

# Optimistic inflation outlook sees equities gain

Last week saw the recent rally in US equities continue, albeit at a slower pace as many investors await the Federal Reserve's final policy meeting of 2023. The week closed out a busy economic calendar with some surprises for investors. On Tuesday, Purchasing Managers Indexes (PMIs) were released for the US services sector. The figures displayed a modest pickup in the services economy, at 50.8 up from 50.6 the previous month and largely in line with expectations, (figures above 50 represent an expansion).

On Friday, surprise results from the University of Michigan's consumer sentiment index saw stocks rally as a more positive outlook on inflation expectations was reported. The survey showed that consumers' one-year outlook for inflation fell to 3.1%, down sharply from 4.5%. Also released on Friday was the US nonfarm payrolls report which surprised to the upside. The report showed that employers added 199,000 jobs in November, up from 150,000 the previous month and above expectations of 180,000. Although the labour market remains strong some signs earlier in the week such as Monthly Job Openings gave some indication that it is beginning to cool. US investors remain poised for Wednesday's policy meeting with consensus expectations that rates will remain steady.

In the Eurozone stocks experienced a positive week as the ECB dialled back its hawkish rhetoric somewhat. ECB board member Isabel Schnabel, typically seen as a policy hawk, stated that further interest hikes are unlikely, a statement which markets took as a positive sign. Eurozone Services PMIs were released on Tuesday and came in moderately above expectations at 48.7. The figures represent an increase on the previous months figure of 47.8 however remain in contractionary territory.

In Japan, GDP figures for Q3 came in lower than expected. Figures showed a contraction in the Japanese economy of -2.9% year on year, lower than the forecasted figure of -2.1%. The decrease has been largely attributed to a drop in consumer and business spending.

Our regular market information continues on the next page.

## Snapshot



World Equities  
Corporate Bonds  
Gold  
Copper



Oil

## The week ahead

12 Dec	US CPI figures are released.
13 Dec	Federal Reserve policy meeting takes place.
14 Dec	ECB Interest Rate Decision.



	1 Week Return 04.12.23 to 11.12.23		Year to Date Return 31.12.22 to 11.12.23	
	Local Currency	Euro	Local Currency	Euro
World	0.7%	1.1%	18.9%	17.9%
U.S.	0.8%	1.2%	21.9%	20.8%
Europe	1.6%	1.6%	16.0%	16.0%
Ireland	1.1%	1.1%	16.0%	16.0%
U.K.	0.4%	0.3%	5.0%	8.5%
Japan	-1.7%	0.5%	26.2%	14.2%
Hong Kong	-1.5%	-0.9%	-20.8%	-21.6%
Corporate Bonds	0.2%	0.2%	3.6%	3.6%

### Equities

- Global stocks were up last week 1.1% in euro terms and 0.7% in local terms.
- Year-to-date global markets are up 17.9% in euro terms and 18.9% in local terms.
- The U.S. market, the largest in the world, finished at 1.2% in euro and 0.8% in local terms.

### Fixed Income & FX

- The U.S. 10-year yield finished at 4.26% last week. The German equivalent finished at 2.27%. The Irish 10-year bond yield finished at 2.61%.
- The Euro/U.S. Dollar exchange rate finished at 1.08, whilst Euro/GBP finished at 0.86.

### Commodities

- Oil finished the week at \$72 per barrel and is down -11.3% year-to-date in euro terms.
- Gold finished the week at \$1,997 per troy ounce and is up 8.9% year-to-date in euro terms.
- Copper finished the week at \$8,366 per tonne.

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