

Stocks rally on rate cut expectations

Last week, major US equity indices edged closer to record highs. The key event influencing market sentiment was Powell's speech at the Fed's annual economic symposium in Jackson Hole. Stocks rose at Friday's open after Powell acknowledged that "the time has come for policy to adjust", suggesting that policymakers might cut rates at their upcoming September meeting. He also hinted at the possibility of a 50-basis point cut, rather than the previously anticipated 25 basis point cut. Meanwhile, the US Composite PMI slightly declined to 54.1 in August down from 54.3 in July, indicating that business activity continues to grow at a healthy pace. The Manufacturing PMI fell to 48 from 49.6, signalling contraction, while the Services PMI increased to 55.2 from 55.

European equities finished the week higher, driven by increasing expectations that the Fed and the ECB would lower interest rates next month. Eurozone inflation was confirmed at 2.6% year on year in July, up from 2.5% in June. This rise in inflation, along with anticipated rate cuts by the Fed, pushed the euro to a nine-month high against the US dollar. Core inflation, which excludes volatile food and energy prices, held steady at 2.9%, indicating that underlying price pressures remain. Eurozone business activity saw a rebound in August, the Composite PMI Index increased to 51.2 from 50.2, however, this was primarily driven by the Olympic Games in France boosting services sector output, while Germany was down.

Japan's markets saw modest gains over the week. Despite some speculation that recent market volatility might deter the Bank of Japan (BoJ) from further raising interest rates, the BoJ reaffirmed its commitment to normalizing monetary policy. Core consumer price inflation rose for the third consecutive month in July, reinforcing the BoJ's hawkish stance.

Fact of the Week

Annual jobs growth in the US was revised downward by 818,000 jobs this week – the largest downward revision since 2009.

Our regular market information continues on the next page.

Snapshot



Corporate Bonds
Sovereign Bonds
World Equities
Copper



Gold
Oil

The week ahead

27 Aug	German GDP data goes to print.
29 Aug	US GDP and PCE prices are published.
30 Aug	Eurozone CPI data is released.



	1 Week Return 16.08.24 to 23.08.24		Year to Date Return 31.12.23 to 23.08.24	
	Local Currency	Euro	Local Currency	Euro
World	1.8%	0.1%	16.3%	14.9%
U.S.	1.5%	-0.2%	18.5%	17.1%
Europe	1.5%	1.5%	9.8%	9.8%
Ireland	0.1%	0.1%	26.6%	26.6%
U.K.	0.1%	0.7%	10.8%	13.3%
Japan	0.1%	0.3%	15.5%	10.9%
Hong Kong	1.6%	-0.1%	-7.7%	-8.7%
Corporate Bonds	0.2%	0.2%	0.5%	0.5%
Sovereign Bonds	0.5%	0.5%	0.8%	0.8%

Equities

- Global stocks were up last week finishing at 0.1% in euro terms and 1.8% local terms.
- Year-to-date global markets are up by 14.9% in euro terms and by 16.3% in local terms.
- The U.S market, the largest in the world, finished at -0.2% in euro terms and 1.5% local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 3.8% last week. The German equivalent finished at 2.2%. The Irish 10-year bond yield finished at 2.6%.
- The Euro/U.S. Dollar exchange rate finished at 1.12, whilst Euro/GBP finished at 0.85.

Commodities

- Oil finished the week at \$75 per barrel and is up 3.0% year-to-date in euro terms.
- Gold finished the week at \$2,513 per troy ounce and is up 20.1% year-to-date in euro terms.
- Copper finished the week at \$9,173 per tonne.

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Intended for distribution within the Republic of Ireland.

GR: 5685 Print Ref: ZL ISA 5685 0121

