

# Market volatility amidst inflation data

On Tuesday, the latest US Consumer Price Index (CPI) data was released, coming in hotter than expected. The CPI data showed that the annual rate of inflation rose 3.1% in January, a cooldown from 3.4% in December but more than the 2.9% increase that was expected. Core CPI which excludes more volatile energy and food prices and is generally a better gauge of inflation, rose 2.9% coming in above the 3.7% that was forecasted. With the prospect of a March cut virtually non-existent, a May cut now looks more improbable. The 2-year Treasury yield saw the biggest one-day jump since last May and US stocks ended sharply lower on Tuesday as traders put out estimates of the first rate cut. The US dollar gathered strength against all major rival currencies.

Eurozone GDP was unchanged in Q4 2023, after shrinking 0.1% in the previous quarter. The European Commission downgraded its forecast for eurozone growth for 2024. GDP is expected to grow 0.8% in the eurozone this year, down from the 1.2% in the autumn forecast. Markets expect the European Central Bank (ECB) to start cutting rates this year, potentially in April. However, on Thursday ECB President Christine Lagarde cautioned that they need to be more confident inflation is on track to hit the 2% target before considering rate cuts.

UK CPI figures also went to print this week. Both headline and core inflation matched their prior month and undershot economists' estimates. In the 12 months to January, headline inflation rose to 4.0% compared to the 4.2% forecasted and core inflation came in at 5.1% missing the estimate of 5.2%. GBP/USD came under intense selling pressure on the release of this data. Traders ramped up their rate-cut bets with the first BoE rate cut expected in August, moved forward from September.

## Fact of the Week

Cocoa prices hit an all-time record high last week, rising more than 100% in the last year.

Our regular market information continues on the next page.

## Snapshot



World Equities  
Corporate Bonds  
Sovereign Bonds  
Oil  
Gold  
Copper

## The week ahead

22 Feb	Eurozone CPI figures released.
22 Feb	US PMI indices released.
23 Feb	German GDP goes to print.



	1 Week Return 12.02.24 to 19.02.24		Year to Date Return 31.12.23 to 19.02.24	
	Local Currency	Euro	Local Currency	Euro
World	0.2%	0.3%	3.8%	6.4%
U.S.	-0.4%	-0.2%	5.0%	7.7%
Europe	1.3%	1.3%	3.3%	3.3%
Ireland	1.3%	1.3%	8.7%	8.7%
U.K.	2.1%	1.8%	0.1%	1.3%
Japan	2.9%	2.4%	12.2%	8.0%
Hong Kong	2.6%	2.8%	-5.4%	-3.1%
Corporate Bonds	0.4%	0.4%	-1.2%	-1.2%
Sovereign Bonds	0.5%	0.5%	-2.4%	-2.4%

### Equities

- Global stocks were up last week by 0.3% in euro terms and up 0.2% in local terms.
- Year-to-date global markets are up by 6.4% in euro terms and by 3.8% in local terms.
- The U.S market, the largest in the world, finished down -0.2% in euro and -0.4% in local terms.

### Fixed Income & FX

- The U.S. 10-year yield finished at 4.3% last week. The German equivalent finished at 2.4%. The Irish 10-year bond yield finished at 2.8%.
- The Euro/U.S. Dollar exchange rate finished at 1.08, whilst Euro/GBP finished at 0.86.

### Commodities

- Oil finished the week at \$79 per barrel and is up 13.2% year-to-date in euro terms.
- Gold finished the week at \$2,014 per troy ounce and is at 0.0% year-to-date in euro terms.
- Copper finished the week at \$8,409 per tonne.

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