Markets respond to US election results

The results of the US election created a wave of positivity in the US equity markets last week, principally founded on the belief that Trump's administration will fulfil its promise of lower taxes and lighter regulation. The Magnificent Seven stocks all rose, and this rally was accompanied by a deluge of records: the S&P 500, the Nasdaq, and the Dow all soared to clinch all-time highs. The Fed delivered on expectations on Thursday when it announced a 25-bps cut to interest rates, further strengthening the bullish sentiment. As a result, 10-year treasury yields fell to finish the week flat, following an initial jump amid fears that Trump's economic policy will serve to broaden the fiscal deficit and reignite inflation. The US dollar, which has been seen as a Trump trade proxy, recorded its biggest one-day gain in 8 years in the wake of the election result.

In the UK, the Bank of England (BoE) cut interest rates by 25 bps on Thursday. While this was in line with expectations, the FTSE 100 slid due to a seemingly hawkish perspective from Bank Governor Andrew Bailey following the new government's budget. The rate cut prompted 10-year gilt yields to tumble, ending a volatile week in the red.

In Europe, the euro was weakened by the prospect of tariffs on exports to the US. In economic releases, Services PMI rose to 51.6 in October, accelerating from the 51.4 reading recorded in September.

The Chinese government unveiled a five-year debt package totalling 10 trillion yuan ($1.4 trillion) to ease local government debt problems on Friday. However, the stimulus package fell short of expectations and the Chinese yuan dropped to a near three-month low against the dollar. In Japan, the Nikkei 225 closed the week higher, supported by gains from major companies Toyota, Hitachi, and Sony.

Fact of the Week

Donald Trump is just the second U.S. president to serve non-consecutive terms, following Grover Cleveland, elected for a second time in 1892.

Our regular market information continues on the next page.

Snapshot

World Equities
Corporate Bonds
Sovereign Bonds

Oil
Gold
Copper

The week ahead	
12 Nov	UK employment data for September.
13 Nov	US CPI report for October.
14 Nov	UK GDP data for Q3 and US PPI report.

	1 Week Return 01.11.24 to 08.11.24		Year to Date Return 31.12.23 to 08.11.24	
	Local Currency	Euro	Local Currency	Euro
World	3.6%	4.6%	21.1%	24.5%
U.S.	4.8%	5.8%	26.7%	30.2%
Europe	-1.0%	-1.0%	7.0%	7.0%
Ireland	-2.4%	-2.4%	22.1%	22.1%
U.K.	-1.2%	-0.4%	7.7%	12.4%
Japan	3.9%	5.2%	18.8%	12.9%
Hong Kong	1.2%	2.2%	6.2%	9.5%
Corporate Bonds	0.4%	0.4%	0.9%	0.9%
Sovereign Bonds	0.4%	0.4%	0.5%	0.5%

Equities

- Global stocks were up last week finishing at 4.6% in euro terms and 3.6% in local terms.
- Year-to-date global markets are up by 24.5% in euro terms and by 21.1% in local terms.
- The U.S market, the largest in the world, finished up 5.8% in euro terms and 4.8% local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 4.3% last week. The German equivalent finished at 2.4%. The Irish 10-year bond yield finished at 2.7%.
- The Euro/U.S. Dollar exchange rate finished at 1.07, whilst Euro/GBP finished at 0.83.

Commodities

- Oil finished the week at $70 per barrel and is up 1.2% year-to-date in euro terms.
- Gold finished the week at $2,685 per troy ounce and is up 34.0% year-to-date in euro terms.
- Copper finished the week at $9,302 per tonne.

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