. Finally, the general hawkish tone from major central banks has not yet filtered into the Bank of Japan's thinking, who last week reinforced its commitment to keep Japanese bond yields at low level and would continue to buy unlimited quantities of bonds as required.

Our regular market information continues on the next page.

Snapshot



Oil



World Equities
Corporate Bonds
Sovereign Bonds
Gold
Copper

The week ahead

3 May	Eurozone unemployment data for March is released.
4 May	The Federal Reserve meets for its May interest rate decision.
6 May	The latest US non-farm payrolls go to print.



	1 Week Return 25.04.22 to 02.05.22		Year to Date Return 01.01.22 to 02.05.2022	
	Local Currency	Euro	Local Currency	Euro
World	-2.8%	-1.1%	-13.0%	-6.0%
U.S.	-3.3%	-1.6%	-13.4%	-6.4%
Europe	-0.7%	-0.7%	-10.7%	-10.7%
Ireland	2.0%	2.0%	-17.4%	-17.4%
U.K.	2.4%	2.6%	5.8%	5.7%
Japan	1.0%	0.9%	-4.2%	-8.5%
Hong Kong	1.1%	2.9%	-6.1%	0.8%
Corporate Bonds	-0.9%	-0.9%	-8.5%	-8.5%
Sovereign Bonds	-1.8%	-1.8%	-12.7%	-12.7%

Equities

- Global stocks were down last week by -1.1% in euro terms and -2.8% in local terms.
- Year-to-date global markets are down -6.0% in euro terms and -13.0% in local terms.
- The U.S market, the largest in the world, was down -1.6% in euro terms and -3.3% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 2.98% last week. The German equivalent finished at 0.97%. The Irish 10-year bond yield finished at 1.61%.
- The Euro/U.S. Dollar exchange rate finished at 1.05, whilst Euro/GBP finished at 0.84.

Commodities

- Oil finished the week at \$105 per barrel and is up 51.3% year-to-date in euro terms.
- Gold finished the week at \$1863 per troy ounce and is up 10.2% year-to-date in euro terms.
- Copper finished the week at \$9,770 per tonne.

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