Markets move higher, as Fed announces policy shift

Snapshot

World Equities

Oil

Gold

Copper

Sovereign Bonds

Corporate Bonds

The week ahead

1 Sep The latest German unemployment data is published.

3 Sep U.S. non-manufacturing PMI data is released.

4 Sep U.S. non-farm payrolls for August go to print

U.S. markets hit another record high last week, and remain on course for their best summer since the 1930s. Markets were buoyed by positive treatment developments, including news from Abbot, who announced plans for a 15 minute test available at just $5. Overall market volumes were weak as many market participants enjoyed the last of the summer holidays. Growth stocks (namely those in the Tech and Communications sectors) outperformed as 'Value' stocks lagged once again.

The biggest policy news of the week was Fed Chair Powell's speech at the Jackson Hole Symposium on Thursday. In a somewhat forecast announcement Powell stated that the monetary policy framework of the Fed would transition to a concept of allowing average inflation to be 'around its 2% target' and that it would also allow 'above-maximum' employment'. The general consensus is that this will lead to interest rates being lower for longer. Bond yields rose as a result of the potential implications of the policy shift.

Economic data last week was mixed, as the U.S. housing market continued to show resilience whilst consumer confidence fell back in August, and is now at its lowest level since 2014. Eurozone stocks were helped by further stimulus announcements from both Germany and France and by rising business sentiment in Germany, the Eurozone's largest economy. In Japan, Prime Minister Abe, who has been in office since late 2012, resigned citing health concerns. Japanese assets showed some volatility on the initial news but the general market sentiment is that any potential successor is unlikely to deviate significantly from current economic policies.

Our regular market information continues on the next page.

	1 Week Return 24.08.20 to 31.08.20		Year to Date Return 01.01.20 to 31.08.20	
	Local Currency	**Euro**	**Local Currency**	**Euro**
World	1.6%	0.9%	4.2%	-1.7%
U.S.	2.3%	1.3%	10.1%	3.7%
Europe	-0.5%	-0.5%	-7.7%	-7.7%
Ireland	-0.6%	-0.6%	-3.9%	-3.9%
U.K.	-2.4%	-1.4%	-22.3%	-26.3%
Japan	-0.2%	-0.9%	-5.9%	-8.9%
Hong Kong	0.5%	-0.5%	-5.9%	-10.9%
Corporate Bonds	-0.5%	-0.5%	0.6%	0.6%
Sovereign Bonds	-1.1%	-1.1%	3.6%	3.6%

Equities

- Global markets were up last week by 0.9% in euro terms and 1.6% in local terms.
- Year to date the U.K. market is down -22.3% in local terms and -26.3% in euro terms.
- In contrast, the influential U.S. Market is up 10.1% in local terms and 3.7% in Euro terms year to date.

Fixed Income & FX

- The U.S. 10-year yield finished at 0.72% last week. The German equivalent finished at -0.40%. The Irish 10 year bond yield finished at -0.05%.
- The Euro/U.S. Dollar exchange rate finished at 1.19, whilst Euro/GBP finished at 0.89.

Commodities

- Oil finished the week at $43 per barrel.
- Gold finished the week at $1,964 per troy ounce up 28.3% year to date in local terms and 21.7% year to date in Euro terms.
- Copper finished the week at $6,697 per tonne.

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