Markets weak, as COVID jitters return

There was little economic news in a holiday shortened week for the U.S. market. However, this left somewhat of a vacuum for markets to focus on a rise in COVID-19 numbers on the back of new variants and the fact that supply chain issues are now persisting longer than first envisaged. A steep decline in U.S. treasuries was the market focus in the latter half of the week and the 10 year yield touched its lowest level (1.25%) since February. Equities closed the week on a mixed note, with some sectors welcoming the impact of lower bond yields on investor valuations; whilst others focusing on whether failing yields signalled slowing economic growth.

The ECB announced a change in policy last week by unveiling a new inflation target as it has done away with the objective of 'below, but close to, 2%' inflation. ECB President Lagarde commented that the ECB now 'considers negative and positive deviations of inflation from the target as equally undesirable'. Shares in Europe were little changed as a result, whilst eurozone bonds appeared to track U.S. yields lower. However, whilst this move from the ECB is still to be fully digested, it could have profound implications for monetary policy in the periods to come.

There was a host of data from the U.K. last week, with GDP rising 0.8% in May. Whilst this was below expectations it does consolidate the recent upward trend, as manufacturing and services PMIs also pointed to the continuing rebound in economic activity. Interestingly, the data showed a 37.1% rise in accommodation and food services activity. This of course is coming from a low base, but as the U.K. opened up quicker than other developed countries it may be a sign of things to come elsewhere.

Our regular market information continues on the next page.

Snapshot



World Equities

Corporate Bonds

Sovereign Bonds

Gold

Copper



Oil

The week ahead	
13 July	U.S. Inflation figures go to print.
15 July	Chinese Q2 GDP growth figures are released.
16 July	U.S. Retail Sales for June are published.



	1 Week Return 05.07.21 to 12.07.21		Year to Date Return 01.01.21 to 12.07.21	
	Local Currency	Euro	Local Currency	Euro
World	0.1%	0.1%	14.4%	18.0%
U.S.	0.4%	0.4%	16.5%	20.2%
Europe	0.0%	0.0%	16.1%	16.1%
Ireland	-1.3%	-1.3%	12.4%	12.4%
U.K.	-0.4%	-0.5%	13.0%	17.9%
Japan	-1.8%	-1.1%	7.2%	3.6%
Hong Kong	-1.4%	-1.4%	8.5%	11.7%
Corporate Bonds	0.4%	0.4%	-0.5%	-0.5%
Sovereign Bonds	0.5%	0.5%	-3.4%	-3.4%

Equities

- Global stocks were up slightly last week by 0.1% in both euro terms and local terms.
- Year-to-date global markets are up 18.0% in euro terms and 14.4% in local terms.
- The U.S market, the largest in the world, was up 0.4% in both euro terms and local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 1.34% last week, down from 1.42% a week earlier. The German equivalent finished at -0.30%. The Irish 10-year bond yield finished at 0.08%, to remain in positive territory.
- The Euro/U.S. Dollar exchange rate finished at 1.19, whilst Euro/GBP finished at 0.86.

Commodities

- Oil finished the week at $74 per barrel and is up 60.0% year-to-date in euro terms.
- Gold finished the week at $1,804 per troy ounce and is down -2.3% year-to-date in euro terms.
- Copper finished the week at $9,482 per tonne.

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