Central Banks Raise Rates in Whipsaw Week for Equities

Last week saw somewhat of a puzzling week for investors. On Wednesday the Federal Reserve raised interest rates by 25 basis points, taking the benchmark federal funds rate from 5.00% to 5.25%. Although this did not come as a particular shock to investors, comments by Fed Chair Jerome Powell during the FOMC press conference appeared to catch the attention of the market, with Powell hinting that rate hikes may pause soon and that the fed funds rate may have reached its peak. Powell later went on to clarify that his comments were not as dovish as the market had initially thought, leaving many investors unsure of the future path of monetary policy.

Unfortunately for US investors, any positive sentiment at the prospect of softer monetary policy was then overshadowed by renewed turmoil throughout America's regional banking sector. A sell of in these smaller banks occurred on Thursday led by California-based bank PacWest, which saw its share price plunge more than 50% after news of a potential sale arose. US Government debt saw massive inflows as a result, with the benchmark 10 Year yield lowering to finish the week at 3.44% down from 3.57% on the previous week's close. However, equities saw some relief on Friday as a strong employment report saw investors switch into equities from fixed income instruments. Despite the Friday rally, US stocks still finished the week down -1.0% in euro terms.

Across the Atlantic, policymakers in the European Central Bank also published an interest rate decision, raising the Eurozone's benchmark interest rate by 25 basis points to a current level of 3.0% on Thursday. This came days after the release of the Eurozone inflation report, which showed that headline inflation rose in April to a figure of 7% up from 6.9% in March. Despite the marginal increase, some investors had reason for cautious optimism as the closely watched Core measure, which strips out volatile food and energy prices, came in lower than expected at 5.6%, down from 5.7% in March. Eurozone stocks ended the week flat, returning 0% at the close.

Our regular market information continues on the next page.

Snapshot

Corporate Bonds

Gold

World Equities

Sovereign Bonds

Oil

Copper

The week ahead	
10 May	US CPI report is released.
11 May	China CPI report is released.
12 May	US Michigan Consumer Sentiment Index goes to print.

	1 Week Return 01.05.23 to 08.05.23		Year to Date Return 31.12.22 to 08.05.23	
	Local Currency	Euro	Local Currency	Euro
World	-0.4%	-0.6%	9.1%	5.8%
U.S.	-0.7%	-1.0%	8.1%	4.8%
Europe	0.0%	0.0%	12.3%	12.3%
Ireland	-0.6%	-0.6%	20.0%	20.0%
U.K.	-1.1%	-0.5%	5.8%	7.6%
Japan	-0.1%	1.5%	11.1%	5.3%
Hong Kong	-1.3%	-1.5%	-2.5%	-6.0%
Corporate Bonds	0.0%	0.0%	1.3%	1.3%
Sovereign Bods	-0.7%	-0.7%	2.5%	2.5%

Equities

- Global stocks were down last week by -0.6% in euro terms and up -0.4% In local terms.
- Year-to-date global markets are up 5.8% in euro terms and 9.1% in local terms.
- The U.S market, the largest in the world, finished at -1.0% in euro terms and -0.7% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 3.44% last week. The German equivalent finished at 2.33%. The Irish 10-year bond yield finished at 2.79%.
- The Euro/U.S. Dollar exchange rate finished at 1.11, whilst Euro/GBP finished at 0.87.

Commodities

- Oil finished the week at $72 per barrel and is down -12.6% year-to-date in euro terms.
- Gold finished the week at $2,021 per troy ounce and is up 7.4% year-to-date in euro terms.
- Copper finished the week at $8,560 per tonne.

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GR: 5685 Print Ref: ZL ISA 5685 0121

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