

Markets take latest ECB hike in their stride

The ECB raised rates by 0.25% on Thursday afternoon, which brought the headline deposit rate to a new historic high of 4.0%. Christine Lagarde and her colleagues will have to strike the right balance going forward as sticky inflation has to be weighed up against slowing economic growth. The market consensus is that the ECB will now pause hikes over the coming quarter. Core eurozone government bond yields finished the week up as markets digested the rate hike and accompanying commentary. Equities moved higher last week as the narrative of a 'soft landing' continues to hold the attention of market participants.

In the US, inflation figures for August came in higher than expected with the headline figure rising from 3.2% to 3.7%. However, when volatile components (such as energy) are stripped out, the core figure moved from 4.7% to 4.3%. The bond markets didn't move massively on the news, attributing much of the rise in the headline figure to higher oil prices as West Texas Intermediate hit \$90 per barrel for the first time since last November. Overall large cap stocks outperformed although the world's largest company, Apple, came under pressure following a lacklustre market response to their latest product launch. However, tech stocks were boosted on Thursday as the IPO of Arm Holdings (the biggest this year) was a success with the price surging 25% on its NASDAQ open.

There were mixed results elsewhere on the economic data front, as UK GDP fell 0.5% in July and the unemployment rate ticked up higher to 4.3%. On the other hand, Chinese retail sales and industrial production beat consensus expectations whilst the PBOC also loosened bank reserve requirements to boost liquidity.

Our regular market information continues on the next page.

Snapshot



Corporate Bonds

World Equities

Oil

Copper



Sovereign Bonds

Gold

The week ahead

20 Sept

The Federal Reserve meets for its latest rate decision.

21 Sept

The Bank of England are expected to raise rates.

22 Sept

Flash PMIs for the US, UK, and Eurozone go to print.



	1 Week Return 11.09.23 to 18.09.23		Year to Date Return 31.12.22 to 18.09.23	
	Local Currency	Euro	Local Currency	Euro
World	-0.3%	0.5%	15.2%	15.3%
U.S.	-0.9%	-0.1%	17.3%	17.4%
Europe	0.9%	0.9%	12.2%	12.2%
Ireland	-0.1%	-0.1%	23.7%	23.7%
U.K.	3.0%	2.6%	6.3%	9.6%
Japan	3.1%	2.9%	30.8%	16.8%
Hong Kong	0.4%	1.2%	-15.3%	-15.5%
Corporate Bonds	-0.8%	-0.8%	0.1%	0.1%
Sovereign Bonds	-0.9%	-0.9%	0.4%	0.4%

Equities

- Global stocks were up last week by 0.5% in euro terms and -0.3% in local terms.
- Year-to-date global markets are up 15.3% in euro terms and 15.2% in local terms.
- The U.S market, the largest in the world, finished down -0.1% in euro terms and -0.9% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 4.35% last week. The German equivalent finished at 2.69%. The Irish 10-year bond yield finished at 3.10%
- The Euro/U.S. Dollar exchange rate finished at 1.07, whilst Euro/GBP finished at 0.86.

Commodities

- Oil finished the week at \$91 per barrel and is up 14.0% year-to-date in euro terms.
- Gold finished the week at \$1,926 per troy ounce and is up 6.0% year-to-date in euro terms.
- Copper finished the week at \$8,350 per tonne.

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