What will French Election results mean for markets?

In the US, equities recorded modest gains for the week. On Friday, the Personal Consumption Expenditure (PCE) price index, the Fed's preferred inflation measure for its 2% target, remained steady at 2.6% year-over-year in May, unchanged from the previous month. This marked the first time since last November that prices did not change monthly. Core PCE, which excludes volatile food and energy prices, came in at 2.6%, a 0.1% increase in May from April. The report was well-received, indicating a step in the right direction for inflation. The US 10-year treasury yield rose nearly 10 basis points on Friday. In addition, following the first presidential debate, over 60% of viewers believed Trump outperformed Biden.

Major European equity markets ended last week negatively due to political turmoil in France. Marine Le Pen's far-right National Rally party won the first round of France's parliamentary election over the weekend, securing over 33% of the vote. The left-wing New Popular Front received 28%, while President Macron's Ensemble alliance came in third with just above 22% of the vote. However, Le Pen's party still fell short of achieving an absolute majority in the National Assembly. The second-round election on 7th July will determine the country's future. Amid the uncertainties surrounding the French election outcome, both European equity markets and the Euro are expected to remain volatile in the upcoming week.

In Canada, the Consumer Price Index (CPI) rose to 2.9% in May from 2.7% in the previous month, exceeding market expectations. Core CPI saw a yearly increase to 1.8%, up from 1.6% in April. Earlier in June, the Bank of Canada became the first G7 central bank to begin easing interest rates but following this hotter-than-expected inflation data, the likelihood of a July rate cut fell below 50%.

Fact of the Week

The 2020s have already produced as much global inflation as the entire decade of the 2010s.

Our regular market information continues on the next page.

Snapshot

Corporate Bonds

Oil

World Equities

Sovereign Bonds

Gold

Copper

The week ahead

01 July	German CPI data is released.
02 July	Eurozone CPI data goes to print.
05 July	US Nonfarm Payrolls data is published.

	1 Week Return 21.06.24 to 28.06.24		Year to Date Return 31.12.23 to 28.06.24	
	Local Currency	Euro	Local Currency	Euro
World	0.1%	-0.2%	11.7%	15.2%
U.S.	0.0%	-0.3%	14.6%	18.2%
Europe	-0.6%	-0.6%	8.7%	8.7%
Ireland	-0.8%	-0.8%	8.7%	18.1%
U.K.	-0.9%	-1.1%	7.8%	10.2%
Japan	3.4%	2.3%	21.3%	9.5%
Hong Kong	-2.3%	-2.6%	-10.8%	-8.1%
Corporate Bonds	0.1%	0.1%	-1.4%	-1.4%
Sovereign Bonds	-0.9%	-0.9%	-3.1%	-3.1%

Equities

- Global stocks were down last week by -0.2% in euro terms and 0.1% in local terms.
- Year-to-date global markets are up by 15.2% in euro terms and by 11.7% in local terms.
- The U.S market, the largest in the world, finished at -0.3% in euro terms and 0.0% 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 1.07, whilst Euro/GBP finished at 0.85.

Commodities

- Oil finished the week at $82 per barrel and is up 17.3% year-to-date in euro terms.
- Gold finished the week at $2,327 per troy ounce and is up 16.2% year-to-date in euro terms.
- Copper finished the week at $9,456 per tonne.

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