President Lagarde: The hardest part is behind us

Last week saw US stocks return to positive territory after a slow start to the year. Although a relatively quiet week for economic data, Thursday saw the release of the US consumer price index (CPI), which came in slightly hotter than expected. Figures showed that headline inflation in the US increased to 3.4% above the previous months figure of 3.2% and also above economists' expectations of a 3.1% figure. Much of the increase was attributed to higher housing rental costs which have been on an upward trend. US Treasury yields rose following the announcement as higher inflation may result in the Fed delaying any forecasted cuts to interest rates. However, on Friday the release of producer price data saw a decrease in wholesale prices. The producer price index came in at -0.1% marking its third consecutive monthly decline. On Thursday, the announcement was made of US led airstrikes on Houthi rebels in Yemen in efforts to combat attacks on commercial shipping vessels in the Red Sea. The attacks have led to mass diversions in trade since October.

Last week also marked the beginning of the Q4 earnings season with the four major US banks JPMorgan Chase, Citigroup, Bank of America, and Wells Fargo reporting results on Friday. Earnings were in negative territory for the most part as banks missed earnings expectations.

In Europe, equities experienced a mostly flat week, with the lighter economic calendar. Fixed income on the other hand was more volatile as interest rate expectations saw yields change course. In an interview last week, Christine Lagarde, President of the European Central Bank (ECB) stated the "worst part is behind us" in the fight against inflation and that inflation has likely reached its peak. The words were taken positively by markets as a sign of forthcoming interest rate cuts by the ECB. Lagarde however declined to comment on when cuts would take place.

In China, the release of CPI figures showed that its struggle with deflation continued in December. CPI came in at -0.3%, its third monthly decline. Chinese stocks declined following the news, however many commentators noted the potential for fiscal support in 2024.

Fact of the Week

About 15% of world shipping traffic, including roughly 30% of global container trade, passes through the Suez Canal.

Our regular market information continues on the next page.

Snapshot

Up:

World Equities
Sovereign Bonds
Corporate Bonds
Gold
Oil

Down:

Copper

The week ahead

16 Jan	Chinese GDP figures go to print.
17 Jan	Eurozone CPI figures are released.
19 Jan	UK retail sales and US consumer confidence are published.

	1 Week Return 08.01.24 to 15.01.24		Year to Date Return 31.12.23 to 15.01.24	
	Local Currency	Euro	Local Currency	Euro
World	1.5%	1.7%	0.0%	0.7%
U.S.	1.9%	2.0%	0.2%	1.0%
Europe	0.2%	0.2%	-0.4%	-0.4%
Ireland	-3.4%	-3.4%	-4.3%	-4.3%
U.K.	-0.7%	0.5%	-1.1%	-0.3%
Japan	4.8%	4.5%	6.0%	4.0%
Hong Kong	-1.6%	-1.6%	-5.4%	-4.8%
Corporate Bonds	0.4%	0.4%	-0.7%	-0.7%
Sovereign Bonds	0.0%	0.0%	-1.2%	-1.2%

Equities

- Global stocks were up last week by 1.7% in euro terms and 1.5% in local terms.
- Year-to-date global markets are up by 0.7% in euro terms and remain flat at 0.0% in local terms.
- The U.S market, the largest in the world, finished at 2.0% in euro and 1.9% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 3.9% last week. The German equivalent finished at 2.2%. The Irish 10-year bond yield finished at 2.6%.
- The Euro/U.S. Dollar exchange rate finished at 1.09, whilst Euro/GBP finished at 0.86.

Commodities

- Oil finished the week at $73 per barrel and is up 2.3% year-to-date in euro terms.
- Gold finished the week at $2,049 per troy ounce and is up 0.1% year-to-date in euro terms.
- Copper finished the week at $8,241 per tonne.

Figures are calculated using Total Returns Indices.

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