

US markets continue to move higher as earning season kicks off

Snapshot



World Equities

Copper

Gold

Oil



Sovereign Bonds

Corporate Bonds

Week Ahead

16
July

US Retail Sales – consensus is for 0.3% from 0.5% (MoM) Wells Fargo, JPM and Goldman Sachs all report earnings

17
July

UK CPI for June goes to print, with a 2% (YoY) figure forecast from the market. Eurozone inflation data is also released.

19
July

Japanese CPI data for June is released to the market

Stocks moved forward once again last week, with US markets hitting fresh highs, albeit on the back of weaker summer trading volumes. Fed Chair Powell did nothing during his semi-annual monetary policy testimony to Congress this week to push back against the market's view that the Fed will cut rates at its July 30-31 meeting. This was slightly contradicted by the core CPI reading from the US, which saw the largest monthly increase since January 2018 (after four consecutive months of tepid readings). Industrial activity in the Eurozone saw some growth last month, whilst UK GDP for May rebounded after a deep decline in April. Earnings season also kicks off this week, with some of the big US financials reporting. So we have a market trinity of US unemployment near historic lows (3.7%), stock markets at record highs, and the market fully expecting an interest rate cut from the Federal Reserve this month.

	1 Week Return 08.07.19 to 12.07.19		Year to Date Return 31.12.18 to 12.07.19	
	Local Currency	Euro	Local Currency	Euro
World	0.8%	0.5%	17.4%	19.3%
U.S.	1.3%	0.8%	20.5%	22.6%
Europe	-0.9%	-0.9%	15.3%	15.3%
Ireland	0.5%	0.5%	19.2%	19.2%
U.K.	-0.6%	-0.8%	11.0%	11.1%
Japan	0.0%	0.2%	6.2%	9.9%
Hong Kong	0.5%	-0.5%	15.9%	17.9%
Corporate Bonds	-0.3%	-0.3%	5.8%	5.8%
Sovereign Bonds	-1.4%	-1.4%	8.8%	8.8%

Equities

- Another positive week for US equities, up 1.3% for the week. The US market has now returned 20.5% in local currency terms for the year.
- Europe and the UK were down slightly over the week but both are showing strong YTD returns of 15.3% and 11.0% respectively (local currency).

Fixed Income & FX

- The U.S. 10-year yield was up over the week, closing at 2.12% from 2.03%, as the continuing positive economic news sent yields higher. The German equivalent closed at -0.23, not quite as low as previous weeks.
- The Euro/US Dollar exchange rate finished at 1.128, whilst Euro/GBP was at 0.898.

Commodities

- Oil rose last week, and finished the week at \$60.2 per barrel.
- Gold also finished the week up at \$1,415 per troy ounce. Copper also rose higher at \$5,928 per tonne.

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