Inflation spikes, preceding this week's interest rate hikes

Equities fell once again last week, to extend losses for the year. The week started on a positive note before Friday's US inflation data resulted in sharp declines into the weekend close. May consumer price inflation came in at 8.6% (YoY) versus expectations of 8.2%, whilst the core figure (which strips out energy and food) was 6.0% versus a forecast of 5.9%. The Federal Reserve is now almost certain to raise interest rates this Wednesday to 1.5% (a 0.5% increase), with many commentators even calling for a 0.75% move following last week's data. The Bank of England is also expected to raise rates on Thursday, whilst the Bank of Japan looks set to buck the trend by keeping rates unchanged on Friday. Whilst the reduction in core US inflation was a positive, the market is firmly positioned for aggressive interest rate hiking throughout the summer.

Shorter term US treasuries, in particularly the two-year bond, are most sensitive to interest rate changes. With that, we saw the 2-year yield jump 0.2% to finish the week above 3.0% and is now at its highest level since 2008. Consumer sentiment also took a hit, as the preliminary June reading came in at 50.2- a record low.

The ECB took another step to 'normalising' interest rate policy in the currency bloc, by announcing that net purchases in its APP QE programme would cease from 1st July. Although rates were kept on hold last week; increases in July, September, and again before the year end have now been well flagged. In the UK, domestic politics dominated the narrative, with Prime Minister Johnson surviving a no-confidence vote last Monday. However, he remains under pressure both domestically and internationally in relation to his plans for the Northern Ireland Protocol.

Our regular market information continues on the next page.

Snapshot

Oil

Gold

World Equities

Corporate Bonds

Sovereign Bonds

Copper

The week ahead	
15 June	A 50bps rate increase is expected from the Federal Reserve.
16 June	The Bank of England meets, where a 25bps rate increase is forecast.
17 June	No change in rates expected from the Bank of Japan, as UK Retail Sales also goes to print.

	1 Week Return 06.06.22 to 13.06.22		Year to Date Return 01.01.22 to 13.06.22	
	Local Currency	Euro	Local Currency	Euro
World	-5.3%	-3.6%	-17.6%	-11.0%
U.S.	-5.4%	-3.7%	-18.9%	-12.4%
Europe	-5.0%	-5.0%	-14.4%	-14.4%
Ireland	-6.3%	-6.3%	-24.4%	-24.4%
U.K.	-3.6%	-3.5%	3.5%	1.9%
Japan	0.2%	-0.2%	-1.9%	-9.1%
Hong Kong	-1.3%	0.5%	-3.4%	3.6%
Corporate Bonds	-3.3%	-3.3%	-13.1%	-13.1%
Sovereign Bonds	-2.4%	-2.4%	-18.3%	-18.3%

Equities

- Global stocks were down last week by -3.6% in euro terms and -5.3% in local terms.
- Year-to-date global markets are down -11.0% in euro terms and -17.6% in local terms.
- The U.S market, the largest in the world, was down -3.7% in euro terms and -5.4% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 3.23% last week. The German equivalent finished at 1.55%. The Irish 10-year bond yield finished at 2.26%.
- The Euro/U.S. Dollar exchange rate finished at 1.05, whilst Euro/GBP finished at 0.86.

Commodities

- Oil finished the week at $119 per barrel and is up 71.0% year-to-date in euro terms.
- Gold finished the week at $1,855 per troy ounce and is up 10.0% year-to-date in euro terms.
- Copper finished the week at $9,447 per tonne.

Figures are calculated using Total Returns Indices.

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Intended for distribution within the Republic of Ireland.

GR: 5685 Print Ref: ZL ISA 5685 0121

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