Powell Speech Sends Positive Signal to Investors, But Employment Remains Tight

US equities finished the week in positive territory on the back of hopes that the Federal Reserve is beginning to slow its monetary tightening policy. Investors reacted positively on Wednesday when Fed Chair Jerome Powell struck a more dovish tone in his comments, leading many to expect a pivot in policy from the Fed in the coming weeks. Optimistic sentiment however was weakened to some extent on Friday when the US employment figures were released. The figures showed that US non-farm employment increased by 263,000 in October. This was far higher than the 200,000 expected by economists.

The news of a strong jobs market and steady demand for labour does not bode well for inflation, as a result some investors have begun to price in the possibility of a 75 basis point rate hike in December from the Fed, expectations were at 50 basis points on Wednesday. In fixed income, the benchmark US 10 Year Treasury Yield ended last week at 3.52%, while the 2 Year Treasury Yield which is more sensitive to changes in interest rates finished the week at 4.28%. The US dollar moved higher against a basket of peers on Friday as risk-off sentiment coincided with higher US rate expectations, the Euro/Dollar exchange rate finished the week at 1.057.

Within Europe equities were somewhat subdued gaining 1.3% the past week. Eurozone inflation figures for November were released on Wednesday and showed that inflation in the 19-country Bloc had fallen to 10%. This is a decrease from 10.6% in October and the first fall in 17 months. Hopes that inflation in the Eurozone is slowing remain tentative, however the growing consensus is that global inflation has peaked.

Finally Asian equities continue to be led by Chinese Covid Policy. With Chinese officials making slow but significant shifts towards looser controls surrounding Covid-19 infections, optimism for Chinese assets have heightened. Hong Kong equities climbed 6.4% last week in Euro terms, as investors bet on a reopening of the world's second largest economy.

Our regular market information continues on the next page.

Snapshot

Corporate Bonds
Sovereign Bonds
World Equities
Copper
Gold
Oil

The week ahead	
05 Dec	US ISM Non-Manufacturing PMI is released.
08 Dec	US Initial Jobless Claims goes to print.
09 Dec	US and Chinese PPI along with US consumer sentiment are released.

	1 Week Return 28.11.22 to 05.12.22		Year to Date Return 01.01.22 to 05.12.22	
	Local Currency	Euro	Local Currency	Euro
World	2.5%	1.7%	-14.1%	-6.7%
U.S.	2.8%	2.1%	-14.9%	-7.6%
Europe	1.2%	1.2%	-8.9%	-8.9%
Ireland	-0.6%	-0.6%	-19.0%	-19.0%
U.K.	1.1%	1.8%	8.4%	6.2%
Japan	-2.3%	-0.7%	-0.8%	-8.4%
Hong Kong	6.7%	6.4%	-11.1%	-3.3%
Corporate Bonds	1.5%	1.5%	-11.6%	-11.6%
Sovereign Bonds	1.2%	1.2%	-18.7%	-18.7%

Equities

- Global stocks were up last week by 1.7% in euro terms and 2.5% In local terms.
- Year-to-date global markets was down -6.7% in euro terms and -14.1% In local terms.
- The U.S market, the largest in the world, were up 2.1% in euro terms and 2.8% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 3.52% last week. The German equivalent finished at 1.84%. The Irish 10-year bond yield finished at 2.28%.
- The Euro/U.S. Dollar exchange rate finished at 1.06, whilst Euro/GBP finished at 0.87.

Commodities

- Oil finished the week at $82 per barrel and is up 17.4% year-to-date in euro terms.
- Gold finished the week at $1,795 per troy ounce and is up 5.6% year-to-date in euro terms.
- Copper finished the week at $8,433 per tonne.

Figures are calculated using Total Returns Indices.

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