

Domestic Irish News

House prices overvalued

A recent report from the Economic and Social Research Institute (ESRI) has suggested that Ireland's house prices are overvalued by at least 7%. While some believe house prices will moderate, amid a cost-of-living crisis, high inflation and rising interest rates, it remains unclear when this will occur.

Global Share Markets

Stocks fall following US jobs report

Global share markets finished the week slightly higher despite a fall on Friday following the US labour market report. The report showed that, although fewer jobs were added in September than in August, the figure (263,000) was above expectations of 250,000 new jobs, which could pressure the Fed to keep raising interest rates in an attempt to control inflation.

IMF warns of sombre global economic outlook

Head of IMF says global economy is heading towards recession in 2023

Kristalina Georgieva, head of the IMF, has warned that a third of the global economy will see at least two quarters of contraction next year. This comes amid continued high inflation, rising food and energy prices and the ongoing war in Ukraine. The IMF has said that the current state of the global economy is "more likely to get worse than to get better".

European Central Bank (ECB)

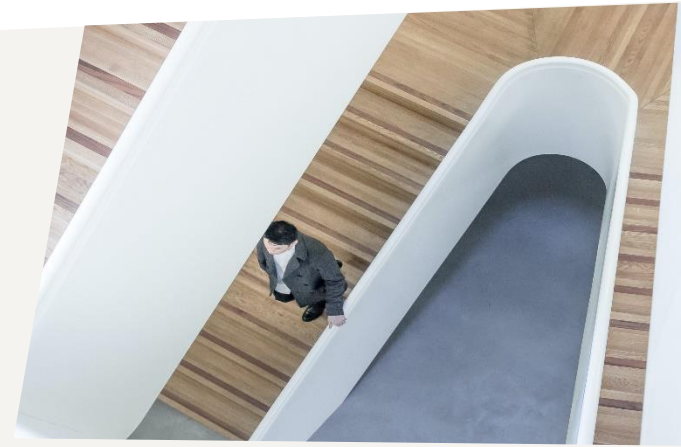
"Self reinforcing" inflation feared by ECB

Following the ECB's September meeting, the bank has stated that inflation could become "self reinforcing" due to price rises from the weakening euro and government fiscal packages. After the 75 basis point interest rate hike, the ECB expects inflation to remain high, indicating that "the nature of the inflation process was changing", whereby weakening growth forecasts would not rein in inflation.

Bank of England (BoE)

Kwarteng's U-turn and BoE intervention

On Monday, UK Chancellor Kwarteng announced that his cut of the 45% income tax rate, part of his 'mini-budget', would be scrapped. This comes following Conservative Party warnings, public backlash and market turmoil. The BoE has stated that its emergency intervention, in which it was forced to announce a £65bn bond-buying programme, saved the UK from the brink of financial crisis.



"The greater the difficulty, the greater the glory"

CICERO

The Story of the Week

Australia commits 30% of land mass to conservation

On Tuesday, Australia's Environment Minister Tanya Plibersek announced that the country is preserving 30% of its land mass to protect species and tackle extinction. This is part of the country's Threatened Species Action Plan, which aims to protect 110 species, many of which are not found outside Australia. The decision arose from commitments made during COP26, where other countries – such as the US – have also announced their 30% preservation of land mass promise.

Index performances and market data

Equity & Bond Markets (%) in Local Currency	2016	2017	2018	2019	2020	2021	2022 YTD (07/10)
MSCI AC World (Gross TR)	11.7	9.5	-4.3	29.6	7.2	21.4	-20.0
ISEQ Overall Return	-2.7	9.5	-20.8	33.6	4.2	15.7	-23.0
Euro Stoxx 50 TR	4.7	10.0	-11.2	29.3	-2.6	24.1	-19.1
S&P 500 TR	15.3	7.0	0.4	33.9	8.6	28.7	-22.7
Nasdaq Composite	12.1	13.9	2.1	39.2	32.9	22.2	-31.5
Nikkei 225	8.8	10.3	-3.2	24.1	14.2	6.7	-3.9
MSCI Emerging Markets	14.9	21.0	-9.9	21.1	8.9	0.1	-18.6
Eurozone Government Bonds 1–5 yr	0.9	-0.2	0.0	1.1	0.6	-0.9	-6.5

Central Bank Rates (%)	2016	2017	2018	2019	2020	2021	2022 (07/10)
ECB	0.00	0.00	0.00	0.00	0.00	0.00	1.25
Bank of England	0.25	0.25	0.75	0.75	0.10	0.25	2.25
U.S. Federal Reserve	0.75	1.50	2.50	1.75	0.25	0.25	3.25

Sovereign 10yr Bond Yields (%)	2016	2017	2018	2019	2020	2021	2022 YTD (07/10)
U.S.	2.5	2.4	2.7	1.9	0.9	1.5	3.9
German	0.2	0.5	0.2	-0.2	-0.6	-0.2	2.2
UK	1.3	1.3	1.3	0.8	0.2	1.0	4.2
Japan	0.0	0.0	0.0	0.0	0.0	0.1	0.2
Ireland	0.8	0.7	0.9	0.1	-0.3	-0.3	2.7
Italy	1.8	2.0	2.7	1.4	0.5	1.2	4.7
Greece	7.2	4.1	4.4	1.5	0.6	1.3	4.8
Portugal	3.8	1.9	1.7	0.4	0.0	0.0	3.3
Spain	1.3	1.5	1.4	0.5	0.0	0.6	3.4

Foreign Exchange Rates	2016	2017	2018	2019	2020	2021	2022 (07/10)
Euro/Dollar (€/\$)	1.05	1.20	1.14	1.12	1.22	1.14	0.98
Euro/Sterling (€/£)	0.85	0.89	0.90	0.85	0.90	0.84	0.88
Sterling/Dollar (£/\$)	1.24	1.35	1.27	1.32	1.37	1.35	1.11

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Sources: Factset / Bloomberg / Moneymate / MSCI

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