

U.S. stocks finish out best month since 1987

Snapshot



Corporate Bonds
Sovereign Bonds
Oil



World Equities
Copper
Gold

Equities saw mixed returns last week as U.S. markets fell on Friday (most European markets were closed on Friday 1st May, rather than yesterday like Ireland). Oil posted some gains, helped by evidence that crude consumption was recovering in some countries. On the political front, U.S.-China tensions are fully back in the picture as the U.S. suggested last week that the COVID virus had originated in a Wuhan laboratory, a view it reiterated over the weekend.

The stark economic reality of the virus continued to be evident in GDP growth data. Figures released last week show the eurozone economy contracted 3.8% (quarter-on-quarter) in Q1 as U.S. GDP for the same period came in at an annualised rate of -4.7%. Consumer spending and initial jobless claims releases continued the negative data trend. Given the lockdown only really took hold globally in March, Q2 figures are also expected to be extremely weak.

At the ECB meeting last week the size of asset purchases was kept unchanged but the terms on existing liquidity operations for banks were made more generous and a new liquidity operation with eased conditions was introduced. The moves came as ratings agency Fitch downgraded Italian sovereign debt to BBB-. In the U.S., the Fed is finalising more corporate lending programmes which should help to shore up credit markets further.

News on the virus was positive as there is increasing evidence that the inflection point of infection rates has been reached. More funding and encouraging initial trial results also emerged from various sources in relation to both a vaccine and treatments. Governments around the world, including here in Ireland, also began to release clearer plans to ease restrictions over the coming weeks and months.

Our regular market information continues on the next page.

Week Ahead

6 May

U.S. services PMI data goes to print.

7 May

Eurozone retail sales for March are published.

8 May

U.S. non-farm payrolls for April are released.

	1 Week Return 27.04.20 to 05.05.20		Year to Date Return 31.12.19 to 05.05.20	
	Local Currency	Euro	Local Currency	Euro
World	-1.3%	-2.0%	-15.3%	-12.9%
U.S.	-0.7%	-0.9%	-11.8%	-8.8%
Europe	-3.8%	-3.8%	-19.4%	-19.4%
Ireland	-2.2%	-2.2%	-20.5%	-20.5%
U.K.	-3.5%	-3.6%	-24.2%	-26.4%
Japan	-1.3%	-1.5%	-16.6%	-12.3%
Hong Kong	-3.6%	-3.9%	-15.6%	-12.3%
Corporate Bonds	0.1%	0.1%	-2.5%	-2.5%
Sovereign Bonds	1.5%	1.5%	1.2%	1.2%

Equities

- Global equities were down last week by -1.3% in local terms and -2.0% in euro terms.
- Europe showed the greatest decline down -3.8%.

Fixed Income & FX

- The U.S. 10-year yield finished at 0.67% last week. The German equivalent finished at -0.54%. The Irish 10 year bond yield finished at 0.12%.
- The Euro/U.S. Dollar exchange rate remained at 1.08, whilst Euro/GBP remained at 0.87.

Commodities

- Oil prices recovered slightly finishing at \$22 per barrel.
- Gold decreased to \$1,697 per troy ounce but is up 12% year to date in local terms.
- Copper decreased to \$5,094 per tonne.

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