

# Equities rally on positive inflation news

Last week US equities rallied on the back of better-than-expected inflation news. Wednesday brought about the release of the much-anticipated April CPI report, with inflation appearing to resume its trend of moderation after a string of hotter than expected reports over the last few months. Overall Core CPI came in at 3.6% on an annual basis, the lowest reading in 3 years. Service prices, which have remained stubbornly high, eased in April while goods prices also continued to decline. Headline CPI, which excludes volatile food and energy prices, fell back to 3.6% in April, down from the 3.8% reading in March. April's CPI news eased fears of stubborn inflationary pressures and keeps the prospect of rate cuts from the Fed on the table. The release also helped drive the yield on the benchmark 10-year Treasury bond to its lowest level in over a month.

Conversely, the US Producer Price Index (PPI), a measure of what producers receive for the goods they produce, increased more than expected in April. For the 12 months through to April, PPI increased to 2.2%, the highest reading since July 2023.

In Europe, markets were mixed as we saw the release of Eurozone CPI figures. Eurozone CPI came in at 2.4% YoY in April, unchanged from March. Core CPI came in at 2.7%, down from the 2.9% reading in March, and at its lowest level since February 2022. ECB members indicated a rate cut is likely in June but appeared to cool optimism about the extent monetary policy might ease thereafter. Markets were mixed, with the pan European Europe 600 index and Italy's index rising, whilst German and UK stocks finished modestly lower.

Japanese equities finished the week on a positive note, with the Nikkei 225 rising by 1.5% despite economic challenges. Additionally, the Yen remained within a narrow trading range, driven by contrasting expectations for interest rate cuts in the US while the BoJ hold a cautious hawkish stance.

## Fact of the Week

The spot gold price jumped to record highs above \$2,400. This year so far, gold has climbed 18.9% in euro terms.

Our regular market information continues on the next page.

## Snapshot



World Equities  
Sovereign Bonds  
Gold  
Copper  
Oil



Corporate Bonds

## The week ahead

21 May	German PPI figures go to print.
22 May	UK CPI figures are released.
23 May	Global Manufacturing PMIs are published.



	1 Week Return 10.05.24 to 17.05.24		Year to Date Return 31.12.23 to 17.05.24	
	Local Currency	Euro	Local Currency	Euro
World	1.6%	0.6%	10.3%	12.0%
U.S.	1.6%	0.6%	11.4%	13.2%
Europe	0.6%	0.6%	10.5%	10.5%
Ireland	1.3%	1.3%	26.1%	26.1%
U.K.	-0.1%	0.4%	10.9%	12.2%
Japan	1.1%	0.4%	18.2%	8.9%
Hong Kong	2.7%	1.8%	2.7%	4.4%
Corporate Bonds	-0.5%	-0.5%	-1.2%	-1.2%
Sovereign Bonds	0.3%	0.3%	-2.0%	-2.0%

### Equities

- Global stocks were up last week by 0.6% in euro terms and up 1.6% in local terms.
- Year-to-date global markets are up by 12.0% in euro terms and by 10.3% in local terms.
- The U.S market, the largest in the world, finished at 0.6% in euro terms and 1.6% in local terms.

### Fixed Income & FX

- The U.S. 10-year yield finished at 4.4% last week. The German equivalent finished at 2.5%. The Irish 10-year bond yield finished at 2.9%.
- The Euro/U.S. Dollar exchange rate finished at 1.09, whilst Euro/GBP finished at 0.86.

### Commodities

- Oil finished the week at \$80 per barrel and is up 13.5% year-to-date in euro terms.
- Gold finished the week at \$2,415 per troy ounce and is up 18.9% year-to-date in euro terms.
- Copper finished the week at \$10,598 per tonne.

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