Stocks suffer as payrolls jump

The narrative of stocks vs interest rates continued last week as bond yields moved higher and stocks pulled back once more. Growth stocks, which are in general more affected by higher rates, underperformed and value stocks eked out some gains. On a sector basis, energy outperformed as oil prices rose once more. Friday's non-farm payrolls shows that the U.S. economy added 379,000 jobs last month, more than double than in January and the highest since October 2020. The largest gains came in the leisure and hospitality sector, which may be an early indication of the 'vaccine effect'. Whilst no doubt a positive figure, U.S. employment is still almost 10 millions jobs below the pre-pandemic level.

The Biden stimulus package pass through the Senate on Thursday evening with Vice President Harris casting the key vote following a 50-50 tie on the Floor. The prospect of the stimulus did little to calm bond yields. Additionally, Fed Chair Powell disappointed markets on Thursday as he offered no new commitments to keep rates lowers, whilst also reconfirming the Fed has no major issue with inflation running above 2% for a period of time.

Vaccine rollout in the eurozone continues to lag the U.S. & U.K. as Italy blocked 250,000 AstraZeneca doses from departing for Australia. This was the first time newly implemented EU powers have been exercised. In Germany, Merkel has extended the lockdown until the end of March, although some areas with lower infection rates have been able to open up. Finally, Brexit unrest continues after Britain unilaterally extended the grace period for border checks with Northern Ireland. The move caused dismay in EU circles who have threatened legal action along with tariffs and fines.

Our regular market information continues on the next page.

Snapshot

Up:
Sovereign Bonds
Oil

Down:
World Equities
Corporate Bonds
Copper
Gold

The week ahead

9 Mar	Eurozone GDP growth for 2020 is expected to be confirmed at -5%.
10 Mar	The latest U.S. & Chinese inflation data goes to print.
11 Mar	No change is expected when the ECB meets for its latest interest rate decision.

	1 Week Return 01.03.21 to 08.03.21		Year to Date Return 01.01.21 to 08.03.21	
	Local Currency	Euro	Local Currency	Euro
World	-1.9%	-0.8%	1.7%	4.4%
U.S.	-2.1%	-0.9%	1.9%	4.7%
Europe	-1.2%	-1.2%	1.6%	1.6%
Ireland	3.5%	3.5%	3.9%	3.9%
U.K.	1.1%	1.4%	3.7%	7.7%
Japan	-0.6%	-0.9%	5.1%	3.0%
Hong Kong	-0.7%	0.4%	7.2%	10.0%
Corporate Bonds	-0.1%	-0.1%	-1.1%	-1.1%
Sovereign Bonds	0.1%	0.1%	-3.5%	-3.5%

Equities

- Global markets were down last week by -0.8% in euro terms and -1.9% in local terms.
- Year to date global markets are up 4.4% in euro terms and 1.7% in local terms.
- The influential U.S. market was down by -0.9% in euro terms and -2.1%in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 1.60% last week. The German equivalent finished at -0.29%. The Irish 10-year bond yield finished at 0.06%.
- The Euro/U.S. Dollar exchange rate finished at 1.19, whilst Euro/GBP finished at 0.86.

Commodities

- Oil finished the week at $66 per barrel.
- Gold finished the week at $1,692 per troy ounce.
- Copper finished the week at $8,913 per tonne.

Figures are calculated using Total Returns Indices.

Warning: Past performance is not a reliable guide to future performance.
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