

Markets positive as US economic outlook improves

Last week saw several major central banks deliver interest rate decisions. In the US, the Federal Reserve increased rates by 0.25% to a range of 5.25%-5.50%. This has been the 11th rate increase out of the Fed's last 12 meetings. Despite some implications in the Fed's messaging that another hike may occur in September, general sentiment in markets was that this may be the Fed's final hike of their tightening cycle, potentially paving the way for a 'soft landing' in the US. A soft landing would imply that the Fed has brought inflation under control, whilst avoiding a recession. US equities enjoyed a positive week as a result, showing gains in tech-heavy growth areas in particular. On Friday, the US Bureau of Economic Analysis released results for last month's core personal consumption expenditures price index (PCE), also known as the Fed's preferred measure of inflation. The release showed core PCE rose by only 0.2% month on month, displaying a reduction in goods prices and increase in services costs. Year on year the figure was 4.1%, below expectations of 4.2%. The figures showed further moderating of US inflation. General positive sentiment was also aided by US Q2 GDP figures, which came in at 2.4% well above estimates of 1.8%, displaying strong growth in the US economy.

In the EU, a 0.25% hike was also delivered by the ECB, bringing the deposit rate higher to 3.75%, its highest level in just over 22 years. What caught investors' attention however was the toning down of hawkish sentiment that has become standard reading within each of its policy statements. The removal of these suggestions leaves open the possibility for a pause in September.

Finally in Asia, the Bank of Japan surprised investors by enacting a historic change in policy direction by partially loosening tight controls on bond yields. For the past seven years Japan has operated under a strict policy regime known as yield curve control, leaving it as an outlier in terms of global monetary policy. Last weeks could represent the beginning of a new direction from the BoJ.

Our regular market information continues on the next page.

Snapshot



World Equities
Copper



Corporate Bonds
Sovereign Bonds
Oil
Gold

The week ahead

01 Aug

Global Manufacturing and Services PMIs go to print.

03 Aug

Bank of England makes interest rate decision.

04 Aug

US Nonfarm Payrolls are released.



	1 Week Return 24.07.23 to 31.07.23		Year to Date Return 31.12.22 to 31.07.23	
	Local Currency	Euro	Local Currency	Euro
World	0.7%	1.1%	18.7%	14.8%
U.S.	0.7%	1.1%	20.6%	16.6%
Europe	1.1%	1.1%	14.7%	14.7%
Ireland	2.1%	2.1%	30.8%	30.8%
U.K.	0.2%	0.9%	4.8%	8.4%
Japan	0.4%	1.4%	23.6%	12.4%
Hong Kong	5.0%	5.6%	-4.4%	-7.4%
Corporate Bonds	-0.4%	-0.4%	1.0%	1.0%
Sovereign Bonds	-0.4%	-0.4%	2.5%	2.5%

Equities

- Global stocks were up last week by 1.1% in euro terms and 0.7% in local terms.
- Year-to-date global markets are up 14.8% in euro terms and 18.7% in local terms.
- The U.S market, the largest in the world, finished at 1.1% in euro terms and 0.7% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 3.98% last week. The German equivalent finished at 2.52%. The Irish 10-year bond yield finished at 2.93%
- The Euro/U.S. Dollar exchange rate finished at 1.10, whilst Euro/GBP finished at 0.86.

Commodities

- Oil finished the week at \$81 per barrel and is down -2.6% year-to-date in euro terms.
- Gold finished the week at \$1,956 per troy ounce and is up 4.1% year-to-date in euro terms.
- Copper finished the week at \$8,625 per tonne.

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