

# Stocks Move Higher as Debt Talks Rumble On

US stocks finished the week up 2.1% in euro terms last week as investors priced in the possibility of a deal being struck in Washington that would end the current debt ceiling impasse. On Thursday, news of a potential vote being carried out saw US stocks rise to their highest levels since August of last year. Unfortunately, the week ended with Republican officials walking out of negotiations in Washington, leaving further uncertainty for investors as to the US's short-term ability to repay its debts. Earlier in the week economic data suggested a robust economy with industrial production data surprising to the upside, increasing 0.5% well above expectations of a flat result. US retail sales came in slightly below expectations however, rising by 0.4% despite expectations of a 0.7% figure. Core retail sales which exclude autos, gasoline, building materials and food rose 0.7% for the month of April in line with expectations.

In Europe, Germany's Dax Index which comprises of Germany's 40 largest companies, hit a record high on Friday after positive earnings reports improved sentiment. Large German car manufacturers and industrial stocks have benefited from a more positive outlook for Europe. A milder than expected winter and increased trading with China has meant European economies may indeed avoid recession which had been a fixture of European investor sentiment for the previous number of months. In the UK, the May consumer confidence figure rose to its highest level in over a year, rising by 3 points to a figure of -27. This came as the Bank of England changed its outlook for the UK economy, stating it no longer expects a recession.

Stocks in Asia Pacific did not have as positive a week, with Hong Kong equities down considerably on the back of poor US-China relations. In contrast however Japanese equities rallied because of improved sentiment and increased investor inflows. Many investors have re-evaluated their position on Japan in 2023, which has gained 16.2% year to date.

**Our regular market information continues on the next page.**

## Snapshot



World Equities



Corporate Bonds

Sovereign Bonds

Oil

Gold

Copper

## The week ahead

23 May

Global Manufacturing and Services PMIs are released.

24 May

US Q1 GDP figure is issued.

26 May

US Core PCE Price Index goes to print.



	1 Week Return 15.05.23 to 22.05.23		Year to Date Return 31.12.22 to 22.05.23	
	Local Currency	Euro	Local Currency	Euro
World	0.9%	1.6%	10.1%	8.9%
U.S.	1.3%	2.1%	9.7%	8.6%
Europe	0.8%	0.8%	13.8%	13.8%
Ireland	1.1%	1.1%	24.6%	24.6%
U.K.	-0.2%	-0.1%	5.6%	8.1%
Japan	2.7%	1.7%	16.2%	9.5%
Hong Kong	-2.8%	-1.9%	-6.0%	-7.2%
Corporate Bonds	-0.6%	-0.6%	0.7%	0.7%
Sovereign Bonds	-1.4%	-1.4%	1.3%	1.3%

### Equities

- Global stocks were up last week by 1.6% in euro terms and up 0.9% in local terms.
- Year-to-date global markets are up 8.9% in euro terms and 10.1% in local terms.
- The U.S. market, the largest in the world, finished at 2.1% in euro terms and 1.3% in local terms.

### Fixed Income & FX

- The U.S. 10-year yield finished at 3.65% last week. The German equivalent finished at 2.43%. The Irish 10-year bond yield finished at 2.87%.
- The Euro/U.S. Dollar exchange rate finished at 1.08, whilst Euro/GBP finished at 0.87.

### Commodities

- Oil finished the week at \$71 per barrel and is down -12.8% year-to-date in euro terms.
- Gold finished the week at \$1,975 per troy ounce and is up 7.3% year-to-date in euro terms.
- Copper finished the week at \$8,201 per tonne.

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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](http://www.zurich.ie)

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