

Equities off to a strong start in February

Energy stocks led U.S. markets higher last week as the oil price sustained its strong start to the year. Earnings season continued with more than 100 companies reporting, with Alphabet (Google's parent company) performing well after beating earnings expectations. Amazon also grabbed some headlines as founder Jeff Bezos announced that he will be stepping down as CEO. So far this year, 10 out of the 11 global equity sectors are in positive territory, with only Consumer Staples posting a negative return in 2021. Corporate credit spreads also narrowed on the back of strong earnings as risks, in general, across the corporate bond market continue to dissipate with policymakers remaining supportive.

There was a mixed U.S. jobs report on Friday with just 49,000 jobs added in January, albeit that was broadly in line with expectations as the unemployment rate also dropped from 6.7% to 6.3%. December's jobs figures were revised down further to a negative 227,000. However, there is an expectation that the sluggish jobs growth will inject fresh impetus in the bi-partisan stimulus talks on Capitol Hill. Other data was more positive with the U.S. Services PMI rising to 58.7, which was the highest reading since February 2019. Services is now catching up with the manufacturing side of the economy which was less affected by lockdowns and has rebounded much quicker since the lows seen in 2020.

The eurozone market has lagged its U.S. and Asian counterparts in recent weeks as the speed of the vaccine rollout within the EU has been slower. Lockdowns are unlikely to be lifted until a significant proportion of the population is inoculated. However, earnings momentum is positive and leading economic indicators suggest the damage to the economy may not be as bad as forecast.

Our regular market information continues on the next page.

Snapshot



World Equities
Corporate Bonds
Copper
Oil



Sovereign Bonds
Gold

The week ahead

10 Feb

The latest inflation figures from the U.S. and China both go to print.

11 Feb

Kraft-Heinz, Nvidia, and PepsiCo all release earnings.

12 Feb

U.S. consumer confidence readings for February is published.



	1 Week Return 01.02.21 to 08.02.21		Year to Date Return 01.01.21 to 08.02.21	
	Local Currency	Euro	Local Currency	Euro
World	2.8%	3.3%	3.2%	5.0%
U.S.	3.2%	3.7%	3.9%	5.7%
Europe	2.5%	2.5%	2.7%	2.7%
Ireland	2.5%	2.5%	0.6%	0.6%
U.K.	0.2%	1.2%	0.4%	2.5%
Japan	3.2%	3.2%	4.9%	4.4%
Hong Kong	1.9%	2.4%	5.2%	7.1%
Corporate Bonds	0.0%	0.0%	-0.3%	-0.3%
Sovereign Bonds	-0.4%	-0.4%	-1.2%	-1.2%

Equities

- All major global markets were up last week by 3.3% in euro terms and 2.8% in local terms.
- The influential U.S. market led the way, up by 3.7% in euro terms and 3.2% in local terms.
- Closer to home, Ireland finished up 2.5% and is up 0.6% year to date.

Fixed Income & FX

- The U.S. 10-year yield finished at 1.20% last week. The German equivalent finished at -0.42%. The Irish 10-year bond yield finished at -0.10%.
- The Euro/U.S. Dollar exchange rate finished at 1.20, whilst Euro/GBP finished at 0.88.

Commodities

- Oil finished the week at \$57 per barrel.
- Gold finished the week at \$1,810 per troy ounce.
- Copper finished the week at \$7,927 per tonne.

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