

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.

Source: MSCI. The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (www.msci.com)

Source ICE Data Indices, LLC ("ICE DATA"), is used with permission. ICE DATA, ITS AFFILIATES AND THEIR RESPECTIVE THIRD PARTY SUPPLIERS DISCLAIM ANY AND ALL WARRANTIES AND REPRESENTATIONS, EXPRESS AND/OR IMPLIED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, INCLUDING THE INDICES, INDEX DATA AND ANY DATA INCLUDED IN, RELATED TO, OR DERIVED THEREFROM. NEITHER ICE DATA, ITS AFFILIATES NOR THEIR RESPECTIVE THIRD PARTY PROVIDERS SHALL BE SUBJECT TO ANY DAMAGES OR LIABILITY WITH RESPECT TO THE ADEQUACY, ACCURACY, TIMELINESS OR COMPLETENESS OF THE INDICES OR THE INDEX DATA OR ANY COMPONENT THEREOF, AND THE INDICES AND INDEX DATA AND ALL COMPONENTS THEREOF ARE PROVIDED ON AN "AS IS" BASIS AND YOUR USE IS AT YOUR OWN RISK. ICE DATA, ITS AFFILIATES AND THEIR RESPECTIVE THIRD PARTY SUPPLIERS DO NOT SPONSOR, ENDORSE, OR RECOMMEND ZURICH LIFE ASSURANCE PLC, OR ANY OF ITS PRODUCTS OR SERVICES.

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

Zurich Life Assurance plc is regulated by the Central Bank of Ireland.

Intended for distribution within the Republic of Ireland.

GR: 5685 Print Ref: ZL ISA 5685 0121

