European Central Bank holds interest rates steady

In the US, equities experienced volatile trading conditions last week. An early week rally pushed markets to new highs, but gains faded by the end of the week, driven by weakness in the tech sector. The major indices ended the week mixed as markets saw strong sector rotation. Retail sales in June remained flat, countering fears of a decline and showing how the American consumer continues to spend despite signs of a slowing US economy. This follows from a 0.3% increase in May, revised from an initially reported 0.1%. The yield on the US 10-year Treasury bond spiked on Friday in reaction to the widespread global disruption to computer systems, impacting flights, banking services and many businesses around the world, caused by a security flaw in some of Microsoft's operating systems.

The European Central Bank (ECB) maintained its key interest rates at 3.75%, as anticipated. The ECB stated it would not commit to any specific rate path, emphasising that its decision would be data driven. Data released on Wednesday showed that the eurozone's annual consumer inflation rate, as measured by CPI, in June eased to 2.5%, matching initial estimates and down from the 2.6% recorded in May. Core inflation, which excludes volatile food and energy prices, remained steady at 2.9% in June compared to the previous month.

Annual headline inflation in the UK remained steady at 2% in June, partly due to a significant decline in energy costs. Core inflation also held steady at 3.5% and services inflation, which is closely monitored by policymakers, also remained at 5.7%.

Japanese equities declined over the week, with the Nikkei 225 index dropping due to speculation about a potential interest rate hike by the Bank of Japan at its upcoming July meeting. Markets were also impacted by fears of reports that the US is looking to impose tougher semiconductor trade restrictions on China.

Fact of the Week

18 of the 23 biggest equity markets have hit all-time highs in the first half of this year.

Our regular market information continues on the next page.

Snapshot

Corporate Bonds

Sovereign Bonds

World Equities

Oil

Gold

Copper

The week ahead

23 July	Eurozone consumer confidence data is released.
25 July	US GDP data goes to print.
26 July	US PCE Price index is published.

	1 Week Return 12.07.24 to 19.07.24		Year to Date Return 31.12.23 to 19.07.24	
	Local Currency	Euro	Local Currency	Euro
World	-2.0%	-1.8%	13.1%	14.8%
U.S.	-2.0%	-1.8%	15.6%	17.3%
Europe	-3.1%	-3.1%	7.9%	7.9%
Ireland	0.0%	0.0%	24.7%	24.7%
U.K.	-1.2%	-1.6%	7.7%	10.7%
Japan	-1.4%	-1.0%	23.4%	12.2%
Hong Kong	-2.7%	-2.6%	-9.2%	-7.9%
Corporate Bonds	0.1%	0.1%	-0.7%	-0.7%
Sovereign Bonds	0.3%	0.3%	-1.4%	-1.4%

Equities

- Global stocks were down last week by -1.8% in euro terms and -2.0% in local terms.
- Year-to-date global markets are up by 14.8% in euro terms and by 13.1% in local terms.
- The U.S market, the largest in the world, finished at -1.8% in euro terms and -2.0% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 4.2% 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 0.84.

Commodities

- Oil finished the week at $80 per barrel and is up 13.4% year-to-date in euro terms.
- Gold finished the week at $2,401 per troy ounce and is up 18.1% year-to-date in euro terms.
- Copper finished the week at $9,179 per tonne.

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