

Cooler US inflation sees equities rally

Last week saw US equities finish positively as data suggested a cooling of inflation. On Wednesday, the release of consumer price index (CPI) data, saw markets enter a 'risk-on' session in the US. The CPI report, released by the US Bureau of Labor Statistics, showed that the pace of headline inflation in June had slowed to its lowest level since March of 2021, at 3.0% despite expectations of a 3.1% figure. Meanwhile Core CPI, which strips out volatile food and energy sectors came in at 4.8%, beating expectations of 5.0%. Further pricing data such as the producer price index were released on Thursday with encouraging results, showing that headline producer prices rose by a mere 0.1%.

Hopes of a 'soft landing' for the US economy are heavily reliant on cooling inflation, and last week saw the widely watched Michigan University consumer sentiment survey reach a 22-month high, rising to 72.6 suggesting greater optimism around the US economy's outlook. On Friday, large US banks such as JP Morgan, Citigroup and Wells Fargo kicked off Q2 earnings season by publishing their results. Much of these larger banks proved to beat expectations, taking advantage of higher rates and strong loan growth, particularly as Q2 saw somewhat of a flight to quality following the market pressures on some smaller regional banks in the US.

Across the Atlantic, European stocks also had a positive week on the back of lower US interest rate expectations. Despite this, European Central Bank officials remain hawkish, with minutes from the latest ECB meeting suggesting further hikes to come in the Eurozone.

In China, the Government has increased some policies to boost its troubled property market, as the country attempts to stimulate economic growth. This was seen as a largely positive development for trade partners such as Europe, as Chinese authorities appear committed to supporting economic growth through stimulus.

Our regular market information continues on the next page.

Snapshot



World Equities

Corporate Bonds

Sovereign Bonds

Gold

Copper



Oil

The week ahead

18 July	US Retail Sales report goes to print.
19 July	Eurozone CPI figures are released.
20 July	US Initial Jobless Claims report is published.



	1 Week Return 10.07.23 to 17.07.23		Year to Date Return 31.12.22 to 17.07.23	
	Local Currency	Euro	Local Currency	Euro
World	3.0%	0.5%	17.1%	11.2%
U.S.	2.3%	-0.1%	18.5%	12.5%
Europe	2.9%	2.9%	12.7%	12.7%
Ireland	5.3%	5.3%	27.6%	27.6%
U.K.	2.2%	2.1%	1.2%	4.7%
Japan	0.0%	-0.1%	21.0%	9.5%
Hong Kong	4.6%	2.3%	-5.8%	-10.6%
Corporate Bonds	1.0%	1.0%	0.7%	0.7%
Sovereign Bonds	1.4%	1.4%	2.3%	2.3%

Equities

- Global stocks were up last week by 0.5% in euro terms and 3.0% in local terms.
- Year-to-date global markets are up 11.2% in euro terms and 17.1% in local terms.
- The U.S. market, the largest in the world, finished at -0.1% in euro terms and 2.3% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 3.82% last week. The German equivalent finished at 2.51%. The Irish 10-year bond yield finished at 2.92%.
- The Euro/U.S. Dollar exchange rate finished at 1.12, whilst Euro/GBP finished at 0.86.

Commodities

- Oil finished the week at \$74 per barrel and is down -11.5% year-to-date in euro terms.
- Gold finished the week at \$1,952 per troy ounce and is up 3.0% year-to-date in euro terms.
- Copper finished the week at \$8,662 per tonne.

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