Markets focus on policy rather than virus to move higher

Snapshot

World Equities
Sovereign Bonds
Copper
Gold
Oil

Corporate Bonds

The week ahead

23 June	Flash US, EMU & UK PMIs go to print.
25 June	The final Q1 GDP figures for the U.S. are released.
26 June	U.S. consumer sentiment for June is confirmed.

Markets closed higher last week in a rebound following the sharp fall the week before. Tech stocks once again led the market, briefly getting close to their all-time highs. Energy stocks also rebounded on hopes of increased economic activity whilst the Federal Reserve announce late Monday evening that they would begin to purchase individual corporate debt securities.

US Retail Sales kicked off the week strongly, rising 17.7% over the one month to May. The increase was larger than any of the submitted forecasts. However, factory data and weekly jobs claims disappointed as US Industrial Production rose 1.3%, versus a forecast of 3.0%. The unemployment data also remained stubbornly high. Chinese data also produced mixed messages with Industrial Production up 4.4% (year-on-year) whilst Retail Sales were down 2.8% over the same period.

From a policy perspective the Bank of England expanded its asset purchase target by £100bn but the hawkish tone in some of the remarks failed to enthuse the market. The EU began formal negotiations on the $750bn stimulus package. Representatives from all 27 member states joined the call with initial sticking points including how to fund the package and perhaps more interestingly how it should be distributed. The so called 'Frugal Four' of Austria, Denmark, Sweden and The Netherlands have voiced opposition to adding to a spiralling debt burden within the currency bloc.

In respect to the virus itself, the WHO announced yesterday that Saturday saw the highest amount of new cases recorded in 24 hours, with more than 183,000 documented. The infection rate is also increasing in some US states, with Florida seeing the biggest daily increase since the start of the pandemic. Overall, markets have been relatively sanguine in response to the news, somewhat taking the view that there is a 'playbook' in place now in dealing with outbreaks. Research in relation to developing a vaccine continues.

Our regular market information continues on the next page.

	1 Week Return 15.06.20 to 22.06.20		Year to Date Return 01.01.20 to 22.06.20	
	Local Currency	**Euro**	**Local Currency**	**Euro**
World	1.7%	2.6%	-6.3%	-6.0%
U.S.	1.1%	2.1%	-3.2%	-3.3%
Europe	3.7%	3.7%	-9.3%	-9.3%
Ireland	4.4%	4.4%	-9.4%	-9.4%
U.K.	3.6%	3.1%	-17.4%	-22.6%
Japan	3.4%	4.7%	-7.5%	-6.0%
Hong Kong	3.8%	4.8%	-11.3%	-10.9%
Corporate Bonds	-0.1%	-0.1%	-0.9%	-0.9%
Sovereign Bonds	0.7%	0.7%	2.5%	2.5%

Equities

- All major markets moved upwards last week, led by Asia and Europe over the US. Currency movements also helped Irish investors
- The influential U.S. market was up 1.7% in local terms and 2.6% in Euro terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 0.70% last week. The German equivalent finished at -0.43%. The Irish 10 year bond yield finished at 0.04%.
- The Euro/U.S. Dollar exchange rate finished at 1.12, whilst Euro/GBP was at 0.90.

Commodities

- Oil finished the week at $40 per barrel.
- Gold finished the week at $1,748 per troy ounce up 15.3% year to date in local terms and 15.2% year to date in Euro terms.
- Copper finished the week at $5,829 per tonne and is now down 5.3% for 2020.

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GR: 3399 Print Ref: ZL ISA 3399 1218

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