

Markets cheer fed expectations

Last week saw US stocks have their seventh straight week of gains, as investors viewed the Federal Reserve’s final policy meeting of 2023 in a favourable light. The meeting, which took place on Wednesday, saw rates remain unchanged at 5.50%, largely in line with expectations. The main point of interest for markets, was the signalling by the FOMC about future policy rate cuts. The ‘Dot Plot’, which records each individual policymakers’ interest rate projection had a median of 75 basis points worth of rate cuts in 2024, up from a previous figure of 50bps. US Retail Sales, which were released on Thursday, indicated that consumer spending remains robust as inflation continues to moderate. The figures showed an increase of 0.3% in November despite expectations of -0.1% result. Markets were largely undeterred by the surprise result, finishing the week in positive territory. Yields on government bonds continued to fall last week, with the benchmark 10 Year US Treasury now at 3.90%, a drop of 43 basis points since November.

In the Eurozone, the ECB decided to hold interest rates steady, leaving its key policy rate at a record high of 4.00%. On Friday, the preliminary release of the Eurozone HCOB PMI for manufacturing and services suggested that the Eurozone economy contracted in Q4 of 2023. The Composite PMI, fell to 47.0 this month, down from November’s 47.6, despite expectations for an uptick to 48.0. This marks the seventh month below the level of 50, indicating a contraction.

In Asia, equities in Hong Kong rallied on news of the Fed’s lower interest rate expectations. Chinese equities however were negative as deflationary pressures persisted. This comes as Chinese CPI figures for November fell by their fastest rate in 3 years, down by 0.5%.

Our regular market information continues on the next page.

Snapshot



World Equities
Corporate Bonds
Gold
Copper



Oil

The week ahead

19 Dec

Eurozone CPI figures are released.

21 Dec

US GDP figures for to print.

22 Dec

Core PCE Price Index is issued.



	1 Week Return 11.12.23 to 18.12.23		Year to Date Return 31.12.22 to 18.12.23	
	Local Currency	Euro	Local Currency	Euro
World	2.3%	0.7%	22.0%	19.3%
U.S.	2.2%	0.6%	25.1%	22.3%
Europe	0.7%	0.7%	17.2%	17.2%
Ireland	1.5%	1.5%	18.2%	18.2%
U.K.	0.4%	0.0%	5.3%	8.7%
Japan	-1.0%	0.7%	26.8%	15.4%
Hong Kong	5.9%	4.3%	-16.5%	-18.4%
Corporate Bonds	0.8%	0.8%	4.4%	4.4%

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 3.90% last week. The German equivalent finished at 2.02%. The Irish 10-year bond yield finished at 2.35%.
- The Euro/U.S. Dollar exchange rate finished at 1.09, whilst Euro/GBP finished at 0.86.

Commodities

- Oil finished the week at \$72 per barrel and is down -12.0% year-to-date in euro terms.
- Gold finished the week at \$2,023 per troy ounce and is up 8.7% year-to-date in euro terms.
- Copper finished the week at \$8,455 per tonne.

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