Powell’s comments spark late rally

Last week was notably sparse in terms of economic indicators, which only served to heighten the market’s focus on Fed Chair Jerome Powell, who had the unenviable task of delivering an address at the Jackson Hole symposium amid mounting pressures on the Fed to cut interest rates. US equities fell five days in a row leading up to Jackon Hole as investors’ confidence of a September rate cut steadily diminished. Tech stocks took a hit as the market pivoted into defensive sectors. However, share prices spiked on Friday as Powell left the door open for interest rate cuts, saying: “the baseline outlook and the shifting balance of risks may warrant adjusting our policy stance.”

The US-EU trade deal was formalised during the week, bringing clarity to certain elements. A key detail which emerged was the EU’s intention to purchase $40 billion worth of US AI chips by 2028, which will also serve to reduce chip flows from China. Meanwhile, there were developments in the political efforts for a peace deal between Russia and Ukraine. The “coalition of the willing” held a meeting which reportedly resulted in progress regarding security guarantees for Ukraine if a peace deal is reached.

In the UK, CPI inflation readings for July came in hotter than anticipated. The headline rate was recorded at 3.8%, up from 3.6% and higher than forecasts of 3.7%. July UK retail sales data that was due to be released on Friday was delayed for two weeks due to quality concerns.

Flash PMI readings for August surprised on the upside in the Eurozone, US, UK and Japan. Overall business activity grew at its fastest rate in 15 months in the Eurozone, while UK companies had their strongest month in a year. In Japan, activity in the private sector expanded at its quickest rate in 6 months.

Snapshot

Up:
- World Equities
- Corporate Bonds
- Sovereign Bonds
- Gold

Down:
- Copper
- Oil

The week ahead	
26 Aug	US consumer confidence for August goes to print.
28 Aug	US Q2 GDP estimates are released.
29 Aug	US PCE price index for July is reported.

Fact of the week

US credit spreads hit their lowest level this century, an indication of a positive economic outlook and financial health in the corporate sector.

Our regular market information continues on the next page.

	1 Week Return 15.08.25 to 22.08.25		Year to Date Return 31.12.24 to 22.08.25	
	Local Currency	**Euro**	**Local Currency**	**Euro**
World	0.5%	0.4%	14.2%	0.9%
U.S.	0.3%	0.2%	10.7%	-2.2%
Europe	1.3%	1.3%	13.0%	13.0%
Ireland	-0.3%	-0.3%	21.7%	21.7%
U.K.	2.1%	1.8%	17.2%	11.8%
Japan	-0.6%	-0.7%	11.1%	5.1%
Hong Kong	0.0%	0.1%	30.4%	14.6%
Corporate Bonds	0.1%	0.1%	0.7%	0.7%
Sovereign Bonds	0.4%	0.4%	-1.0%	-1.0%

Warning: Past performance is not a reliable guide to future performance.
Warning: The value of your investment may go down as well as up.
Warning: Benefits may be affected by changes in currency exchange rates.
Warning: If you invest in this product, you may lose some or all of the money you invest.

Equities

- Global stocks finished up 0.4% in euro terms and up 0.5% in local terms last week.
- Year-to-date global markets are up by 0.9% in euro terms and up by 14.2% in local terms.
- The U.S. market, the largest in the world, finished up 0.2% in euro terms and up 0.3% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 4.3% last week. The German equivalent finished at 2.7%. The Irish 10-year bond yield finished at 3.0%.
- The Euro/U.S. Dollar exchange rate finished at 1.17, whilst Euro/GBP finished at 0.87.

Commodities

- Oil finished the week at $64 per barrel and is down -21.6% year-to-date in euro terms.
- Gold finished the week at $3,372 per troy ounce and is up 13.5% year-to-date in euro terms.
- Copper finished the week at $9,718 per tonne and is down -0.8% year-to-date in euro terms.

Zurich Life Assurance plc
Zurich House, Frascati Road, Blackrock, Co. Dublin, A94 X9Y3, Ireland.
Telephone: 01 283 1301 Fax: 01 283 1578 Website: www.zurich.ie