ECB cuts interest rates by a further 0.25% - How did markets react?

In the US, equity markets closed the week higher, driven by strong earnings reports, including a boost to the tech sector from Netflix's results. In a positive sign for third-quarter economic growth, US retail sales rose 0.4% in September, up from a 0.1% increase in August, and slightly exceeding the consensus forecast of a 0.3% increase. Consumer spending was strong across the board, with 10 out of the 13 retail categories reporting higher sales for the month.

In Europe, major equity indexes finished the week higher as the European Central Bank (ECB) delivered a second consecutive interest rate cut. As anticipated, the ECB reduced its key deposit rate by 25 basis points to 3.25%, marking the first back-to-back rate cuts in 13 years. The main refinancing operations and marginal lending facility rates were lowered to 3.40% and 3.65%, respectively. ECB President Lagarde noted that the disinflationary process appeared to be "well on track", with eurozone inflation for September revised down to 1.7% from an initial estimate of 1.8%.

In the UK, the consumer price index (CPI) rose by 1.7% in September, marking the lowest level since April 2021. Services inflation, closely monitored by the Bank of England (BoE), slowed to a more than two year low of 4.9%. Additionally, pay pressure eased, with average regular pay, lowering to 4.9% in the three months to August. These readings may pave the way for the BoE to reduce borrowing costs again soon.

Japanese markets ended the week lower. Core CPI rose 2.4% annually, down from 2.8% in August. Separate data revealed that Japan's exports declined by 1.7% in September, marking the first drop in 10 months and signalling weaker demand. While easing inflation in September was anticipated, it sparked speculation that the Bank of Japan may be less likely to raise interest rates again this year.

Fact of the Week

For the first time, global public debt is set to exceed $100 trillion by the end of 2024, reaching 93% of global GDP.

Our regular market information continues on the next page.

Snapshot



Corporate Bonds

Sovereign Bonds

World Equities

Gold



Oil

Copper

The week ahead	
21 Oct	German PPI data is released.
23 Oct	Eurozone Consumer Confidence data is published.
24 Oct	US and Eurozone PMIs go to print.



	1 Week Return 11.10.24 to 18.10.24		Year to Date Return 31.12.23 to 18.10.24	
	Local Currency	Euro	Local Currency	Euro
World	0.6%	1.4%	19.9%	21.9%
U.S.	0.9%	1.7%	23.7%	25.8%
Europe	0.2%	0.2%	11.0%	11.0%
Ireland	0.1%	0.1%	25.9%	25.9%
U.K.	1.3%	1.8%	11.5%	16.0%
Japan	-0.8%	-0.2%	16.2%	11.4%
Hong Kong	-2.9%	-2.1%	6.2%	8.6%
Corporate Bonds	0.7%	0.7%	1.4%	1.4%
Sovereign Bonds	1.4%	1.4%	2.1%	2.1%

Equities

- Global stocks were up last week finishing at 1.4% in euro terms and 0.6% in local terms.
- Year-to-date global markets are up by 21.9% in euro terms and by 19.9% in local terms.
- The U.S market, the largest in the world, finished up 1.7% in euro terms and 0.9% local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 4.1% last week. The German equivalent finished at 2.2%. The Irish 10-year bond yield finished at 2.5%.
- The Euro/U.S. Dollar exchange rate finished at 1.09, whilst Euro/GBP finished at 0.83.

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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