

Equities erase September losses to scale new heights

The S&P 500 index concluded its turnaround last week by reaching a new record high seven weeks after the former high and a correction of more than 5% in between. The move higher was supported by another batch of positive earnings surprises. With about a quarter of the S&P 500 companies having reported, the average earnings surprise stands at 13% with a beat/miss-ratio of 81%. Both numbers are below recent quarters but help to reassure investors that have turned more cautious regarding the growth outlook. Indeed, the VIX is now at its lowest level since February 2020. US housing data was mixed last week, with below par housing starts and building permits countered by existing home sales rising at their highest rate since January.

In the UK, business activity regained momentum in October with the Composite PMI rising to 56.8 from 54.9 the month before. The recovery was led by service providers while manufacturing activity was still weighed down by staff shortages and ongoing supply chain disruptions. September inflation data for the UK, showed that prices grew 3.1% over the last year. The elevated inflation reading has led to a growing number of economists forecasting that the Bank of England may be the first of the world's major central banks to hike rates during the current cycle. BoE Governor Andrew Bailey stated that they 'would have to act' if inflation persisted at these levels. Eurozone equities were also positive last week, although PMIs disappointed as supply chain bottlenecks continue to persist, and indeed are becoming a key part of the Q3 earnings narrative.

Finally, in Asia China's major property developer Evergrande averted a default by making a last-minute interest payment and has re-started working on major development projects. Whilst a full scale default does look unlikely, there is probably more to run in this story over the coming months.

Our regular market information continues on the next page.

Snapshot



World Equities
Corporate Bonds
Oil
Gold



Sovereign Bonds
Copper

The week ahead

26 Oct	Microsoft, Alphabet and Twitter all report quarterly earnings.
28 Oct	Both the ECB and the Bank of Japan meet for their latest interest rate decisions
29 Oct	Eurozone inflation and US personal income and spending all go to print.



	1 Week Return 18.10.21 to 25.10.21		Year to Date Return 01.01.21 to 25.10.21	
	Local Currency	Euro	Local Currency	Euro
World	1.5%	1.4%	18.9%	25.2%
U.S.	1.7%	1.6%	22.1%	28.6%
Europe	1.3%	1.3%	20.1%	20.1%
Ireland	1.6%	1.6%	15.6%	15.6%
U.K.	0.3%	0.6%	16.1%	23.2%
Japan	-1.2%	-0.8%	12.6%	7.8%
Hong Kong	2.1%	2.1%	2.1%	7.3%
Corporate Bonds	0.0%	0.0%	-1.5%	-1.5%
Sovereign Bonds	-0.6%	-0.6%	-4.6%	-4.6%

Equities

- Global stocks were up last week by 1.4% in euro terms and 1.5% in local terms.
- Year-to-date global markets are up 25.2% in euro terms and 18.9% in local terms.
- The U.S market, the largest in the world, was up 1.6% in euro terms and 1.7% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 1.63% last week. The German equivalent finished at -0.11%. The Irish 10-year bond yield finished at 0.26% to remain in positive territory.
- The Euro/U.S. Dollar exchange rate finished at 1.16, whilst Euro/GBP finished at 0.84.

Commodities

- Oil finished the week at \$84 per barrel and is up 81.7% year-to-date in euro terms.
- Gold finished the week at \$1,808 per troy ounce and is up 0.2% year-to-date in euro terms.
- Copper finished the week at \$10,071 per tonne.

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Zurich Life Assurance plc

Zurich House, Frascati Road, Blackrock, Co. Dublin, Ireland.

Telephone: 01 283 1301 Fax: 01 283 1578 Website: www.zurich.ie

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