Markets grind higher in quiet trading week

It was a relatively quiet week in the markets, with activity across the main asset classes remaining muted. The lack of macro data releases meant there was little new developments to trigger material moves in markets. The S&P 500 Index finished above 5,000 for the first time ever on Friday as investors continue to bet on the resilience of the US economy, with unemployment low, inflation largely under control, and the Federal Reserve's fabled 'soft landing' very much in sight. The S&P is up about 5.4% so far this year, and has set six new highs in January, with most of the gains coming from the Magnificent Seven. However, on a more cautionary note, the equal weighted version of the index has barely moved and remains below all-time highs set in 2021.

In the eurozone, retail sales fell by 1.1% in December. Following the November growth of 0.3%, the December figure is disappointing, suggesting Europeans are feeling the cost-of-living pinch. The fall was larger than the consensus forecast of -0.8%. These results arrive against a backdrop of cooling but persistent inflationary pressures. Inflation for the whole euro area slowed to 2.8% in January. Germany showed a sharp slowdown in retail sales with a 1.6% decline.

With Germany being the largest economy in the eurozone it wields a significant influence on the single currency bloc's overall inflation. Headline German CPI came in at 2.9% YoY in January. The last time inflation was lower than this was June 2021. Additionally, German HICP rose to 3.1% YoY in January. This figure was in line with market expectations. There is still one more inflation release to consider before the ECB's March meeting, but the numbers for January increase confidence that their first-rate cut may not be until at least April.

In Asia, China's CPI fell by 0.8% YoY in January, the most in more than 14 years and worse than the market's expectation. It was the fourth straight month of CPI decline in China. Core consumer prices, which exclude food and energy prices, increased by 0.4% YoY in January, the softest rise since last June.

Fact of the Week

Japan's Nikkei hits 34 year high – on track to surpass all-time record for the first time since 1989.

Our regular market information continues on the next page.

Snapshot

World Equities

Oil

Corporate Bonds

Sovereign Bonds

Gold

Copper

The week ahead

13 Feb	US CPI figures are released.
14 Feb	UK CPI figures going to print.
14 Feb	Eurozone GDP is published.

	1 Week Return 05.02.24 to 12.02.24		Year to Date Return 31.12.23 to 12.02.24	
	Local Currency	Euro	Local Currency	Euro
World	1.1%	1.2%	3.6%	6.1%
U.S.	1.5%	1.6%	5.4%	8.0%
Europe	0.4%	0.4%	2.0%	2.0%
Ireland	2.5%	2.5%	7.4%	7.4%
U.K.	-0.6%	-0.6%	-1.9%	-0.5%
Japan	1.1%	0.6%	9.1%	5.4%
Hong Kong	1.7%	1.9%	-7.8%	-5.8%
Corporate Bonds	-1.3%	-1.3%	-2.9%	-2.9%
Sovereign Bonds	-0.4%	-0.4%	-1.4%	-1.4%

Equities

- Global stocks were up last week by 1.2% in euro terms and up 1.1% in local terms.
- Year-to-date global markets are up by 6.1% in euro terms and by 3.6% in local terms.
- The U.S market, the largest in the world, finished up 1.6 % in euro and 1.5% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 4.2% last week. The German equivalent finished at 2.4%. The Irish 10-year bond yield finished at 2.8%.
- The Euro/U.S. Dollar exchange rate finished at 1.08, whilst Euro/GBP finished at 0.85.

Commodities

- Oil finished the week at $77 per barrel and is up 9.8% year-to-date in euro terms.
- Gold finished the week at $2,024 per troy ounce and is up 0.4% year-to-date in euro terms.
- Copper finished the week at $8,065 per tonne.

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