

Stocks rise as US inflation hits two year low

Last week saw US equities post gains and bond yields fall as economic data indicated slowing inflation. On Tuesday, the US Labor Department reported that headline consumer price index (CPI) had remained unchanged month on month in October. Core CPI which strips out the volatile food and energy sectors moved lower, from 4.1% to 4.0%. This represents its lowest level in over 2 years, and below economists' expectations. The surprise to the downside was welcome news for the Federal Reserve, as although CPI remains above target at 2%, the move lower takes some pressure off the Fed after the FOMC decided to hold rates steady at its most recent policy meeting. Sentiment was largely positive throughout the week as a result. Notably the gains in US stocks were broadly spread across the market, in contrast to much of 2023 which has seen outperformance attributable to just several technology growth stocks. The benchmark 10 Year US Treasury yield finished the week at 4.44%, its lowest level since September, a sign that fixed income markets have priced in the possibility of lower interest rates.

In Europe, ECB president Christine Lagarde took the opportunity to remind markets that inflation remains far off its 2% medium term target. President Lagarde noted that inflation may accelerate early in 2024 because of base effects. Despite this, she noted that another rate increase may not be necessary, albeit whilst reiterating the 'higher for longer' narrative. European equities saw a positive week and were also boosted by the latest Eurozone inflation data confirming an annual level of 2.9%, the lowest level in over 2 years.

In Asia, Japanese equities posted solid performance despite lower GDP figures which surprised to the downside. The latest GDP figures showed that the Japanese economy shrunk by 0.5% in Q3. The positive gains in Japanese equities were largely attributed to improved sentiment in the US and strong earnings reports in Q3.

Our regular market information continues on the next page.

Snapshot



World Equities
Corporate Bonds
Sovereign Bonds
Copper



Gold
Oil

The week ahead

21 Nov	FOMC meeting minutes are released.
23 Nov	European Manufacturing and Services PMIs go to print.
24 Nov	US Manufacturing and Services PMIs are published.



	1 Week Return 13.11.23 to 20.11.23		Year to Date Return 31.12.22 to 20.11.23	
	Local Currency	Euro	Local Currency	Euro
World	2.8%	1.0%	16.4%	14.1%
U.S.	2.4%	0.6%	19.2%	16.8%
Europe	2.4%	2.4%	11.6%	11.6%
Ireland	1.5%	1.5%	12.0%	12.0%
U.K.	1.1%	0.7%	4.3%	5.6%
Japan	2.6%	2.2%	30.3%	12.7%
Hong Kong	2.5%	0.8%	-15.4%	-17.1%
Corporate Bonds	0.7%	0.7%	1.5%	1.5%
Sovereign Bonds	1.6%	1.6%	1.9%	1.9%

Equities

- Global stocks were up last week by 1.0% in euro terms and up by 2.8% in local terms.
- Year-to-date global markets are up 14.1% in euro terms and 16.4% in local terms.
- The U.S market, the largest in the world, finished up 0.6% in euro terms and 2.4% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 4.44% last week. The German equivalent finished at 2.59%. The Irish 10-year bond yield finished at 2.97%.
- The Euro/U.S. Dollar exchange rate finished at 1.09, whilst Euro/GBP finished at 0.88.

Commodities

- Oil finished the week at \$76 per barrel and is down -6.8% year-to-date in euro terms.
- Gold finished the week at \$1,979 per troy ounce and is up 6.2% year-to-date in euro terms.
- Copper finished the week at \$8,168 per tonne.

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