Equities lag on resilient demand

Last week saw US equities post their worst performance in several months as investors revaluated the prospects for higher interest rates for longer, due to resilient economic data. On Tuesday, the US Department of Commerce released Retail Sales data. The figure jumped 0.7% in July, roughly double consensus expectations. The figures were closely watched by many, as consumer demand continues to be strong despite the Federal Reserve's attempts to curb inflation. The report indicated discretionary spending amongst Americans has increased, with areas such as online spending increasing as much as 10.3% year on year. On Wednesday, minutes from the Fed's policy meeting in July were released, adding to the general sentiment policymakers may have become more hawkish. The yield on the benchmark 10 Year US treasury yield rose because of the week's developments, finishing the week on Friday at 4.28%, its highest level in the last 10 months.

In Europe, equities also faced a tough week as news from China (one of Europe's largest trading partners) indicated that the post pandemic recovery remains slow. Data such as industrial output underperformed expectations in China and the government took the decision to delay releasing the closely watched youth unemployment rate, leading to some speculation regarding the weakness of the figure. Over the weekend news filtered through that the People's Bank of China are set to enact cuts to lending rates to support the economy by encouraging banks to offer more loans.

Elsewhere, in Japan Q2 Gross Domestic Product (GDP) figures exceeded expectations. The release last week showed that the country's GDP grew by 6.0% quarter on quarter, exceeding expectations of a 2.9% figure. Much of the growth has been attributed to robust exports. However, optimism surrounding the release was pared down throughout the week, owing to broader macroeconomic concerns with China's economy.

Our regular market information continues on the next page.

Snapshot

Up:

Corporate Bonds

Oil

Gold

Down:

World Equities

Sovereign Bonds

Copper

The week ahead	
22 Aug	US Existing Home Sales report is published.
23 Aug	US Manufacturing and Services PMIs are released.
24 Aug	Jackson Hole Symposium kicks off.

	1 Week Return 14.08.23 to 21.08.23		Year to Date Return 31.12.22 to 21.08.23	
	Local Currency	Euro	Local Currency	Euro
World	-2.6%	-2.3%	12.6%	10.5%
U.S.	-2.7%	-2.4%	14.9%	12.8%
Europe	-2.4%	-2.4%	9.5%	9.5%
Ireland	-3.0%	-3.0%	23.3%	23.3%
U.K.	-3.1%	-2.3%	-0.3%	3.6%
Japan	-1.9%	-1.5%	20.3%	7.3%
Hong Kong	-3.7%	-3.5%	-14.6%	-16.4%
Corporate Bonds	0.0%	0.0%	0.7%	0.7%
Sovereign Bonds	-0.3%	-0.3%	1.0%	1.0%

Equities

- Global stocks were down last week by -2.3% in euro terms and -2.6% in local terms.
- Year-to-date global markets are up 10.5% in euro terms and 12.6% in local terms.
- The U.S market, the largest in the world, finished at -2.4% in euro terms and -2.6% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 4.28% last week. The German equivalent finished at 2.63%. The Irish 10-year bond yield finished at 3.04%
- The Euro/U.S. Dollar exchange rate finished at 1.09, whilst Euro/GBP finished at 0.85.

Commodities

- Oil finished the week at $82 per barrel and is up 0.5% year-to-date in euro terms.
- Gold finished the week at $1,890 per troy ounce and is up 1.9% year-to-date in euro terms.
- Copper finished the week at $8,214 per tonne.

Figures are calculated using Total Returns Indices.

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