

# Stocks rebound on lower inflation

US equities posted a strong week of gains as investors reacted positively to encouraging news from both inflation and economic growth perspectives. Last week's retail sales data indicated that US consumers remain resilient and continue to spend, despite a cooling labour market. Retail sales grew by 1% in July, the highest increase in 18 months, comfortably surpassing the forecasted 0.4%, and rebounding from June's -0.2% figure. The growth was widespread, with 11 of the 13 major categories showing positive gains. Meanwhile, US inflation, measured by the Consumer Price Index (CPI), rose by 0.2% in July, bringing the 12-month inflation rate down to 2.9%. Excluding volatile food and energy prices, core CPI also increased 0.2% monthly and 3.2% annually, in line with expectations. The July CPI report may support the Fed's confidence that inflation is coming down towards in 2% target, potentially setting the stage for an interest rate cut in September.

European equities also closed the week on a positive note. In the UK, headline inflation rose to 2.2% in July from 2.0% in June. However, a slower than expected increase in services prices, a key area of focus for policymakers, led markets to anticipate a greater likelihood of further interest rate cuts later this year. The GBP strengthened on Tuesday after data revealed that the UK's unemployment rate unexpectedly fell to 4.2% in June, down from the 4.4% recorded in May. Despite this, wage growth slowed, with an annual growth in average weekly earnings easing to 5.4% in the three months through June, down from 5.8% in May.

Japanese equities led gains in Asia on Friday, marking their best week in four years, as new economic data from the US alleviated recession concerns. The Yen weakened against the USD, with the pair finishing the week at 147.6, giving a boost to Japan's exporters.

## Fact of the Week

Headline CPI in the US hit 2.9% this week, printing below 3% for the first time since March 2021.

Our regular market information continues on the next page.

## Snapshot



Corporate Bonds  
Sovereign Bonds  
World Equities  
Copper  
Gold



Oil

## The week ahead

20 Aug	Eurozone CPI is released.
22 Aug	US and eurozone PMIs go to print.
23 Aug	The Jackson Hole Symposium continues.



	1 Week Return 09.08.24 to 16.08.24		Year to Date Return 31.12.23 to 16.08.24	
	Local Currency	Euro	Local Currency	Euro
World	4.0%	3.4%	14.2%	14.8%
U.S.	4.0%	3.4%	16.8%	17.4%
Europe	2.5%	2.5%	8.2%	8.2%
Ireland	3.4%	3.4%	26.5%	26.5%
U.K.	2.1%	2.5%	10.7%	12.5%
Japan	8.3%	6.6%	15.4%	10.5%
Hong Kong	0.6%	0.0%	-9.2%	-8.6%
Corporate Bonds	0.1%	0.1%	0.4%	0.4%
Sovereign Bonds	0.0%	0.0%	0.4%	0.4%

### Equities

- Global stocks were up last week finishing at 3.4% in euro terms and 4.0% local terms.
- Year-to-date global markets are up by 14.8% in euro terms and by 14.2% in local terms.
- The U.S market, the largest in the world, finished at 3.4% in euro terms and 4.0% local terms.

### Fixed Income & FX

- The U.S. 10-year yield finished at 3.9% last week. The German equivalent finished at 2.2%. The Irish 10-year bond yield finished at 2.7%.
- The Euro/U.S. Dollar exchange rate finished at 1.10, whilst Euro/GBP finished at 0.85.

### Commodities

- Oil finished the week at \$77 per barrel and is up 7.1% year-to-date in euro terms.
- Gold finished the week at \$2,508 per troy ounce and is up 21.7% year-to-date in euro terms.
- Copper finished the week at \$9,006 per tonne.

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