Markets falter amidst rate concerns and geopolitical risk

Last week saw markets decline as a combination of forces affected investor sentiment. As the situation in the Middle East deteriorates, millions of lives have been put at risk. Globally, concern has risen as a result. Although of trivial importance in comparison to the wellbeing of people in the region, market sentiment weakened following news of escalation. The 'risk-off' atmosphere in markets persisted throughout the week as bond yields rose. The benchmark 10 Year US Treasury yield approached 5% towards the end of the week, a level not seen since 2007.

Comments from Federal Reserve Chairman Jerome Powell, also saw markets pull back further as he stated that growth remains persistently above trend and that tightness in the labour market is no longer easing. This prompted many investors to expect higher interest rates for longer. The remarks were complemented by US macro data releases such as US retail sales which were released on Tuesday. The figures showed that Sales rose 0.7% last month, above expectations of a 0.3% figure portraying continued consumer strength in the world's largest economy. On Thursday, the US Initial Jobless claims showed that the number of US citizens filing new claims for unemployment benefits fell to a nine-month low decreasing by 13,000 to a figure of 198,000.

In Europe, stocks declined -3.6% largely due to the increased level of geopolitical risk. Many commentators voiced concern over the prospect of rising oil prices contributing to inflationary pressures amidst a rise in geopolitical tensions. The Benchmark German 10 Year Bund yield rose to 2.94% as a result, approaching its recent 12 year high. A number of poor earnings releases contributed to the downward push for equities. Companies such as the Finnish telecoms company Nokia and French auto maker Renault were examples of companies that missed expectations for Quarter 3 sales, driving down share prices.
In China, the country's largest property developer, Country Garden, missed the deadline to make an offshore coupon payment of USD15.4 million, effectively putting the company in default. The news brought renewed distrust of the Chinese real estate market which has continued to be a factor in the country's slow growth.

Our regular market information continues on the next page.

Snapshot

Up:
Gold
Oil
Copper

Down:
World Equities
Corporate Bonds
Sovereign Bonds

The week ahead

24 Oct	US Manufacturing & Services PMIs are released.
26 Oct	European Central Bank Interest Rate decision.
27 Oct	US Core PCE Price Index goes to print.

	1 Week Return 16.10.23 to 23.10.23		Year to Date Return 31.12.22 to 23.10.23	
	Local Currency	Euro	Local Currency	Euro
World	-3.3%	-3.6%	8.7%	9.6%
U.S.	-3.5%	-3.8%	11.4%	12.2%
Europe	-3.6%	-3.6%	5.1%	5.1%
Ireland	-6.8%	-6.8%	9.0%	9.0%
U.K.	-2.9%	-3.6%	2.7%	4.5%
Japan	-1.0%	-1.5%	22.4%	8.6%
Hong Kong	-2.0%	-2.4%	-18.9%	-18.4%
Corporate Bonds	-0.8%	-0.8%	0.6%	0.6%
Sovereign Bonds	-1.3%	-1.3%	-2.1%	-2.1%

Equities

- Global stocks were down last week by -3.6% in euro terms and up slightly by -3.3% in local terms.
- Year-to-date global markets are up 9.6% in euro terms and 8.7% in local terms.
- The U.S market, the largest in the world, finished up -3.8% in euro terms and -3.5% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 4.99% last week. The German equivalent finished at 2.94%. The Irish 10-year bond yield finished at 3.37%
- The Euro/U.S. Dollar exchange rate finished at 1.06, whilst Euro/GBP finished at 0.87.

Commodities

- Oil finished the week at $87 per barrel and is up 9.8% year-to-date in euro terms.
- Gold finished the week at $1,976 per troy ounce and is up 9.6% year-to-date in euro terms.
- Copper finished the week at $7,880 per tonne.

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

GR: 5685 Print Ref: ZL ISA 5685 0121

ZURICH