

US stocks gain as Fed pauses rate hikes

Last week saw the Federal Reserve decide on pausing its interest rate hiking policy for the first time in over a year. The decision, which came on Wednesday after a meeting of the Federal Open Market Committee, saw US stocks rise throughout Thursday and Friday. Following the verdict however, the Fed did reiterate its hawkish stance, implying there is still more rate hikes to come. Much of the market has currently priced in one further 0.25% increase in 2023.

The decision to pause did not come as a surprise to many as earlier in the week favourable consumer price index (CPI) figures suggested inflation is moderating in the US. On Tuesday, the May US CPI print came in just 0.1% higher, its lowest level in over 2 years. Annual inflation now stands at 4% down from 4.9% in the previous month. US stocks were also boosted throughout last week as economic indicators suggested some signs of labour market softening with US initial jobless claims standing at their highest levels in over a year.

In the Eurozone a similar story ended with a different outcome as the European Central Bank continued its path of raising rates. On Thursday the ECB increased the benchmark deposit rate by 0.25% to now stand at 3.5%, its highest level since 2001. ECB president Christine Lagarde continued to remain hawkish in her stance following the decision, reiterating the likelihood of rates increasing again in July.

In the Asia Pacific region Japan continued to notch gains last week returning 3.0% in local terms. The Bank of Japan also reiterated its ultra-loose monetary policy last week continuing to remain an outlier in global terms. In China equities also provided gains as interest rates were lowered to combat low growth following the country's post pandemic reopening. Many investors expect further stimulus in this region as China's economy has missed projected targets over the last number of weeks.

Our regular market information continues on the next page.

Snapshot



World Equities

Oil

Copper



Corporate Bonds

Sovereign Bonds

Gold

The week ahead

21 June	UK CPI figure goes to print.
22 June	US Initial Jobless Claims report is issued.
23 June	Global Manufacturing and Services PMIs published.



	1 Week Return 12.06.23 to 19.06.23		Year to Date Return 31.12.22 to 19.06.23	
	Local Currency	Euro	Local Currency	Euro
World	2.0%	0.3%	14.9%	12.2%
U.S.	1.7%	0.0%	15.8%	13.1%
Europe	1.3%	1.3%	13.3%	13.3%
Ireland	3.5%	3.5%	24.8%	24.8%
U.K.	0.8%	1.6%	4.1%	8.3%
Japan	3.0%	0.0%	24.6%	13.5%
Hong Kong	1.1%	-0.3%	-3.6%	-6.0%
Corporate Bonds	-1.1%	-1.1%	0.2%	0.2%
Sovereign Bonds	-0.2%	-0.2%	2.6%	2.6%

Equities

- Global stocks were up last week by 0.3% in euro terms and up 2.0% in local terms.
- Year-to-date global markets are up 12.2% in euro terms and 14.9% in local terms.
- The U.S market, the largest in the world, finished at 0.0% in euro terms and 1.7% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 3.76% last week. The German equivalent finished at 2.49%. The Irish 10-year bond yield finished at 2.85%.
- The Euro/U.S. Dollar exchange rate finished at 1.09, whilst Euro/GBP finished at 0.85.

Commodities

- Oil finished the week at \$71 per barrel and is down -12.6% year-to-date in euro terms.
- Gold finished the week at \$1,950 per troy ounce and is up 4.9% year-to-date in euro terms.
- Copper finished the week at \$8,555 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

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