

Equities Higher as Hawkish Sentiment Wavers

Last week saw volatile yet positive gains within equities. US equities had their best weekly gain in almost four months as earnings season kicked off. The major push came as investors reacted positively to news that the Federal Reserve may begin to slow their aggressive pace of rate hiking that has so far depressed markets. The US market ended the week up 2.2% in euro terms. Earnings reports were largely mixed, however the financial statements of large banks such as Goldman Sachs and Bank of America came in above expectations.

Within fixed income, the US 10 Year Treasury yield rose to a 14 year high of 4.33% last week, before falling back to 4.18%. This came as a result of hawkish comments from the Federal Reserve which spooked investors, emblematic of the volatility that marked last week. As a result, the market has lowered its expectations for the level of US interest rates in 2023. Despite positive sentiment on Friday, the path of the Fed still remains uncertain with indicators such as last week's US Jobless claims report displaying a tight labour market, prognostic of higher rates. Whereas US existing home sales fell 1.5% last week, demonstrating the slowing effect higher rates are having on the economy.

Within Europe, the resignation of UK Prime Minister Liz Truss and the resulting write-off of her proposed fiscal policies helped UK markets rise, although rate hiking fears saw the broad eurozone market losing -0.2% last week. The UK inflation print was also released last week, which showed inflation rose to a 40-year high of 10.1% year on year in September. UK 10 Year gilt yields rose above 4% as a result. In Germany the 10 Year yield also moved higher, topping an 11 year high of 2.49% on Friday. This comes as the ECB meets this week, investors are expecting a large 75bps rise.

Our regular market information continues on the next page.

Snapshot



World Equities
Copper



Corporate Bonds
Oil
Gold

The week ahead

25 Oct	US Consumer Confidence for October is released.
26 Oct	The ECB meets for its latest interest rate decision.
28 Oct	German inflation figures go to print.



	1 Week Return 17.10.22 to 24.10.22		Year to Date Return 01.01.22 to 24.10.22	
	Local Currency	Euro	Local Currency	Euro
World	1.3%	1.5%	-22.8%	-10.3%
U.S.	2.0%	2.2%	-21.7%	-9.1%
Europe	-0.2%	-0.2%	-18.7%	-18.7%
Ireland	-0.8%	-0.8%	-26.7%	-26.7%
U.K.	0.7%	-1.4%	-0.3%	-4.5%
Japan	0.1%	-0.5%	-4.9%	-15.3%
Hong Kong	-2.5%	-2.3%	-22.4%	-10.5%
Corporate Bonds	-0.4%	-0.4%	-16.1%	-16.1%

Equities

- Global stocks were up last week by 1.5% in euro terms and 1.3% in local terms.
- Year-to-date global markets are down -10.3% in euro terms and -22.8% in local terms.
- The U.S. market, the largest in the world, was down 2.2% in euro terms and 2.0% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 4.18% last week. The German equivalent finished at 2.37%. The Irish 10-year bond yield finished at 2.86%.
- The Euro/U.S. Dollar exchange rate finished at 0.98, whilst Euro/GBP finished at 0.87.

Commodities

- Oil finished the week at \$84 per barrel and is up 28.7% year-to-date in euro terms.
- Gold finished the week at \$1,649 per troy ounce and is up 4.3% year-to-date in euro terms.
- Copper finished the week at \$7,719 per tonne.

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