

Equities move higher as Inflation data assuages investor concerns

Equities rallied as key inflation data points in the US came in lower than expected. All 11 major sectors were higher as small cap stocks outperformed large caps. The headline figure for the US consumer price index came in flat in July and saw the smallest monthly change since May 2020. A steep decline in fuel prices was the major driver. However, food inflation remains stubbornly high with the 12 month change of 13.1% the highest since the 1970s. The producer price index in the US saw its first fall in the headline number since April 2020, with the 12 month increase for July falling back to 9.8%.

The immediate reaction was swift with growth stocks, whose valuations tend to be more rate sensitive, outperforming as the market lowered its expectations in relation to the Fed September meeting, now seeing a 0.50% rate increase as opposed to 0.75%. However, a number of Fed officials sounded caution last week refusing to signal a 'victory' over inflation. The lower Fed expectations coupled with a general 'risk on' attitude saw the US dollar weaken against most currencies.

Within the eurozone, industrial production rose for a third consecutive month, coming in stronger than expected at 0.7% over the month vs an estimate of 0.2%. The severe drought being experienced across central Europe is forecast to hit economic activity throughout August. For example, the low level of the Rhine looks set to see the restriction of industrial cargo on the integral river network. In the UK, GDP fell 0.6% in July, although this was better than the consensus forecast of -1.3%. The Bank of England are now publicly stating that they expect a recession before the end of the year.

Our regular market information continues on the next page.

Snapshot



World Equities
Gold
Copper



Corporate Bonds
Sovereign Bonds
Oil

The week ahead

16 Aug	US industrial production for July is published.
17 Aug	US retail sales and UK inflation go to print.
19 Aug	UK retail sales are released.



	1 Week Return 08.08.22 to 15.08.22		Year to Date Return 01.01.22 to 15.08.22	
	Local Currency	Euro	Local Currency	Euro
World	2.8%	2.5%	-11.4%	-1.6%
U.S.	3.4%	3.2%	-10.5%	-0.7%
Europe	0.6%	0.6%	-10.2%	-10.2%
Ireland	4.7%	4.7%	-17.2%	-17.2%
U.K.	0.4%	0.1%	6.5%	5.7%
Japan	1.1%	1.6%	-0.5%	-4.8%
Hong Kong	0.3%	0.2%	-6.1%	3.7%
Corporate Bonds	-0.3%	-0.3%	-8.3%	-8.3%
Sovereign Bonds	-0.9%	-0.9%	-13.3%	-13.3%

Equities

- Global stocks were up last week by 2.5% in euro terms and 2.8% in local terms.
- Year-to-date global markets are down -1.6% in euro terms and -11.4% in local terms.
- The U.S market, the largest in the world, was up 3.2% in euro terms and 3.4% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 2.83% last week. The German equivalent finished at 0.95%. The Irish 10-year bond yield finished at 1.56%.
- The Euro/U.S. Dollar exchange rate finished at 1.02, whilst Euro/GBP finished at 0.85.

Commodities

- Oil finished the week at \$89 per barrel and is up 18.0% year-to-date in euro terms.
- Gold finished the week at \$1,779 per troy ounce and is down -2.8% year-to-date in euro terms.
- Copper finished the week at \$8,085 per tonne.

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