Equities lower as rate expectations move higher

Stock markets finished the week lower as US inflation hit a 40 year high. Thursday's Labor Department release showed that prices were up 7.5% in the year to the end of January. Core inflation, which excludes energy and food, rose 6.0% which was the highest rate since 1982. Both readings were above the consensus forecast. The market now fully expects to see an interest rate hike in the US at the Fed's mid-March meeting, with some commentators now predicting a 0.5% move. This would be the first half percentage move higher in over 20 years. Comments from Fed Committee member James Bullard did little to calm markets as he forewarned of a number of rate hikes by the middle of the year. Bonds also saw prices fall on the news. The US 10 year treasury yield is above 2% for the first time since 2019, whilst the 2 year yield moved to 1.64% in its biggest price fall (yields and prices move inversely) since 2009. Eurozone government yields followed suite with the ten year German Bund yield finishing the week comfortably in positive territory at above 0.20%.

Earnings continued to roll in last week, with 360 of the S&P500 having now reported. According to Bloomberg, two thirds of companies have beaten revenue forecasts and three quarters have beaten earnings expectations. In China, stocks rose on the expectation that monetary conditions would not become overly tight and also on the perception that the regulatory crackdown was subsiding. Oil remained on an upward trajectory as tensions between Russia and Ukraine continue to be elevated. Finally, COVID restrictions continue to be scaled back throughout the developed world, including in the UK, Denmark, and a number of US states.

Our regular market information continues on the next page.

Snapshot

Copper

Oil

Gold

World Equities

Corporate Bonds

The week ahead

15 Feb	The closely watched US producer price index is published..
16 Feb	US Retail Sales and the latest Fed meeting minutes are released.
18 Feb	UK Retail Sales and US Home Sales go to print

	1 Week Return 07.02.22 to 14.02.22		Year to Date Return 01.01.22 to 14.02.2022	
	Local Currency	Euro	Local Currency	Euro
World	-0.6%	-0.3%	-5.9%	-6.1%
U.S.	-1.4%	-1.0%	-7.6%	-7.9%
Europe	0.6%	0.6%	-5.1%	-5.1%
Ireland	2.0%	2.0%	-4.9%	-4.9%
U.K.	1.1%	2.0%	4.6%	4.7%
Japan	1.8%	1.5%	-1.9%	-2.8%
Hong Kong	1.8%	2.0%	6.0%	5.7%
Corporate Bonds	-0.1%	-0.1%	-4.0%	-4.0%

Equities

- Global stocks were down last week by -0.3% in euro terms and -0.6% in local terms.
- Year-to-date global markets are down -6.1% in euro terms and -5.9% in local terms.
- The U.S market, the largest in the world, was down -1.0% in euro terms and down -1.4% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 1.95% last week. The German equivalent finished at 0.23%. The Irish 10-year bond yield finished at 0.81% to remain in positive territory.
- The Euro/U.S. Dollar exchange rate finished at 1.13, whilst Euro/GBP finished at 0.84.

Commodities

- Oil finished the week at $93 per barrel and is up 24.6% year-to-date in euro terms.
- Gold finished the week at $1,856 per troy ounce and is down -1.7% year-to-date in euro terms.
- Copper finished the week at $9,894 per tonne.

Figures are calculated using Total Returns Indices.

Warning: Past performance is not a reliable guide to future performance.
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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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