

Equities slip on subsiding 'soft landing' expectations

Equities slipped once again last week as the 'soft landing' narrative was challenged in the face of some weak economic data. In the US, housing data was weak with new home sales falling 8.7% in August as higher interest rates impacts on mortgage affordability and demand. 30-year US mortgage rates are now firmly above 7% and at their highest level in over 20 years.

Stocks and bonds were both lower, with the fourth consecutive weekly decline in equities dragging US stocks lower for the third quarter. Other economic data was mixed, with personal spending coming in at a tepid 0.1% increase in August, whilst durable goods orders showed some surprising resilience. However, there was more positive news from the US over the weekend, as Congress agreed a short-term funding deal to avoid a government shutdown. In the UK, economic growth for the 1st quarter of 2023 surprised as it was revised upwards to 0.3% from 0.1%.

The week also ended on a brighter note in the Eurozone, with Consumer Price Inflation (CPI) slowing to 4.3% in September from 5.2% in August. The core release also registered a drop, moving from 5.3% to 4.5%. Other economic releases indicated a drop in economic confidence in the single currency bloc and, when combined with the CPI release, lead markets to forecast no rate increase for when the ECB next meets later this month. On currency markets, Sterling, and the Euro both hit six-month lows against the US Dollar. Overall, the softer inflation data, coupled with the end of the historical poor month of September, means that markets will enter the new week on a more optimistic footing.

Our regular market information continues on the next page.

Snapshot



Copper
Oil



World Equities
Corporate Bonds
Sovereign Bonds
Gold

The week ahead

| | |
|--------|---|
| 02 Oct | Global Manufacturing data is published. |
| 04 Oct | Global Services PMI data goes to print. |
| 06 Oct | US nonfarm payroll and unemployment data is released. |



| | 1 Week Return 25.09.23 to 02.10.23 | | Year to Date Return 31.12.22 to 02.10.23 | |
|-----------------|---------------------------------------|-------|---|--------|
| | Local Currency | Euro | Local Currency | Euro |
| World | -0.9% | -0.9% | 11.1% | 12.0% |
| U.S. | -1.0% | -1.1% | 13.1% | 14.0% |
| Europe | 0.0% | 0.0% | 9.2% | 9.2% |
| Ireland | 0.9% | 0.9% | 18.0% | 18.0% |
| U.K. | -0.1% | -0.2% | 5.2% | 7.6% |
| Japan | -1.9% | -2.2% | 25.8% | 12.1% |
| Hong Kong | 0.5% | 0.2% | -17.3% | -16.9% |
| Corporate Bonds | -0.1% | -0.1% | -0.4% | -0.4% |
| Sovereign Bonds | -1.1% | -1.1% | -1.4% | -1.4% |

Equities

- Global stocks were down last week by -0.9% in euro terms and -0.9% in local terms.
- Year-to-date global markets are up 12.0% in euro terms and 11.1% in local terms.
- The U.S market, the largest in the world, finished down -1.1% in euro terms and -1.0% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 4.62% last week. The German equivalent finished at 2.84%. The Irish 10-year bond yield finished at 3.24%
- The Euro/U.S. Dollar exchange rate finished at 1.06, whilst Euro/GBP finished at 0.87.

Commodities

- Oil finished the week at \$91 per barrel and is up 15.0% year-to-date in euro terms.
- Gold finished the week at \$1,841 per troy ounce and is up 2.3% year-to-date in euro terms.
- Copper finished the week at \$8,213 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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