

Equities extend gains as Fed move rates higher once more

Stocks moved higher again last week as markets took the latest Fed interest rate hike in their stride. The early part of the week was relatively calm as all eyes were on the Fed rate announcement on Wednesday evening. The committee announced its second consecutive rate hike of 0.75%, bringing the headline rate to approximately 2.5%. Fed officials reaffirmed their commitment to lower inflation but also noted the outlook for the economy had detracted since they last met. This assessment was supported by Thursday's Q2 GDP print, with growth coming in at -0.9% (QoQ). This second quarterly contraction in a row ignited the debate regarding a recession, with Treasury Secretary Yellen declaring she would 'be amazed' if NBER declared one.

In other economic data, new home sales in June showed an 8.1% decline from May and registered the slowest pace since April 2020. This caused the supply of homes to rise sharply to a level not seen since 2010 as higher interest rates and inflation continue to dampen housing demand. In the eurozone, inflation accelerated to another all time high, with prices up 8.9% in the year to June. Pricing pressure in Europe is predominately contained with food and energy, with the core measure up 4% in the last year.

Earnings were broadly well received last week, as over 56% of the S&P 500 have now reported. According to Factset, almost 75% of companies have seen a positive earnings surprise, with over 66% reporting a positive revenue surprise. Within Fixed Income the US yield curve steepened last week as demand at the short end of the curve sent yields lower, with longer maturity bonds generally steadier.

Our regular market information continues on the next page.

Snapshot



World Equities
Corporate Bonds
Oil
Gold
Copper

The week ahead

03 Aug	US and Chinese PMI data goes to print.
04 Aug	The Bank of England meets for its latest interest rate decision..
05 Aug	US non-farm payrolls for July are published.



	1 Week Return 25.07.22 to 01.08.22		Year to Date Return 01.01.22 to 01.08.22	
	Local Currency	Euro	Local Currency	Euro
World	3.7%	3.2%	-14.1%	-4.9%
U.S.	3.8%	3.3%	-14.2%	-5.0%
Europe	2.5%	2.5%	-11.1%	-11.1%
Ireland	5.7%	5.7%	-23.0%	-23.0%
U.K.	1.4%	2.8%	5.1%	5.5%
Japan	0.9%	4.0%	-1.2%	-4.5%
Hong Kong	-0.6%	-1.2%	-6.3%	3.1%
Corporate Bonds	1.2%	1.2%	-7.9%	-7.9%

Equities

- Global stocks were up last week by 3.2% in euro terms and 3.7% in local terms.
- Year-to-date global markets are down -4.9% in euro terms and -14.1% in local terms.
- The U.S market, the largest in the world, was up 3.3% in euro terms and 3.8% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 2.57% last week. The German equivalent finished at 0.78%. The Irish 10-year bond yield finished at 1.42%.
- The Euro/U.S. Dollar exchange rate finished at 1.03, whilst Euro/GBP finished at 0.84.

Commodities

- Oil finished the week at \$94 per barrel and is up 38.3% year-to-date in euro terms.
- Gold finished the week at \$1772 per troy ounce and is up 7.3% year-to-date in euro terms.
- Copper finished the week at \$7821 per tonne.

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Intended for distribution within the Republic of Ireland.

GR: 5685 Print Ref: ZL ISA 5685 0121

