Equities higher as Fed begins tightening monetary policy

Stocks finished the week higher as the Federal Reserve announced its new policy statement which came with a quarter-point interest rate increase, the first rate rise since 2018. This is the first of several more rate hikes expected by investors as inflation expectations become embedded and pose risks to growth. This rate hike comes amid prices climbing at the fastest pace in 40 years and an uncertain geolpolitical picture sparked by Russia's invasion of Ukraine. Economic data this week had a limited effect on markets. US retail sales rose 0.3% in February, slightly below economists' forecasts. The modest increase in February largely reflected higher prices rather than volumes. Meanwhile, data on industrial production and housing underscored a similar backdrop across the economy—price pressure remains hot and supply is still hard to come by.

Shares in Europe gained ground for a second consecutive week amid cautious optimism that negotiations between Russia and Ukraine could yield a diplomatic solution. The Moscow stock exchange remained closed during the week of March 18. Russian bonds moved higher on Friday, buoyed by reports that the correspondent bank had processed interest payments on two of the country's sovereign bonds and transferred the funds to the payment agent to disburse to investors.

The world's second largest economy, China reported better-than-expected activity in the January-February period with help from policy easing measures and the easing of power and chip shortages. However, the world's most indebted property developer continues to garner the headlines with trading in Evergrande shares halted this week, pending an announcement by the company. While systemic fallout may be limited, the long-term implications are significant.

Our regular market information continues on the next page.

Snapshot

World Equities
Corporate Bonds
Oil
Copper

Sovereign Bonds
Gold

The week ahead	
23 Mar	US EIA crude oil inventory report to be released.
24 Mar	Eurozone, UK and US flash PMI data.
24 Mar	US initial jobless claims for February, expected to fall to 207K

	1 Week Return 14.03.22 to 21.03.22		Year to Date Return 01.01.22 to 21.03.2022	
	Local Currency	Euro	Local Currency	Euro
World	6.5%	5.9%	-6.6%	-3.8%
U.S.	7.4%	6.7%	-6.7%	-4.0%
Europe	4.6%	4.6%	-8.1%	-8.1%
Ireland	7.6%	7.6%	-11.7%	-11.7%
U.K.	2.9%	3.3%	2.7%	2.7%
Japan	5.7%	4.0%	-4.8%	-5.3%
Hong Kong	5.1%	4.6%	-1.4%	1.1%
Corporate Bonds	0.3%	0.3%	-5.4%	-5.4%
Sovereign Bonds	-0.7%	-0.7%	-5.9%	-5.9%

Equities

- Global stocks were up last week by 5.9% in euro terms and up 6.5% in local terms.
- Year-to-date global markets are down -3.8% in euro terms and -6.6% in local terms.
- The U.S market, the largest in the world, was up 5.9% in euro terms and 6.5% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 2.18% last week. The German equivalent finished at 0.39%. The Irish 10-year bond yield finished at 0.98% to remain in positive territory.
- The Euro/U.S. Dollar exchange rate finished at 1.11, whilst Euro/GBP finished at 0.84.

Commodities

- Oil finished the week at $109 per barrel and is up 48.8% year-to-date in euro terms.
- Gold finished the week at $1925 per troy ounce and is up 8.2% year-to-date in euro terms.
- Copper finished the week at $10,327 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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