

# Markets finish flat after touching record highs

U.S. equities reached new highs early in the week, before falling back on Friday as the market digested a flood of earnings releases. There was a wider degree of sector divergence evident, with Google and Facebook helping Communications stocks higher, whilst Healthcare was hit by declines in some drug makers. More than 60% of the companies in the S&P 500 having reported their Q1 figures so far, a third of them last week. Overall, the current earnings season reflects the strong economic rebound in the U.S. with a very high beat-miss-ratio of 87% and an average earnings surprise of more than 20%. Nevertheless, despite the outstanding quarter, the market reaction was relatively muted. In terms of U.S. data, the latest GDP reading shows an annualised gain of 6.4% in the first quarter. As highlighted previously, some data points continue to be skewed by the variance experienced in 2020.

The first estimate for 2021 Q1 GDP in the Eurozone showed that the region experienced a double-dip recession. GDP declined by -0.6% QoQ in Q1, after declining by -0.7% QoQ in Q4 2020. This followed the sharp contraction in the economy in H1 2020. Overall, investors appeared unfazed by the GDP numbers, preferring to focus on forward-looking business surveys and improving vaccination roll-out news, which are pointing to a very sharp rebound in the economy over the next few months and quarters, especially as lockdown restrictions are eased. Indeed, last week, the EC economic sentiment indicator for May jumped to its highest level since 2018. However, the poor performance in GDP terms of the currency bloc's largest economy, Germany (-1.7% QoQ), is a point to note.

In the U.S., over half of adults have now received at least one vaccine dose, with major economic centres such as New York City and Chicago announcing an easing of restrictions last week. However, the effects of the COVID pandemic are still being felt severely across the globe, with aid beginning to flow to India, as world's most populous democracy struggles with record breaking daily case numbers.

**Our regular market information continues on the next page.**

## Snapshot



Oil  
Gold  
Copper



World Equities  
Corporate Bonds  
Sovereign Bonds

## The week ahead

|       |                                                                  |
|-------|------------------------------------------------------------------|
| 4 May | Chinese manufacturing PMI data for April is published.           |
| 6 May | The Bank of England meets for its latest interest rate decision. |
| 7 May | U.S. non-farm payrolls go to print, are released.                |



|                 | 1 Week Return<br>26.04.21 to 03.05.21 |       | Year to Date Return<br>01.01.21 to 03.05.21 |       |
|-----------------|---------------------------------------|-------|---------------------------------------------|-------|
|                 | Local Currency                        | Euro  | Local Currency                              | Euro  |
| World           | -0.2%                                 | -0.2% | 10.2%                                       | 11.6% |
| U.S.            | -0.1%                                 | -0.1% | 11.3%                                       | 12.8% |
| Europe          | -0.1%                                 | -0.1% | 10.7%                                       | 10.7% |
| Ireland         | -1.6%                                 | -1.6% | 8.0%                                        | 8.0%  |
| U.K.            | 0.2%                                  | 0.6%  | 9.4%                                        | 13.0% |
| Japan           | -1.1%                                 | -1.8% | 5.9%                                        | 1.7%  |
| Hong Kong       | -1.9%                                 | -2.0% | 9.4%                                        | 10.7% |
| Corporate Bonds | -0.2%                                 | -0.2% | -1.2%                                       | -1.2% |
| Sovereign Bonds | -0.9%                                 | -0.9% | -4.9%                                       | -4.9% |

### Equities

- Global stocks decreased last week, and were down -0.2% in euro terms.
- Year-to-date global markets are up 11.6% in euro terms and 10.2% in local terms.
- The U.S market, the largest in the world, was down slightly -0.1% in both euro terms and local terms.

### Fixed Income & FX

- The U.S. 10-year yield finished at 1.60% last week, up from 1.58% a week earlier. The German equivalent finished at -0.20%. The Irish 10-year bond yield finished at 0.18%, to remain in positive territory.
- The Euro/U.S. Dollar exchange rate finished at 1.21, whilst Euro/GBP finished at 0.87.

### Commodities

- Oil finished the week at \$64 per barrel and is up 34.6% year-to-date in euro terms.
- Gold finished the week at \$1,792 per troy ounce.
- Copper finished the week at \$9,829 per tonne.

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