

Equities fall as case numbers rise

Snapshot



Sovereign Bonds
Corporate Bonds
Oil
Copper



World Equities
Gold

The week ahead

16 Dec PMI data from US, EMU, UK, and Japan all goes to print as the Fed also meets.

17 Dec No change in policy is expected as the Bank of England meets.

18 Dec The Bank of Japan meets, and the latest U.K. Retail Sales data is published.

Equities hit new highs in the middle of last week, before closing the period in negative territory. The U.S. saw its deadliest day ever for the virus, and political gridlock continued in respect to a stimulus package. Many U.S. households will see their unemployment benefits removed at the end of this year, and the additional 853,000 jobless claims last week serves as a timely reminder for the need for a policy response. Negotiations on a \$908bn deal continue.

Last Thursday the ECB boosted its bond purchasing programme by \$500bn and also extended it into 2022. The move naturally boosted bonds, but some of the negative commentary, combined with stubbornly high case numbers, led eurozone stocks lower for the week. The weakening U.S. Dollar versus the Euro also reduced returns for Irish investors in U.S. equities.

Brexit talks are continuing as negotiators were urged to 'go the extra mile' in an attempt to secure a deal before the hard deadline at the end of the month. Expectations of a 'No Deal' have been growing and U.K. related assets could see further volatility over the coming weeks. Germany will go into a hard lockdown on Wednesday as case numbers remain stubbornly high. Whilst the forward-looking nature of equity markets means the vaccine roll out remains the key focus, it is also worth acknowledging the damage still being wrought by the virus worldwide. In terms of the vaccine itself, U.S. regulators approved the Pfizer-Biotech product on Friday with a rollout expected imminently. Approval within the eurozone is also envisaged before Christmas with implementation plans currently being devised across individual member states.

Our regular market information continues on the next page.

	1 Week Return 07.12.20 to 14.12.20		Year to Date Return 01.01.20 to 14.12.20	
	Local Currency	Euro	Local Currency	Euro
World	-0.5%	-0.3%	12.9%	4.7%
U.S.	-0.7%	-0.5%	17.5%	8.9%
Europe	-0.6%	-0.6%	-0.6%	-0.6%
Ireland	-1.0%	-1.0%	6.2%	6.2%
U.K.	-0.1%	-0.7%	-11.9%	-18.6%
Japan	1.1%	1.4%	6.9%	3.7%
Hong Kong	0.9%	1.1%	2.7%	-4.3%
Corporate Bonds	0.1%	0.1%	2.9%	2.9%
Sovereign Bonds	1.0%	1.0%	7.9%	7.9%

Equities

- Global markets were down last week by -0.3% in euro terms and -0.5% in local terms.
- Year to date the U.K. market is down -18.6% in euro terms and -11.9% in local terms.
- The influential U.S. Market was down -0.5% in euro terms and -0.7% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 0.92% last week. The German equivalent finished at -0.62%. The Irish 10-year bond yield finished at -0.31%.
- The Euro/U.S. Dollar exchange rate finished at 1.21, whilst Euro/GBP finished at 0.90.

Commodities

- Oil finished the week at \$47 per barrel.
- Gold finished the week at \$1,824 per troy ounce up 20.2% year to date in local terms and 10.9% year to date in Euro terms.
- Copper finished the week at \$7,755 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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