Stocks lower on 'goldilocks' jobs report

Global stock markets finished last week slightly in negative territory, as US markets dropped into the close on Friday on the back of the monthly jobs report. Headline non-farm payrolls rose by 390,000, comfortably above the consensus estimate of 320,000. Interestingly, total employment is now just ½ a percent lower than its pre-covid level. The unemployment rate remained at 3.6% for the third month in a row, however underemployment rose slightly. This 'goldilocks' concept of 'not too hot; not too cold' did little to dissuade the market that the Federal Reserve will continue on its monetary tightening path over the coming months. The looming spectre of higher interest rates was also evident in Friday's consumer confidence report for May, with workers becoming less confident in relation to job prospects. Friday also saw the release of US services PMI data. The headline figure fell to 55.9, which is the lowest level in over a year. However, it does remain above the key 50 expansion level.

Within the eurozone, ECB Chief Economist Philip Lane echoed comments made previously by President Lagarde by stating that asset purchases could end by Autumn. The consensus is now firmly for a number of 0.25% interest rate hikes this year, most likely beginning at the July meeting. Last week's eurozone inflation release did little to dampen the enthusiasm of interest rate hawks, with the May release coming in at 8.1% YoY – exceeding expectations.

The economic consequences of China's Zero-Covid strategy is becoming more evident in data releases. Manufacturing PMIs ticked up in May to 49.6 from 47.4, whilst services moved to 47.8 from 41.9. Both still in contraction territory, but equally signalling an improvement. In Japan, equities rose strongly as a result of the continuing Chinese economic reopening and Japan's own easing of border controls.

Our regular market information continues on the next page.

Snapshot

Up:

Oil

Copper

Down:

World Equities

Corporate Bonds

Sovereign Bonds

Gold

The week ahead

8 June	Eurozone GDP figures for Q1 go to print.
9 June	The ECB meets for its latest interest rate decision.
10 June	US and Chinese CPI figures for May are published.

	1 Week Return 30.05.22 to 06.06.22		Year to Date Return 01.01.22 to 06.06.22	
	Local Currency	Euro	Local Currency	Euro
World	-0.9%	-0.3%	-13.0%	-7.7%
U.S.	-0.8%	-0.3%	-14.3%	-9.1%
Europe	-0.7%	-0.7%	-9.8%	-9.8%
Ireland	-2.6%	-2.6%	-19.3%	-19.3%
U.K.	0.4%	0.2%	7.4%	5.6%
Japan	0.9%	-1.4%	-2.1%	-8.9%
Hong Kong	1.4%	2.0%	-2.2%	3.1%
Corporate Bonds	-1.4%	-1.4%	-10.1%	-10.1%
Sovereign Bonds	-3.3%	-3.3%	-16.7%	-16.7%

Equities

- Global stocks were down last week by -0.3% in euro terms and -0.9% in local terms.
- Year-to-date global markets are down -7.7% in euro terms and -13.0% in local terms.
- The U.S market, the largest in the world, was down -0.3% in euro terms and -0.8% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 3.04% last week. The German equivalent finished at 1.32%. The Irish 10-year bond yield finished at 1.87%.
- The Euro/U.S. Dollar exchange rate finished at 1.07, whilst Euro/GBP finished at 0.85.

Commodities

- Oil finished the week at $119 per barrel and is up 67.5% year-to-date in euro terms.
- Gold finished the week at $1,841 per troy ounce and is up 7.0% year-to-date in euro terms.
- Copper finished the week at $9,743 per tonne.

Figures are calculated using Total Returns Indices.

Warning: Past performance is not a reliable guide to future performance.
Warning: The value of your investment may go down as well as up.
Warning: Benefits may be affected by changes in currency exchange rates.
Warning: If you invest in this product you may lose some or all of the money you invest.

Zurich Life Assurance plc
Zurich House, Frascati Road, Blackrock, Co. Dublin, Ireland.
Telephone: 01 283 1301 Fax: 01 283 1578 Website: www.zurich.ie

GR: 5685 Print Ref: ZL ISA 5685 0121