

Markets move higher despite local spikes in Covid-19 cases

Snapshot



World Equities

Oil

Copper



Corporate Bonds

Sovereign Bonds

Gold

The week ahead

19
Aug

The minutes of the most recent Fed meeting are released.

20
Aug

Weekly U.S. jobless claims, which has become closely watched, are published.

21
Aug

PMI data from the U.S., eurozone, and U.K. all goes to print.

Most major markets were in positive territory for the week as the S&P 500 came within 0.2% of its all-time high before falling back. However, a weaker dollar dampened returns for Irish investors in U.S. assets. Markets got a brief boost on a Russian announcement that a vaccine (labelled 'Sputnik') had been approved, although enthusiasm waned as concerns over the approval process emerged.

In Europe, officials in France, Italy, and Spain have rolled back the relaxing of some restrictions, acknowledging that cases are rising once again. In general, high-frequency indicators signal slowdown as virus case numbers show a resurgence. In the U.S., there are growing concerns for the consumer as politicians continue to negotiate on an aid package - the economy does not look able to stand on its own two feet at this juncture. Even with President Trump ordering to reinstate the supplemental unemployment benefits at \$400 per week, consumers may pull back on consumption in the near-term on the back of the growing uncertainty. Nancy Pelosi has also recalled the House of Representatives to vote on protections for the U.S. Postal Service as tension on the subject mounts. There are concerns that this could spill over into stimulus talks. Commentary from the Federal Reserve last week continued the recent trend of emphasising the role that fiscal support can play in a sustained recovery.

U.S. economic data was positive, with Retail Sales rising once again, albeit much lower than the surges seen in June and July. Chinese economic data jumped sharply in Q2 and a more modest gain for the second half of the year now forecast – positive GDP growth for 2020 as a whole is plausible.

Our regular market information continues on the next page.

1 Week Return 10.08.20 to 17.08.20			Year to Date Return 01.01.20 to 17.08.20	
	Local Currency	Euro	Local Currency	Euro
World	1.0%	0.5%	1.1%	-4.1%
U.S.	0.5%	-0.6%	5.6%	-0.2%
Europe	1.2%	1.2%	-8.2%	-8.2%
Ireland	2.0%	2.0%	-5.1%	-5.1%
U.K.	0.6%	-0.1%	-20.5%	-25.6%
Japan	4.9%	3.3%	-4.8%	-8.1%
Hong Kong	3.7%	2.6%	-8.7%	-13.3%
Corporate Bonds	-0.4%	-0.4%	0.7%	0.7%
Sovereign Bonds	-1.0%	-1.0%	4.0%	4.0%

Equities

- Global markets moved up last week, by 1.0% in local terms and 0.5% in euro terms.
- Closer to home, Ireland was up by 2.0%.

Fixed Income & FX

- The U.S. 10-year yield finished at 0.69% last week. The German equivalent finished at -0.43%. The Irish 10 year bond yield finished at -0.08%.
- The Euro/U.S. Dollar exchange rate finished at 1.19, whilst Euro/GBP finished at 0.90.

Commodities

- Oil finished the week at \$42 per barrel.
- Gold finished the week at \$1,954 per troy ounce up 28.8% year to date in local terms and 21.7% year to date in Euro terms.
- Copper finished the week at \$6,377 per tonne.

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