

Equities fall once more as rate expectations remain elevated

Wall Street fell for the third week in a row as the spectre of higher interest rates continues to loom. In general, value orientated companies outperformed growth, and large caps (traditionally more defensive) fared better than smaller companies. There was plenty of data for markets to digest last week. In the US, non-farm payrolls data on Friday showed that the economy added 315,000 jobs, roughly in line with consensus estimates.

The US unemployment rate rose to 3.7% as the participation rate climbed to 62.4%, its highest level in the last two years. With wage growth also slowing to 0.3% over the month the data suggests that the recent inflation spike is bringing more people back into the workforce. Sticking with the US, the ISM manufacturing index rose to 54.2 which brought it back above the key 50-point mark. Consumer confidence rose to 103.2 in August, from 95.3 in July with commentators suggesting the reduction in gasoline prices, a key psychological metric in the US, was behind much of the increase.

In the eurozone, consumer price inflation rose to an all-time high again in August. The YoY inflation figures moved to 9.1%, whilst the core measure (which strips out food and energy prices) accelerated to 4.3%. The eurozone unemployment rate also fell further last month, leaving the headline figure at 6.6%, a record low. Eurozone bonds slipped more than 1% last week as the inflation release increased the chances of a 0.75% interest rate hike when the ECB meets this week. In the UK, inflation exceeded expectations and is now running at more than 10%. The British pound saw its steepest monthly drop versus the US dollar since the Autumn of 2016. Sterling also fell by over 3% against the euro, reducing the returns for eurozone investors in UK assets.

Our regular market information continues on the next page.

Snapshot



- World Equities
- Corporate Bonds
- Sovereign Bonds
- Gold
- Oil
- Copper

The week ahead

05 Sep	The Conservative party picks a new leader in the UK.
06 Sep	US ISM Services PMI goes to print.
08 Sep	The ECB meets for its latest interest rate decision.



	1 Week Return 29.08.22 to 05.09.22		Year to Date Return 01.01.22 to 05.09.22	
	Local Currency	Euro	Local Currency	Euro
World	-2.3%	-2.8%	-18.4%	-7.5%
U.S.	-2.7%	-3.1%	-18.1%	-7.1%
Europe	-1.0%	-1.0%	-15.1%	-15.1%
Ireland	-1.8%	-1.8%	-21.5%	-21.5%
U.K.	-1.9%	-3.3%	3.9%	0.8%
Japan	-0.7%	-2.1%	-2.8%	-9.4%
Hong Kong	-2.3%	-2.7%	-10.5%	0.8%
Corporate Bonds	-0.7%	-0.7%	-12.5%	-12.5%
Sovereign Bonds	-1.3%	-1.3%	-18.2%	-18.2%

Equities

- Global stocks were down last week by -2.8% in euro terms and -2.3% in local terms.
- Year-to-date global markets are down -7.5% in euro terms and -18.4% in local terms.
- The U.S market, the largest in the world, was down -3.1% in euro terms and -2.7% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 3.19% last week. The German equivalent finished at 1.55%. The Irish 10-year bond yield finished at 2.20%.
- The Euro/U.S. Dollar exchange rate finished at 0.99, whilst Euro/GBP finished at 0.86.

Commodities

- Oil finished the week at \$89 per barrel and is up 35.4% year-to-date in euro terms.
- Gold finished the week at \$1,711 per troy ounce and is up 7.4% year-to-date in euro terms.
- Copper finished the week at \$7,691 per tonne.

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