

Equities pause for breath with rate hikes in focus

Stocks finished the week lower and gave back some of the previous week's strong gains as commentary from several Fed officials struck a 'hawkish' tone. More growth orientated sectors were hit hardest. Economic data released last week was broadly positive. US retail sales for July proved to be surprisingly resilient as core sales rose on an inflation adjusted basis. Weekly jobless claims continue to tick lower, further supporting the concept that the labour market remains strong. Whilst the housing market (where the effects of higher rates are almost instantaneous) continues to weaken the strong underlying economic data does little to dispel the view that the Fed will have to continue to hike rates to curb consumer demand.

In the UK, headline inflation hit 10.1% in July, which is the first reading above 10% since the early 1980s. The Bank of England has revised its Q4 inflation forecast up to 13% with another three interest rate increases forecast by the market before the end of the year. In the eurozone, inflation hit a record 8.9% in July. Both UK gilts and eurozone bonds sold off on the inflation data and comments from the ECB's Isabel Schnabel stating that inflation could tick higher in the short term. The UK yield curve is now showing the large inversion between 2yr and 10yr bonds since 2008. In Japan, GDP growth for Q2 came in at 2.2% versus a consensus forecast of 2.5%. Industrial production proved to be more positive, with the June figure coming in at 9.2% versus an estimated 8.9%.

Our regular market information continues on the next page.

Snapshot



Oil
Copper



World Equities
Corporate Bonds
Sovereign Bonds
Gold

The week ahead

23 Aug	US, eurozone, Japanese and UK PMI data is released.
24 Aug	The Jackson Hole Symposium commences.
25 Aug	US personal income and spending data is published.



	1 Week Return 15.08.22 to 22.08.22		Year to Date Return 01.01.22 to 22.08.22	
	Local Currency	Euro	Local Currency	Euro
World	-1.9%	-0.4%	-12.8%	-1.2%
U.S.	-1.8%	-0.3%	-11.8%	-0.1%
Europe	-1.3%	-1.3%	-10.9%	-10.9%
Ireland	-1.2%	-1.2%	-17.3%	-17.3%
U.K.	0.9%	0.1%	7.6%	6.1%
Japan	0.4%	-1.2%	0.7%	-4.2%
Hong Kong	-0.8%	0.6%	-7.4%	4.3%
Corporate Bonds	-2.1%	-2.1%	-10.0%	-10.0%
Sovereign Bonds	-2.6%	-2.6%	-15.5%	-15.5%

Equities

- Global stocks were down last week by -0.4% in euro terms and -1.9% in local terms.
- Year-to-date global markets are down -1.2% in euro terms and -12.8% in local terms.
- The U.S market, the largest in the world, was down -0.3% in euro terms and -1.8% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 2.95% last week. The German equivalent finished at 1.19%. The Irish 10-year bond yield finished at 1.81%.
- The Euro/U.S. Dollar exchange rate finished at 1.00, whilst Euro/GBP finished at 0.85.

Commodities

- Oil finished the week at \$89 per barrel and is up 34.4% year-to-date in euro terms.
- Gold finished the week at \$1,739 per troy ounce and is up 7.9% year-to-date in euro terms.
- Copper finished the week at \$8,101 per tonne.

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