

Markets choppy with earnings and economic data swinging sentiment

Markets saw choppy trading last week as sentiment swung between poor earnings from tech companies to optimism over a more dovish Fed on the back of a slowing economy. Headline Q3 GDP in the US rose 2.6% in real terms to register the first quarterly rise in 2022. However, PMI data (a key leading economic indicator) showed a fall from 49.5 to 47.3 in October, well in contraction territory. The services sector fared worse than manufacturing whilst housing data showed the sharpest monthly drop since early 2009. Interestingly, US house prices are still higher than where they were a year ago but are sharply below their peak of April 2022. In relation to earnings, some high-profile names such as Meta and Alphabet saw significant share price falls based on the combination of missed earnings and lower forward guidance.

The ECB moved the headline rate 0.75% higher to a level of 1.5%, but markets were boosted by the more dovish rhetoric emanating from the press conference. Eurozone PMI data fell further, with the composite figure coming in at 47.1 in October. A recession in Europe is looking increasingly likely. Whilst not a central bank we discuss regularly, it is worth noting that the Bank of Canada raised rates by 0.50% vs a consensus expectation of 0.75%. In Asia, the Bank of Japan left the main policy rate unchanged but continues to intervene considerably on currency markets.

Finally, in political news, Lula looks set to return to the Brazilian presidency after winning more than 50% of the runoff vote against the incumbent Jair Bolsonaro. However, the sitting President is yet to concede. In the UK, Rishi Sunak succeeded Liz Truss to become the new Conservative party leader, and therefore UK Prime Minister.

Our regular market information continues on the next page.

Snapshot



Corporate Bonds
World Equities
Oil



Copper
Gold

The week ahead

02 Nov	The Fed meets where a 75bps hike is forecast.
03 Nov	The Bank of England meets where a 75bps hike is also expected.
04 Nov	US non-farm payrolls for October go to print.



	1 Week Return 24.10.22 to 31.10.22		Year to Date Return 01.01.22 to 31.10.22	
	Local Currency	Euro	Local Currency	Euro
World	2.2%	2.2%	-20.1%	-8.0%
U.S.	2.1%	2.1%	-19.2%	-7.0%
Europe	2.4%	2.4%	-15.5%	-15.5%
Ireland	4.0%	4.0%	-22.4%	-22.4%
U.K.	1.1%	2.9%	1.5%	-0.8%
Japan	2.5%	2.6%	-2.2%	-12.8%
Hong Kong	-3.3%	-3.3%	-28.7%	-18.5%
Corporate Bonds	0.8%	0.8%	-15.2%	-15.2%

Equities

- Global stocks were up last week by 2.2% in euro terms and 2.2% in local terms.
- Year-to-date global markets are down -8.0% in euro terms and -20.1% in local terms.
- The U.S market, the largest in the world, was up 2.1% in euro terms and 2.1% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 4.05% last week. The German equivalent finished at 2.14%. The Irish 10-year bond yield finished at 2.62%.
- The Euro/U.S. Dollar exchange rate finished at 0.99, whilst Euro/GBP finished at 0.86.

Commodities

- Oil finished the week at \$87 per barrel and is up 32.4% year-to-date in euro terms.
- Gold finished the week at \$1,634 per troy ounce and is up 2.8% year-to-date in euro terms.
- Copper finished the week at \$7,522 per tonne.

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