

Stocks fall as US yields move higher

Equities moved lower last week as the US ten year treasury yield pushed higher once again. Bond markets focussed on commentary from the Fed meeting, which pointed towards higher inflation, rather than recent data releases, which showed a slowing of the recovery. Sectorally, energy stocks moved sharply lower, with the oil price down nearly 10% on the back of higher inventories and concerns about demand.

In terms of US economic releases; retail sales, industrial production, and housing starts all disappointed. However, much of this has been attributed to the severe winter weather seen in February with the Federal Reserve attributing the bulk of the 2.2% decline in industrial production to the storms.

At the Fed rate meeting, there was no change as expected although there were sizable upwards revisions to GDP and inflation forecasts for 2021. GDP is now expected to rise 6.5% for the full year versus 4.2% previously, whilst inflation is now expected to be 2.4% versus 1.8%. However, the Fed are currently not expected to increase interest rates over the two years.

With the latest round of stimulus checks due to hit bank accounts this week shifting inflation expectations have been largely behind the move higher in bond yields, and thus lower prices. The Bank of England also met last week and left its bank rate unchanged at 0.10% and made no alterations to its bond purchasing programme.

Within the eurozone, stocks were up slightly whilst core bond yields were relatively flat as a number of countries begin to see rising case numbers. Amid delays in the vaccine rollout programme, the EU is now moving to restrict vaccine exports to non-EU countries, most notably the UK. The AstraZenica vaccine has also been cleared as 'safe' following the temporary suspension last weekend.

Our regular market information continues on the next page.

Snapshot



Gold



World Equities
Corporate Bonds
Sovereign Bonds
Oil
Copper

The week ahead

23 Mar	UK employment data and US home sales readings are released
24 Mar	US, EMU, and UK PMIs go to print
26 Mar	UK retail sales for February are published.



	1 Week Return 15.03.21 to 22.03.21		Year to Date Return 01.01.21 to 22.03.21	
	Local Currency	Euro	Local Currency	Euro
World	-0.9%	-0.8%	4.2%	7.1%
U.S.	-1.5%	-1.5%	3.9%	6.8%
Europe	0.3%	0.3%	5.9%	5.9%
Ireland	-0.8%	-0.8%	8.7%	8.7%
U.K.	-0.4%	-0.3%	4.9%	9.4%
Japan	1.9%	2.2%	10.8%	8.0%
Hong Kong	0.0%	0.1%	9.1%	12.0%
Corporate Bonds	-0.1%	-0.1%	-1.2%	-1.2%
Sovereign Bonds	-0.3%	-0.3%	-3.4%	-3.4%

Equities

- Global stocks fell last week, and were down 0.8% in euro terms
- However, year-to-date global markets are up 7.1% in euro terms and 4.2% in local terms. The U.S market, the largest in the world, was down 1.5%, with euroszone stocks returning 0.3%.

Fixed Income & FX

- The U.S. 10-year yield finished at 1.68% last week, up from 1.62% a week earlier. The German equivalent was broadly flat on the week and finished at -0.33%. The Irish 10-year bond yield finished at 0.02%, to remain in positive territory.
- The Euro/U.S. Dollar exchange rate finished at 1.19, whilst Euro/GBP finished at 0.86.

Commodities

- Oil finished the week at \$60 per barrel.
- Gold finished the week at \$1,732 per troy ounce.
- Copper finished the week at \$9,073 per tonne.

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