ZURICH

Cooler inflation causes surge in equities

Last Thursday saw the release of the US inflation print for October. Headline inflation came in at 7.7%, below the 8% expected by economists. Core CPI, a measure which strips out volatile food and energy prices, rose 0.3% from September, below expectations of 0.5%. These figures caused markets to rise considerably as investors priced in the idea of the Federal Reserve slowing the pace of rate hiking. US equities rallied sharply in the trading session that followed, with the benchmark S&P 500 gaining 5.5% on Thursday, the largest one day increase in over 2 ½ years. The Dollar, which has been strengthened over the past few months due to cautious market sentiment, had its worst day in 7 years as risk-assets soared. The Euro/Dollar ended the week at 1.032. The cooler than expected inflation data also resulted in a plunge in US Treasury yields, with the US 10 Year falling below the psychologically significant number of 4%.

Despite markets being predominantly influenced by inflation, last week's US Midterm election saw Democrats lose far less than expected seats to Republicans in the House of Congress and retain control of the US Senate. This has been viewed as a victory for President Joe Biden, as traditionally a sitting president's party suffers large losses in a midterm election. The 'red wave' that failed to materialise leaves the US government more equally balanced and while this may cause gridlock in Washington, some analysts have taken the view that it may well bring much needed stability to investors. US equities finished the week up 5.1%, while the tech-heavy Nasdaq was up 7.2%, in USD terms.

In Europe and elsewhere, markets where largely guided by developments in the US, with Eurozone equities up 4.3% for the week. In Asia, the Chinese government announced a slight easing to its strict Zero Covid policy. While not a reversal entirely, the move is a well sought-after shift away from the growth-crippling strategy of the past two years. Hong Kong equities ended the week up 6.1%.

Our regular market information continues on the next page.

Snapshot

World Equities
Sovereign Bonds
Corporate Bonds
Copper
Gold

Oil

The week ahead

15 Nov	G20 World Leaders Summit commences.
17 Nov	Eurozone CPI US Jobless claims go to print.
18 Nov	The latest US Home sales data is released.

	1 Week Return 07.11.22 to 14.11.22		Year to Date Return 01.01.22 to 14.11.22	
	Local Currency	Euro	Local Currency	Euro
World	5.6%	2.2%	-16.1%	-7.6%
U.S.	5.1%	1.8%	-16.6%	-8.1%
Europe	4.3%	4.3%	-10.5%	-10.5%
Ireland	4.4%	4.4%	-17.3%	-17.3%
U.K.	0.3%	-0.3%	4.7%	0.3%
Japan	2.6%	4.6%	0.7%	-8.2%
Hong Kong	6.1%	2.9%	-15.9%	-7.9%
Corporate Bonds	1.6%	1.6%	-13.7%	-13.7%
Sovereign Bonds	1.5%	1.5%	-22.1%	-22.1%

Equities

- Global stocks were up last week by 2.2% in euro terms and 5.6% In local terms.
- Year-to-date global markets was down -7.6% in euro terms and -16.1% In local terms.
- The U.S market, the largest in the world, was up 1.8% in euro terms and 5.1% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 3.89% last week. The German equivalent finished at 2.16%. The Irish 10-year bond yield finished at 2.68%.
- The Euro/U.S. Dollar exchange rate finished at 1.03, whilst Euro/GBP finished at 0.88.

Commodities

- Oil finished the week at $89 per barrel and is up 30.5% year-to-date in euro terms.
- Gold finished the week at $1,759 per troy ounce and is up 6.0% year-to-date in euro terms.
- Copper finished the week at $8,502 per tonne.

Figures are calculated using Total Returns Indices.

Warning: Past performance is not a reliable guide to future performance.
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