# Key inflation metrics grasp investors

Last week saw the release of revised US GDP figures for the final quarter of 2022. GDP was revised downwards to a 2.7% increase from its first estimate of 2.9% in Q4. The report detailed that services inflation remains elevated which presents a persistent problem for the Federal Reserve. Another key figure released last week was the US Personal Consumption Expenditure (PCE) index which measures consumer prices for goods and services. Known as the Federal Reserve's favoured measure of inflation, the figures indicated continued price pressures as the index increased 0.6% in January, after rising 0.2% the previous month. Core PCE which strips out volatile energy and food prices increased 4.7% annually, exceeding economists' forecasts of a 4.3% increase. Markets reacted poorly to the hot inflation data, fearing the Federal Reserve may forestall their forecasted pivot in monetary policy. Minutes from the Fed's last policy meeting on February 1st were also released last Wednesday. The minutes revealed that while most FOMC members favoured its latest 0.25% increase, some favoured a larger hike. The rally seen so far this year in fixed income markets suffered due to this sentiment, with bond yields rising as a sell off occurred. The benchmark US 10 Year Treasury yield ended the week at 3.94%, up 13 basis points from the previous weeks close.

Across the Atlantic here in Europe, similar sentiment presided over investors as interest rate fears were the guiding factor in stock prices. European stocks finished the week down despite stellar gains in recent weeks returning -1.8%. In Germany GDP figures were released on Friday displaying a contraction in the world's fourth largest economy for the final quarter of 2022. The figures showed that Germany's economy shrank by 0.4% in Q4 reigniting recession fears among some European investors. Eurozone sovereign bonds had a tough week similar to their North American counterparts. The benchmark German 10 Year bund yield finished the week 8 basis points higher as a result. Eurozone investors are anticipating this week's upcoming inflation print and what this will mean for future interest rates.

**Our regular market information continues on the next page.**

## Snapshot

Corporate Bonds
World Equities
Oil
Gold
Copper

| The week ahead | |
|---|---|
| 28 Feb | US CB Consumer Confidence report is released. |
| 02 Mar | Eurozone CPI figures go to print. |
| 03 Mar | US ISM-Non-Manufacturing PMI is released. |

| | 1 Week Return 20.02.23 to 27.02.23 | | Year to Date Return 30.12.22 to 27.02.23 | |
|---|---|---|---|---|
| | Local Currency | Euro | Local Currency | Euro |
| World | -2.7% | -1.4% | 4.2% | 5.5% |
| U.S. | -2.7% | -1.3% | 3.9% | 5.2% |
| Europe | -1.8% | -1.8% | 8.3% | 8.3% |
| Ireland | -2.8% | -2.8% | 13.6% | 13.6% |
| U.K. | -1.3% | -0.7% | 6.2% | 6.7% |
| Japan | -0.7% | -1.0% | 5.2% | 3.0% |
| Hong Kong | -2.7% | -1.5% | -3.2% | -2.6% |
| Corporate Bonds | -0.5% | -0.5% | 0.4% | 0.4% |

### Equities

- Global stocks were down last week by -1.4% in euro terms and down -2.7% In local terms.
- Year-to-date global markets were up 5.5% in euro terms and 4.2% in local terms.
- The U.S market, the largest in the world, finished at -1.3% in euro terms and down -2.7% in local terms.

### Fixed Income & FX

- The U.S. 10-year yield finished at 3.94% last week. The German equivalent finished at 2.53%. The Irish 10-year bond yield finished at 3.02%.
- The Euro/U.S. Dollar exchange rate finished at 1.06, whilst Euro/GBP finished at 0.88.

### Commodities

- Oil finished the week at $77 per barrel and is down -0.2% year-to-date in euro terms.
- Gold finished the week at $1,813 per troy ounce and is down -3.2% year-to-date in euro terms.
- Copper finished the week at $8,689 per tonne.



Figures are calculated using Total Returns Indices.

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