

Higher yields and political strife fail to derail equities

Snapshot



World Equities

Gold

Oil

Copper



Sovereign Bonds

Corporate Bonds

The week ahead

13
Jan

U.S. inflation data for December goes to print

14
Jan

China's trade balance for December is published

15
Jan

U.S. retail sales and Consumer Confidence numbers are released

Equities took higher U.S. bond yields in their stride as the U.S. market closed at a record high on Friday. Real yields still remain in negative territory and there is a lingering expectation of further fiscal stimulus in the U.S. U.S. non-farm payrolls showed the economy lost 140,000 jobs in December which may increase the calls for further stimulus.

The political fallout from last Wednesday's events continues with House Speaker Nancy Pelosi stating that Democrats will move to impeach President Trump for the second time in two years unless the 25th Amendment is invoked. Notably, impeachment would bar Trump from running for Federal Office in the future, whilst invoking the 25th amendment would not. In terms of the Georgia runoff result, the Democrats now have a razor thin majority with Vice-President elect Harris due to hold the casting vote. Therefore, it remains to be seen how radical an agenda the Democrats will be able to implement.

In addition to the U.S. jobs data, PMI releases were broadly positive in the U.S. Manufacturing jumped 3.2 points in December to stand at 60.7 as factory orders remained robust. Services data proved to be resilient also, surprising to the upside by coming in at 57.2. Adding to the positive sentiment, was oil prices with WTI above \$50 per barrel for the first time since February 2020 as Saudi Arabia announced a production cut.

Sustained higher infection rates and logistical issues with vaccine rollout continue to weigh on eurozone sentiment, whilst the U.K. also entered a new national lockdown last Monday. However, eurozone equities moved higher and bonds lost value last week as a result of higher yields following the Georgia Senate elections.

Our regular market information continues on the next page.

	1 Week Return 04.01.21 to 11.01.21		Year to Date Return 01.01.21 to 11.01.21	
	Local Currency	Euro	Local Currency	Euro
World	3.1%	3.3%	2.4%	2.2%
U.S.	3.5%	3.6%	1.9%	1.8%
Europe	1.7%	1.7%	2.4%	2.4%
Ireland	3.0%	3.0%	6.6%	6.6%
U.K.	4.6%	4.9%	6.4%	5.6%
Japan	3.4%	2.8%	2.9%	2.2%
Hong Kong	1.3%	1.4%	3.8%	3.6%
Corporate Bonds	-0.3%	-0.3%	0.1%	0.1%
Sovereign Bonds	0.0%	0.0%	0.0%	0.0%

Equities

- Global markets were up last week by 3.3% in euro terms and 3.1% in local terms.
- The influential U.S. market was up by 3.6% in euro terms and 3.5% in local terms.
- The U.K. market was up 4.9% in euro terms and 4.6% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 1.11% last week. The German equivalent finished at -0.53%. The Irish 10-year bond yield finished at -0.24%.
- The Euro/U.S. Dollar exchange rate finished at 1.22, whilst Euro/GBP finished at 0.90.

Commodities

- Oil finished the week at \$52 per barrel.
- Gold finished the week at \$1,850 per troy ounce.
- Copper finished the week at \$8,118 per tonne.

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