

Equities rebound as Omicron fears abate

Global equity markets rebounded this week, after two weeks of losses, as incoming data around the omicron variant thus far appears less severe than originally expected. Despite the recent pullbacks the upward equity trend continues with world equities now up 30% since the start of the year in euro terms.

Fed Chair Jerome Powell is looking to retire the word “Transitory” from the recent inflation prints indicating that inflationary pressures have been more persistent than the Fed had expected. This is the reason for the decision to accelerate the path of the QE Tapering at their December meeting. On Friday we saw US inflation data for November go to print which showed that CPI inflation remained elevated through November. Headline inflation figures came in at 6.8%, the highest levels since 1982, while core inflation was 4.9% year-over-year, in line with expectations but also elevated.

In an elevated-inflation environment we continue to keep an eye on a number of developments affecting key markets such as climate risk, supply chain issues, COVID-19 and economic tapering. In China, property sector turmoil kept investors on edge amid reports of offshore debt restructurings for cash-strapped developers China Evergrande and Kaisa Group. While equity markets have regained their footing, volatility is likely to continue as the world continues to adjust to ‘the new normal’.

Our regular market information continues on the next page.

Snapshot



World Equities
 Corporate Bonds
 Gold
 Copper



Sovereign Bonds
 Oil

The week ahead

14 Dec	US Producer Price Index data for November is released: prices to rise 0.6% MoM.
15 Dec	Fed rate decision: no change in rates is expected but markets are preparing for an increase in the pace of tapering.
16 Dec	ECB meeting. Rates to remain unchanged.



	1 Week Return 06.12.21 to 13.12.21		Year to Date Return 01.01.21 to 13.12.21	
	Local Currency	Euro	Local Currency	Euro
World	2.3%	2.0%	20.1%	30.0%
U.S.	2.6%	2.3%	25.1%	35.4%
Europe	1.7%	1.7%	21.6%	21.6%
Ireland	2.0%	2.0%	12.3%	12.3%
U.K.	0.8%	0.5%	18.0%	23.6%
Japan	1.5%	1.2%	12.2%	10.5%
Hong Kong	1.4%	1.1%	-1.7%	5.8%
Corporate Bonds	0.0%	0.0%	-1.5%	-1.5%
Sovereign Bonds	-0.2%	-0.2%	-2.4%	-2.4%

Equities

- Global stocks were up last week by 2.0% in euro terms and 2.3% in local terms.
- Year-to-date global markets are up 30.0% in euro terms and 20.1% in local terms.
- The U.S market, the largest in the world, was up 2.3% in euro terms and 2.6% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 1.47% last week. The German equivalent finished at -0.35%. The Irish 10-year bond yield finished at 0.05% to remain in positive territory.
- The Euro/U.S. Dollar exchange rate finished at 1.13, whilst Euro/GBP finished at 0.85.

Commodities

- Oil finished the week at \$72 per barrel and is up 60.9% year-to-date in euro terms.
- Gold finished the week at \$1,786 per troy ounce and is up 1.9% year-to-date in euro terms.
- Copper finished the week at \$9,507 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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