Earnings pulls equities higher as markets finish the week on a high

Stock markets rose over the course of last week as a slew of earnings and US economic data provided confidence to equity bulls. Core inflation (which strips out food and energy costs) was up 4.0% for the year to the end of September. Whilst, well in excess of the approximate 2% target, it was in line with market expectations. Producer prices rose 0.5% in September, which was less than in August and below consensus estimates. This combined with a post-pandemic low in jobless claims to give the S&P 500 its best day since March last Thursday. There were also reassuring tones emanating from the latest Fed minutes, which stated that short end interest rates would remain depressed into the medium term. On Friday, Retail Sales for September topped expectations by coming in at 0.7% versus a forecast of -0.2%.

Q3 earnings season started with a bank led by the big US banks. Goldman Sachs saw revenue for the first nine months of the year hit, $46.7bn – which is higher than any full calendar year they have ever report. JP Morgan and Morgan Stanley saw fees rise 52% and 67% respectively, with Citibank and Bank of America also enjoying a strong earnings release.

Eurozone equities were higher last week, taking their lead from the US despite mixed economic data and a cut in growth forecasts from a number of German economic institutions. In the UK, GDP in August rose just 0.4% whilst the July figure was revised down from +0.1% to -0.1%. On a more positive note, the latest labour market data saw the largest three month increase in employment since the summer of 2015 as the unemployment rate fell to 4.5%. In Japan, the lower house of parliament has been dissolved, setting the stage for a Halloween General Election as new Prime Minister Fumio Kishida looks to consolidate power.

Our regular market information continues on the next page.

Snapshot



World Equities

Corporate Bonds

Oil

Gold

Copper



Sovereign Bonds

The week ahead

20 Oct	UK inflation figures for September go to print.
21 Oct	Weekly US jobless claims and existing home sales are published.
22 Oct	The US, EMU, and UK all report flash PMIs for October.

	1 Week Return 11.10.21 to 18.10.21		Year to Date Return 01.01.21 to 18.10.21	
	Local Currency	Euro	Local Currency	Euro
World	2.6%	2.3%	17.0%	23.3%
U.S.	2.7%	2.4%	19.5%	26.0%
Europe	2.7%	2.7%	19.1%	19.1%
Ireland	2.0%	2.0%	14.9%	14.9%
U.K.	1.1%	1.9%	16.2%	23.4%
Japan	1.6%	0.6%	14.2%	9.0%
Hong Kong	0.4%	0.1%	-0.1%	5.0%
Corporate Bonds	0.0%	0.0%	-1.5%	-1.5%
Sovereign Bonds	-0.7%	-0.7%	-4.5%	-4.5%

Equities

- Global stocks were up last week by 2.3% in euro terms and 2.6% in local terms.
- Year-to-date global markets are up 23.3% in euro terms and 17.0% in local terms.
- The U.S market, the largest in the world, was up 2.4% in euro terms and 2.7% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 1.59% last week. The German equivalent finished at -0.14%. The Irish 10-year bond yield finished at 0.23% to remain in positive territory.
- The Euro/U.S. Dollar exchange rate finished at 1.16, whilst Euro/GBP finished at 0.84.

Commodities

- Oil finished the week at $83 per barrel and is up 80.5% year-to-date in euro terms.
- Gold finished the week at $1,767 per troy ounce and is down -2.0% year-to-date in euro terms.
- Copper finished the week at $10,538 per tonne.

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