

ECB cuts interest rates for the second time this year, what does this mean for markets?

In the US, major equity indexes finished the week higher, recovering much of the losses from the week before. On Wednesday, data showed core consumer inflation, which excludes volatile food and energy prices, rose by 0.3% in August, slightly higher than expected. However, headline inflation showed an annual increase of 2.5%, down from July's reading of 2.9% and its lowest level since early 2021. This week the Federal reserve will meet for their September policy meeting where they are expected to initiate a rate cutting cycle. US government bond yields continued to decline last week amid expectation of an interest rate cut. The US 10-year Treasury yield fell to 3.66% on Friday, its lowest level since June 2023.

In Europe, major equity indices closed the week on a positive note, supported by an interest rate cut from the European Central Bank (ECB). The ECB reduced its deposit rate for the second time this year, cutting it by 0.25 basis points to 3.5%, as was expected. This decision was driven by signs of slowing economic growth and easing inflation in the eurozone. Inflation in the eurozone cooled to 2.2% in August hovering just above the 2% target level. In its accompanying statement, the ECB stressed its cautious approach and noted that it is not pre-committing to a specific rate path and further decisions will continue to be data driven.

Chinese stocks fell this week as weak inflation data raised concerns about a deflationary price-wage spiral impacting the economy. The consumer price index in China increased by 0.6% year over year in August, slightly up from July's 0.5%, but below expectations. Core inflation, rose by 0.3%, down from July's 0.4% and marking the lowest level in more than three years.

Fact of the Week

The S&P 500 rose 4% and the Nasdaq gained 5.9% this week, the best week in 2024 for both indexes.

Our regular market information continues on the next page.

Snapshot



World Equities
Corporate Bonds
Sovereign Bonds
Gold
Copper



Oil

The week ahead

18 Sep

Federal Reserve interest rate decision.

19 Sep

Japanese CPI data goes to print.

20 Sep

UK Retail Sales data is released.



	1 Week Return 06.09.24 to 13.09.24		Year to Date Return 31.12.23 to 13.09.24	
	Local Currency	Euro	Local Currency	Euro
World	3.3%	3.6%	15.9%	15.5%
U.S.	4.1%	4.4%	18.4%	17.9%
Europe	2.1%	2.1%	9.2%	9.2%
Ireland	1.4%	1.4%	27.6%	27.6%
U.K.	1.0%	1.1%	10.1%	13.2%
Japan	-1.0%	0.5%	9.9%	9.7%
Hong Kong	-0.3%	0.0%	-6.8%	-7.0%
Corporate Bonds	0.5%	0.5%	0.9%	0.9%
Sovereign Bonds	0.3%	0.3%	1.6%	1.6%

Equities

- Global stocks were up last week finishing at 3.6% in euro terms and 3.3% local terms.
- Year-to-date global markets are up by 15.5% in euro terms and by 15.9% in local terms.
- The U.S market, the largest in the world, finished at 4.4% in euro terms and 4.1% local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 3.7% last week. The German equivalent finished at 2.1%. The Irish 10-year bond yield finished at 2.5%.
- The Euro/U.S. Dollar exchange rate finished at 1.11, whilst Euro/GBP finished at 0.84.

Commodities

- Oil finished the week at \$69 per barrel and is down -4.5% year-to-date in euro terms.
- Gold finished the week at \$2,578 per troy ounce and is up 24.5% year-to-date in euro terms.
- Copper finished the week at \$9,189 per tonne.

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