Markets react as earnings season kicks off

Major US equity indices ended the week higher, reaching new record highs as the beginning of earnings season helped to offset several disappointing economic reports. On Thursday, both headline and core inflation showed modest upside surprises, rising by 0.2% and 0.3% in September, respectively. These readings came in hotter than expected. On a year-on-year basis, core prices increased 3.3% in September, up from 3.2% in August, marking the first increase since March 2023. Additionally, weekly jobless claims unexpectedly jumped to 258,000, the highest level in 14 months, with disruptions from Hurricane Helene contributing to the rise. Both metrics represent conflicting indicators for the path of future Fed policy.

In Europe, equity markets finished the week higher as recent remarks from ECB officials seemed to align with market expectations that policy easing could accelerate as inflation slows, and the economy weakens. The ECB will meet later this week for their October policy decision meeting. Eurozone retail sales showed a modest recovery in August, with retail trade volumes rising by 0.2%, improving from the previous month's flat reading. While monthly figures met expectations, the annual increase of 0.8% fell short of the projected 1%, indicating some weakness in consumer spending. In Germany, Europe's largest economy, the manufacturing sector saw a sharp 5.8% drop in August, far exceeding the expected 2% decline and marking the steepest monthly contraction since January.

Major Japanese equity indexes rose over the week. The Yen traded close to 148 against the US dollar, near its lowest level since August. Remarks by Bank of Japan (BoJ) officials reinforced the banks unchanged stance, highlighting that it will continue to closely monitor incoming data, the evolving economic outlook, and the balance of risks before raising interest rates. They stressed that the BoJ is not following a predetermined path for rate hikes.

Fact of the Week

Last week marked the two-year anniversary of the current bull market, with stocks gaining over 60% since 2022.

Our regular market information continues on the next page.

Snapshot



World Equities

Oil

Gold



Corporate Bonds

Sovereign Bonds

Copper

The week ahead

16 Oct	UK CPI & PPI data is released.
17 Oct	ECB Interest rate decision.
17 Oct	US retail sales data is published.



	1 Week Return 04.10.24 to 11.10.24		Year to Date Return 31.12.23 to 11.10.24	
	Local Currency	Euro	Local Currency	Euro
World	0.9%	1.2%	19.2%	20.3%
U.S.	1.2%	1.4%	22.6%	23.8%
Europe	1.0%	1.0%	10.8%	10.8%
Ireland	1.6%	1.6%	25.8%	25.8%
U.K.	-0.3%	-0.3%	10.1%	14.0%
Japan	0.8%	0.5%	17.1%	11.6%
Hong Kong	-6.5%	-6.3%	9.4%	10.9%
Corporate Bonds	-0.2%	-0.2%	0.7%	0.7%
Sovereign Bonds	-0.5%	-0.5%	0.7%	0.7%

Equities

- Global stocks were up last week finishing at 1.2% in euro terms and 0.9% in local terms.
- Year-to-date global markets are up by 20.3% in euro terms and by 19.2% in local terms.
- The U.S market, the largest in the world, finished up 1.4% in euro terms and 1.2% local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 4.1% last week. The German equivalent finished at 2.3%. The Irish 10-year bond yield finished at 2.6%.
- The Euro/U.S. Dollar exchange rate finished at 1.09, whilst Euro/GBP finished at 0.84.

Commodities

- Oil finished the week at $76 per barrel and is up 6.4% year-to-date in euro terms.
- Gold finished the week at $2,657 per troy ounce and is up 30.0% year-to-date in euro terms.
- Copper finished the week at $9,651 per tonne.

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