Hot inflation print sees equities slow

Last week saw US stocks retreat from recent highs as a higher inflation reading caused many investors to pare back their interest rate cut expectations. On Wednesday, the US Bureau of Labor Statistics released their monthly CPI report indicating that headline inflation increased in March to 3.5%, up from 3.2% in February. Consensus expectations from economists had been a 3.4% figure for March. Meanwhile Core CPI, which strips out the volatile food and energy sectors, remained steady at 3.8%. Consensus forecasts for the Core measure had been that the figure would show a decline to 3.7% in March.

On the same day, minutes were released from the Federal Open Market Committee's (FOMC's) latest policy meeting. The minutes indicated that many FOMC members had expressed concern that inflation levels are not moving lower at a fast enough pace to warrant interest rate cuts. The minutes concluded that the Fed would not be lowering rates until it gained "greater confidence" that inflation was on a stable path to its 2% target. The market has now signalled that investors are expecting two Fed rate cuts in 2024. The benchmark 10 Year US treasury yield rose throughout the week as a result, ending the week at 4.52% up from 4.40% the previous week.

In Europe, most major stock indices were also lower in the region, apart from UK equities, which benefitted from Sterling weakness. Within the Eurozone, Thursday saw the European Central Bank (ECB) decide to hold rates steady as expected, with the key deposit rate remaining at its record high of 4.0%. In the ensuing ECB press conference however, President Christine Lagarde indicated that a rate cut at the central bank's June policy meeting may be a real possibility, stating that if the June inflation assessment proved favourable "it would be appropriate to reduce the current level of monetary policy restriction". Recent weeks have seen a slight divergence in the policy paths of the world's two major central banks.

Fact of the Week

The US Dollar showed its strongest week since 2022 last week against a basket of other currencies, inching closer to parity with the Euro. The US Dollar has only reached parity with the Euro four times in history.

Our regular market information continues on the next page.

Snapshot

World Equities
Corporate Bonds
Sovereign Bonds
Oil
Copper
Gold

The week ahead	
16 Apr	US Housing Starts report is issued.
17 Apr	Eurozone CPI figures are released.
18 Apr	US Initial Jobless Claims report goes to print.

	1 Week Return 05.04.24 to 12.04.24		Year to Date Return 31.12.23 to 12.04.24	
	Local Currency	Euro	Local Currency	Euro
World	-1.5%	0.3%	6.2%	10.3%
U.S.	-1.5%	0.2%	7.6%	11.8%
Europe	-0.6%	-0.6%	6.3%	6.3%
Ireland	-0.5%	-0.5%	19.3%	19.3%
U.K.	1.3%	1.6%	4.9%	6.4%
Japan	2.0%	2.9%	18.5%	13.5%
Hong Kong	-2.1%	-0.5%	-12.7%	-9.6%
Corporate Bonds	0.1%	0.1%	-0.7%	-0.7%
Sovereign Bonds	0.7%	0.7%	-1.2%	-1.2%

Equities

- Global stocks were up last week by 0.3% in euro terms and down -1.5% in local terms.
- Year-to-date global markets are up by 10.3% in euro terms and by 6.2% in local terms.
- The U.S market, the largest in the world, finished up 0.2% in euro and -1.5% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 4.5% 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 1.06, whilst Euro/GBP finished at 0.86.

Commodities

- Oil finished the week at $86 per barrel and is up 24.0% year-to-date in euro terms.
- Gold finished the week at $2,344 per troy ounce and is up 17.9% year-to-date in euro terms.
- Copper finished the week at $9,333 per tonne.

Figures are calculated using Total Returns Indices.

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