

Markets gain further momentum

Snapshot



World Equities
Corporate Bonds
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Copper
Gold
Oil

The week ahead

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June

China Services PMI for May & Eurozone unemployment for April.

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June

The latest ECB policy meeting takes place.

5
June

U.S. non-farm payrolls for May is released.

Markets shrugged off geopolitical concerns last week, and moved higher once again as economies reopening stoked optimism. The majority of countries continued to ease restrictions with more sections of the global economy beginning to open up once more. On the data front U.S. durable goods orders fell 17.2% in April and Q1 GDP figures were revised downwards. However, markets preferred to look at forward-looking indicators as consumer confidence readings in both the U.S. and eurozone climbed last month, albeit the figures were climbing from a very low base. In fact, incomes in the U.S. posted the largest month-on-month gain on record, largely as a result of government pandemic payments.

Actions from policymakers accentuated the good mood for markets with a proposal in the eurozone consisting of grants of €500 billion and loans totalling €250 billion from the European Union to member states making headlines. The ECB also meets this week where there is an expectation of further action. Inflation has declined to 0.1% year-on-year and is well below the 2% target and this may lead to some further flexibility from the ECB regarding the parameters of the 'PEPP' programme.

Geopolitical developments were altogether less positive last week, as tensions between the U.S. and China began to rise. The initiation of legislation to formalise new national security laws in Hong Kong brought widespread condemnation from Western powers whilst the U.S. Congress passed a bill that will sanction officials involved in Chinese violations against the Uighur ethnic minority. U.S. domestic tensions also continue to rise, as protests originating from the death of George Floyd in Minneapolis reached every major city.

Finally, the threat of a no-deal Brexit is coming back onto the agenda as U.K. negotiators insist that there will be no further extension to the negotiations due to end on 31st December 2020. The EU are willing to extend the transition period by another two years, but so far there appears to be little appetite from the U.K.

Our regular market information continues on the next page.

	1 Week Return 25.05.20 to 2.06.20		Year to Date Return 01.01.20 to 2.06.20	
	Local Currency	Euro	Local Currency	Euro
World	3.9%	1.7%	-8.2%	-7.5%
U.S.	3.5%	1.3%	-4.7%	-4.1%
Europe	2.4%	2.4%	-12.9%	-12.9%
Ireland	4.4%	4.4%	-12.2%	-12.2%
U.K.	2.8%	3.1%	-19.0%	-23.1%
Japan	4.8%	2.7%	-8.5%	-6.9%
Hong Kong	3.8%	1.6%	-17.0%	-16.0%
Corporate Bonds	0.5%	0.5%	-2.1%	-2.1%
Sovereign Bonds	0.6%	0.6%	1.6%	1.6%

Equities

- All major equity markets moved up last week with the global index up 3.9% in local terms and 1.7% in Euro terms.
- The influential U.S. market was up 3.5% in local terms and 1.3% in Euro terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 0.66% last week. The German equivalent finished at -0.40%. The Irish 10 year bond yield finished at 0.13%.
- The Euro/U.S. Dollar exchange rate finished at 1.11, whilst Euro/GBP was at 0.89.

Commodities

- Oil finished the week at \$35 per barrel.
- Gold finished the week at \$1,740 per troy ounce up 14.6% year to date in local terms and 15.4% year to date in Euro terms.
- Copper finished the week at \$5,458 per tonne.

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