

# US stocks pare gains as earnings forecasts slow

Last week saw a more cautious approach to US equities as concern over Federal Reserve policy and discouraging corporate earnings caused equities in the US to retreat from their recent gains. US equities finished the week down slightly, returning 0.0% in euro terms. Large American corporates displayed waning profits, leading some investors to conclude consumer spending is beginning to contract. The ride-sharing service Lyft, headquartered in California, saw stock prices tumble by over 30% following the issuance of weak company guidance. The US Jobless report also came in higher than expected, with unemployment numbers rising for the first time in 6 weeks. The report showed that applications for unemployment benefits rose to 196,000 in the week ending 4th February. Expectations from economists had been set for an increase of 190,000. While the news highlighted a greater recession risk, some investors viewed this as a positive for risk asset prices. As, from the perspective of Federal Reserve policy, the rising jobless claims could lead to lower future levels of interest rates.

European equities remained positive last week continuing to provide gains to investors. The release of German CPI data confirmed investors' hopes of inflation finally beginning to soften in the region. The CPI report showed that Inflation in Europe's largest economy slowed to 9.2% in January, below expectations. The benchmark 10 Year German Bund yield ended the week at 2.35%, up from last week's figure by 0.03%.

Last week saw a strong performance for Japanese equities as Haruhiko Kuroda the Bank of Japan's long serving Governor, prepares to step down. Consensus is that his replacement is likely to be Kazuo Ueda, an academic outsider who was originally an unlikely candidate. This marks a potential turning point in Japanese monetary policy, as Japan has remained to be a global outlier in terms of monetary policy approach, where ultra-loose policy in a period of globally rising rates has been seen by some as controversial. Japanese equities ended the week up 2.0% in euro terms.

Our regular market information continues on the next page.

## Snapshot



Oil



Corporate Bonds

World Equities

Gold

Copper

## The week ahead

14 Feb	US CPI figures go to print.
15 Feb	UK CPI figures are released.
16 Feb	US Initial Jobless Claims report is issued.



	1 Week Return 07.02.23 to 13.02.23		Year to Date Return 30.12.22 to 13.02.23	
	Local Currency	Euro	Local Currency	Euro
World	-0.3%	0.2%	7.1%	7.0%
U.S.	-0.6%	0.0%	6.9%	6.8%
Europe	-0.3%	-0.3%	8.5%	8.5%
Ireland	-3.0%	-3.0%	10.3%	10.3%
U.K.	1.0%	2.1%	5.8%	6.2%
Japan	0.3%	2.0%	5.6%	6.1%
Hong Kong	0.1%	0.6%	2.4%	1.8%
Corporate Bonds	-0.6%	-0.6%	1.6%	1.6 %

### Equities

- Global stocks were up last week by 0.2% in euro terms and Down -0.3% In local terms.
- Year-to-date global markets were up 7.0% in euro terms and 7.1% in local terms.
- The U.S market, the largest in the world, finished at 0.0% in euro terms and down -0.6% in local terms.

### Fixed Income & FX

- The U.S. 10-year yield finished at 3.73% last week. The German equivalent finished at 2.35%. The Irish 10-year bond yield finished at 2.80%.
- The Euro/U.S. Dollar exchange rate finished at 1.07, whilst Euro/GBP finished at 0.89.

### Commodities

- Oil finished the week at \$78 per barrel and is up 1.4% year-to-date in euro terms.
- Gold finished the week at \$1,859 per troy ounce and is down -2.0% year-to-date in euro terms.
- Copper finished the week at \$8,829 per tonne.

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