Markets mixed as 'Dot Plots' and 'Delta' dominate

Equities experienced choppy trading, as the midweek Federal Reserve meeting dominated the narrative for market participants. The much talked about inflation expectations were again at the fore of the conversation with the market interpreting a slight change in tone from Fed officials. As expected, there was no significant policy changes at the meeting, as the committee unanimously voted to keep rates unchanged from the current 0%-0.25% level. Monthly fixed income purchases are also to continue at the rate of $120bn per month. However, what really caught the attention was a shift in the Fed's 'dot plot'. This essentially forecasts the level each committee member believes interest rates will be at over the next few years. Following the latest meeting 13 of the 18 committee members now see higher interest rates before the end of 2023. Although that is still some distance into the future the market is likely to grapple with this prospect over the coming months.

It was also a busy week overall for economic releases, with U.S. retail sales falling 1.3% in May, slightly more than forecast. However, the blow was softened by a positive revision in the April number. Chinese data showed some signs of a slowing economic expansion, with industrial production and retail sales failing to meet expectations for May. Fixed asset investment and capital spending also came in short. However, these figures should be viewed in the context of the strong rebound seen so far in 2021, and the relative lack of a second COVID wave in mainland China.

Eurozone bond yields initially rose last week as a result of the Federal Reserve meeting. However, more dovish comments from the ECB (perhaps keen to emphasise their own approach and strategy) brought yields lower again. On the other hand, U.K. gilt yields were higher as the Bank of England are seen as more likely to tighten quicker as U.K. inflation rose faster than expected. In terms of COVID related restrictions, the U.K. has delayed its full reopening for 1 month following a rise in 'delta variant' cases whilst the likes of France, Germany, and Denmark all continue to ease restrictions.

Our regular market information continues on the next page.

Snapshot

World Equities

Oil

Corporate Bonds

Sovereign Bonds

Gold

Copper

The week ahead	
23 June	Flash PMIs from the U.S., EMU, and U.K. are released.
24 June	The Bank of England meets for its latest interest rate decision.
25 June	U.S. consumer confidence for June goes to print.

	1 Week Return 14.06.21 to 21.06.21		Year to Date Return 01.01.21 to 21.06.21	
	Local Currency	Euro	Local Currency	Euro
World	-2.2%	0.1%	10.6%	14.2%
U.S.	-1.9%	0.3%	11.0%	14.6%
Europe	-1.2%	-1.2%	14.9%	14.9%
Ireland	-2.0%	-2.0%	8.6%	8.6%
U.K.	-1.8%	-1.8%	10.9%	15.6%
Japan	-0.6%	1.4%	9.0%	5.3%
Hong Kong	-0.3%	1.9%	10.4%	13.8%
Corporate Bonds	-0.1%	-0.1%	-1.0%	-1.0%
Sovereign Bonds	-0.4%	-0.4%	-4.3%	-4.3%

Equities

- Global stocks were up slightly last week by 0.1% in euro terms and down -2.2% in local terms.
- Year-to-date global markets are up 14.2% in euro terms and 10.6% in local terms.
- The U.S market, the largest in the world, was up 0.3% in euro terms and down -1.9% local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 1.43% last week, down from 1.46% a week earlier. The German equivalent finished at -0.20%. The Irish 10-year bond yield finished at 0.18%, 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 $72 per barrel and is up 52.1% year-to-date in euro terms.
- Gold finished the week at $1,785 per troy ounce and is down -3.5% year-to-date in euro terms.
- Copper finished the week at $9,120 per tonne.

Figures are calculated using Total Returns Indices.

Warning: Past performance is not a reliable guide to future performance.
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GR: 5685 Print Ref: ZL ISA 5685 0121

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