Equities slow on interest rate fears

Last week saw US equities down -1.6% in euro terms as strong data in the US jobs market led many to anticipate further action from the Federal Reserve. On Wednesday, minutes from the Fed's latest meeting struck a hawkish tone, showing signs that the FOMC intends to resume with their rate hiking policy after pausing last month. Economic data proved to be robust last week, however this did not necessarily improve sentiment as inflation remains a key concern for many investors. On Friday, the US Bureau of Labour Statistics reported that the unemployment rate had fallen to 3.6% down from 3.7% in May. The report also displayed wage growth increased with average hourly earnings up 0.4%. Most investors agree that the Fed's target of 2% inflation cannot be reached without further hikes, but the uncertainty of how long rates will remain elevated for remains unclear.

In Europe sentiment largely mirrored the US on fears of central bank tightening. There were however some positive data releases such as the Consumer Inflation Expectations Survey, which displayed that participants see inflation at 3.9% in one year, down from a figure of 4.1% in April and data released on European producer prices which fell by 1.9% on lower energy costs, their biggest decline since 2020. Despite this, Central Banks still have a ways to go and remain hawkish in their stance on inflation. ECB President, Christine Lagarde prompted investors that the central bank would 'not stand idly by' if both profits and wages were to rise. European stocks finished the week down -2.9%.

Finally in Asia, markets also experienced a poor week as China's post pandemic recovery continues to disappoint, showing a contraction in its manufacturing sector. Stimulus in the Chinese economy is expected, however yet has failed to meaningfully materialise.

Our regular market information continues on the next page.

Snapshot

Gold

Copper

World Equities

Corporate Bonds

Sovereign Bonds

Oil

The week ahead

11 July	German CPI is published.
12 July	US Core CPI is released.
13 July	US Initial Jobless Claims Report goes to print.

	1 Week Return 03.07.23 to 10.07.23		Year to Date Return 31.12.22 to 10.07.23	
	Local Currency	Euro	Local Currency	Euro
World	-1.6%	-2.0%	13.5%	10.6%
U.S.	-1.3%	-1.6%	15.5%	12.6%
Europe	-2.9%	-2.9%	9.2%	9.2%
Ireland	-3.1%	-3.1%	20.1%	20.1%
U.K.	-3.6%	-2.9%	-1.2%	2.7%
Japan	-3.0%	-1.9%	21.8%	10.2%
Hong Kong	-4.6%	-4.9%	-9.9%	-12.5%
Corporate Bonds	-0.7%	-0.7%	-0.4%	-0.4%
Sovereign Bonds	-2.2%	-2.2%	0.8%	0.8%

Equities

- Global stocks were down last week by -2.0% in euro terms and -1.6% In local terms.
- Year-to-date global markets are up 10.6% in euro terms and 13.5% in local terms.
- The U.S market, the largest in the world, finished at -1.6% in euro terms and -1.3% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 4.07% last week. The German equivalent finished at 2.65%. The Irish 10-year bond yield finished at 3.08%.
- The Euro/U.S. Dollar exchange rate finished at 1.10, whilst Euro/GBP finished at 0.86.

Commodities

- Oil finished the week at $73 per barrel and is down -10.8% year-to-date in euro terms.
- Gold finished the week at $1,924 per troy ounce and is up 3.0% year-to-date in euro terms.
- Copper finished the week at $8,361 per tonne.

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