

Markets move higher, as Fed announces policy shift

Snapshot



World Equities

Oil

Gold

Copper



Sovereign Bonds

Corporate Bonds

The week ahead

1
Sep

The latest German unemployment data is published.

3
Sep

U.S. non-manufacturing PMI data is released.

4
Sep

U.S. non-farm payrolls for August go to print

U.S. markets hit another record high last week, and remain on course for their best summer since the 1930s. Markets were buoyed by positive treatment developments, including news from Abbot, who announced plans for a 15 minute test available at just \$5. Overall market volumes were weak as many market participants enjoyed the last of the summer holidays. Growth stocks (namely those in the Tech and Communications sectors) outperformed as 'Value' stocks lagged once again.

The biggest policy news of the week was Fed Chair Powell's speech at the Jackson Hole Symposium on Thursday. In a somewhat forecast announcement Powell stated that the monetary policy framework of the Fed would transition to a concept of allowing average inflation to be 'around its 2% target' and that it would also allow 'above-maximum' employment'. The general consensus is that this will lead to interest rates being lower for longer. Bond yields rose as a result of the potential implications of the policy shift.

Economic data last week was mixed, as the U.S. housing market continued to show resilience whilst consumer confidence fell back in August, and is now at its lowest level since 2014. Eurozone stocks were helped by further stimulus announcements from both Germany and France and by rising business sentiment in Germany, the Eurozone's largest economy. In Japan, Prime Minister Abe, who has been in office since late 2012, resigned citing health concerns. Japanese assets showed some volatility on the initial news but the general market sentiment is that any potential successor is unlikely to deviate significantly from current economic policies.

Our regular market information continues on the next page.

| | 1 Week Return 24.08.20 to 31.08.20 | | Year to Date Return 01.01.20 to 31.08.20 | |
|-----------------|---------------------------------------|-------|---|--------|
| | Local Currency | Euro | Local Currency | Euro |
| World | 1.6% | 0.9% | 4.2% | -1.7% |
| U.S. | 2.3% | 1.3% | 10.1% | 3.7% |
| Europe | -0.5% | -0.5% | -7.7% | -7.7% |
| Ireland | -0.6% | -0.6% | -3.9% | -3.9% |
| U.K. | -2.4% | -1.4% | -22.3% | -26.3% |
| Japan | -0.2% | -0.9% | -5.9% | -8.9% |
| Hong Kong | 0.5% | -0.5% | -5.9% | -10.9% |
| Corporate Bonds | -0.5% | -0.5% | 0.6% | 0.6% |
| Sovereign Bonds | -1.1% | -1.1% | 3.6% | 3.6% |

| Equities | Fixed Income & FX | Commodities |
|---|--|--|
| <ul style="list-style-type: none"> Global markets were up last week by 0.9% in euro terms and 1.6% in local terms. Year to date the U.K. market is down -22.3% in local terms and -26.3% in euro terms. In contrast, the influential U.S. Market is up 10.1% in local terms and 3.7% in Euro terms year to date. | <ul style="list-style-type: none"> The U.S. 10-year yield finished at 0.72% last week. The German equivalent finished at -0.40%. The Irish 10 year bond yield finished at -0.05%. The Euro/U.S. Dollar exchange rate finished at 1.19, whilst Euro/GBP finished at 0.89. | <ul style="list-style-type: none"> Oil finished the week at \$43 per barrel. Gold finished the week at \$1,964 per troy ounce up 28.3% year to date in local terms and 21.7% year to date in Euro terms. Copper finished the week at \$6,697 per tonne. |

Source: MSCI. The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (www.msci.com)

Source ICE Data Indices, LLC ("ICE DATA"), is used with permission. ICE DATA, ITS AFFILIATES AND THEIR RESPECTIVE THIRD PARTY SUPPLIERS DISCLAIM ANY AND ALL WARRANTIES AND REPRESENTATIONS, EXPRESS AND/OR IMPLIED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, INCLUDING THE INDICES, INDEX DATA AND ANY DATA INCLUDED IN, RELATED TO, OR DERIVED THEREFROM. NEITHER ICE DATA, ITS AFFILIATES NOR THEIR RESPECTIVE THIRD PARTY PROVIDERS SHALL BE SUBJECT TO ANY DAMAGES OR LIABILITY WITH RESPECT TO THE ADEQUACY, ACCURACY, TIMELINESS OR COMPLETENESS OF THE INDICES OR THE INDEX DATA OR ANY COMPONENT THEREOF, AND THE INDICES AND INDEX DATA AND ALL COMPONENTS THEREOF ARE PROVIDED ON AN "AS IS" BASIS AND YOUR USE IS AT YOUR OWN RISK. ICE DATA, ITS AFFILIATES AND THEIR RESPECTIVE THIRD PARTY SUPPLIERS DO NOT SPONSOR, ENDORSE, OR RECOMMEND ZURICH LIFE ASSURANCE PLC, OR ANY OF ITS PRODUCTS OR SERVICES.

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
 Zurich Life Assurance plc is regulated by the Central Bank of Ireland.

Intended for distribution within the Republic of Ireland.

GR: 3399 Print Ref: ZL ISA 3399 1218

