

Markets rally on U.S. stimulus hopes

Snapshot



World Equities
Corporate Bonds
Sovereign Bonds
Oil
Gold
Copper

The week ahead

13
Oct

U.S. inflation data for September goes to print.

15
Oct

The latest Chinese CPI data is released.

16
Oct

U.S. Retail Sales and Consumer Confidence are both published.

In a quiet week on the economic data front, markets instead focused on potential policy developments in the U.S. Fiscal stimulus hopes rose and fell throughout the week as negotiations continued between Democrats and Republicans. Fed Chair Powell reiterated the importance of additional fiscal stimulus and there appears to be a genuine willingness on both sides of the House to get a deal done. However, with election campaigning ongoing and Senate hearings for the Supreme Court position to begin, the outlook is less than certain.

U.S. lawmakers also published a report into competition and potential market manipulation in the Tech sector. The report outlined a number of criticisms of Amazon, Apple, Facebook, and Google, and brought renewed speculation that a partial break up of some of these names might be on the horizon. However, such talk is still speculation at this time.

U.S. bond yields (which move inversely to price) did rise on the potential stimulus news and also the expectation of increased spending under a Biden presidency. The 10 year Treasury yield hit a four month high, but remains sharply lower than it was pre-pandemic. As mentioned, economic data was thin on the ground last week, but there were positive readings from a number of PMI releases, including Services data in the U.S.

Brexit negotiations continued over the weekend with Boris Johnson holding separate calls with Emmanuel Macron and Angela Merkel. A deal appears to be moving closer as progress has been made on the key sticking points of fishing and state aid, with more reconciliatory tones in respect to Northern Ireland also helping.

Our regular market information continues on the next page.

	1 Week Return 05.10.20 to 12.10.20		Year to Date Return 01.01.20 to 12.10.20	
	Local Currency	Euro	Local Currency	Euro
World	1.8%	1.7%	3.8%	-1.4%
U.S.	2.0%	1.9%	9.6%	4.1%
Europe	1.3%	1.3%	-7.0%	-7.0%
Ireland	3.4%	3.4%	0.5%	0.5%
U.K.	1.1%	1.2%	-21.8%	-27.0%
Japan	0.7%	0.8%	-4.1%	-6.1%
Hong Kong	0.9%	0.7%	-8.9%	-13.1%
Corporate Bonds	0.3%	0.3%	0.8%	0.8%
Sovereign Bonds	0.4%	0.4%	6.2%	6.2%

Equities

- Global markets rallied last week up by 1.7% in euro terms and 1.8% in local terms.
- Year to date the U.K. market is down -27.0% in euro terms and -21.8% in local terms.
- The influential U.S. Market was up 1.9% in euro terms and 2.0% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 0.77% last week. The German equivalent finished at -0.54%. The Irish 10 year bond yield finished at -0.21%.
- The Euro/U.S. Dollar exchange rate finished at 1.18, whilst Euro/GBP finished at 0.91.

Commodities

- Oil finished the week at \$40 per barrel.
- Gold finished the week at \$1,922 per troy ounce up 26.6% year to date in local terms and 20.3% year to date in Euro terms.
- Copper finished the week at \$6,767 per tonne.

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