

Upbeat US employment figures round off positive week

Snapshot



World Equities

Copper

Gold

Oil

Corporate Bonds



Sovereign Bonds

Equities gained further ground last week as a surprisingly strong US jobs report on Friday capped yet another period of gains. The US labour market added 2.5m jobs in May and unemployment fell to 13.5%. This should still be viewed in the context of the falls we saw previously but the median forecast was job losses of 7.5m and not one economist surveyed predicted an increase. It appears that hiring in the US picked up sooner than expected as lockdowns were eased across individual states. Manufacturing data also supports the notion that economic activity has bottomed and there has been an acceleration in easing restrictions globally, including here in Ireland.

Eurozone policymaker action also buoyed markets as Germany announced a €130bn stimulus package on Wednesday to help relaunch the country's economy. This represents a significant departure from German policy in recent years, and should help to support the rebound in Europe's biggest economy. This was complimented by action from the ECB as it increased the Pandemic Emergency Purchase Programme by €600bn (the total now stands at €1.35tn) and extended the timeline for bond purchases to June 2021.

The OPEC+ group also agreed to a one month extension to output cuts with Russia and Saudi Arabia also discussing measures to help further boost short term prices. The euro strengthened against the US dollar last week as sentiment continues to rebound around the globe. This will have dampened returns to Irish investors with global equity holdings.

Finally, the rate of infections globally continues to rise at a slowing pace, however significant divergence is evident across varying countries and regions. Whilst the final path to obtaining a vaccine remains unclear two of the biggest names associated with the race were subject to takeover rumours over the weekend. AstraZeneca has approached Gilead Sciences about a potential merger at a time when both companies are playing a prominent role in the response to COVID-19.

Our regular market information continues on the next page.

Week Ahead

9
June

Final eurozone Q1 GDP data and employment figures go to print

10
June

The Federal Reserve meets for its latest interest rate decision.

12
June

Preliminary US consumer confidence for May is released

	1 Week Return 01.06.20 to 08.06.20		Year to Date Return 31.12.19 to 08.06.20	
	Local Currency	Euro	Local Currency	Euro
World	4.8 %	3.1%	-3.9%	-4.6%
U.S.	4.3%	2.8%	-0.6%	-1.4%
Europe	5.9%	5.9%	-10.6%	-10.6%
Ireland	5.0%	5.0%	-7.8%	-7.8%
U.K.	5.0%	5.1%	-14.9%	-19.1%
Japan	2.9%	-0.4%	-5.8%	-7.3%
Hong Kong	6.4%	4.9%	-11.7%	-11.9%
Corporate Bonds	2.0%	2.0%	-0.1%	-0.1%
Sovereign Bonds	-1.1%	-1.1%	0.5%	0.5%

Equities

- Global equities were up last week by 4.8% in local terms and 3.1% in euro terms.
- The influential U.S. market was up by 4.3% in euro terms and 2.8% in local terms.
- Closer to home Ireland was up 5.0%.

Fixed Income & FX

- The U.S. 10-year yield finished at 0.92% last week. The German equivalent finished at -0.28%. The Irish 10 year bond yield finished at 0.15%.
- The Euro/U.S. Dollar exchange rate remained at 1.13, whilst Euro/GBP finished at 0.89.

Commodities

- Oil prices recovered further finishing at \$40 per barrel.
- Gold closed at \$1,692 per troy ounce and is up 12% year to date in local terms.
- Copper increased to \$5,669 per tonne.

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