

Stocks pull back as sentiment shifts

Stocks fell for only the second month in 2021 as fears in relation to inflation and interest rates roiled equity and bond markets. A rally late on Friday reduced the losses but growth stocks underperformed, with energy the only sector to notch gains for the week. Concerns from both a monetary and fiscal perspective in the US were evident. US treasury yields rose as the policy path of the US Federal Reserve is seen as increasingly hawkish – albeit from a very loose base.

From a fiscal perspective Treasury Secretary Yellen once again warned that the debt ceiling would have to be raised for the US government to meet its obligations, and Biden's infrastructure plan faltered once more as an approval vote was delayed. Concerns were somewhat eased on Thursday as 15 Republican Senators joined Democrats to avert a government shutdown, in a separate issue to the debt ceiling.

In US data, PCE (the Fed's preferred measure of inflation) came in at a consensus annualised rate of 3.6% whilst durable goods orders rose 1.8% in August, well above a consensus estimate of 0.7%. Both measures suggest that an economic expansion is continuing, although newswires are littered with consistent reports of supply chain blockages affecting individual company prospects. Chinese PMI data was mixed, as the services measure rose back above 50 in September whilst the manufacturing figure dropped to 57.5 (albeit still in expansion territory). Eurozone equities and bonds took their lead from the US last week, with both major asset classes posting negative returns. Inflation rose to 3.4% in September, with the German component rising to a 29 year high. EU Finance Ministers meet this morning with the item certain to be top of the agenda..

Our regular market information continues on the next page.

Snapshot



Corporate Bonds

Oil
Gold



World Equities
Sovereign Bonds
Copper

The week ahead

4 Oct

OPEC meets to discuss additional oil output.

5 Oct

Eurozone and UK PMIs for September go to print.

8 Oct

The closely watched US non-farm payrolls data is published.



	1 Week Return 27.09.21 to 04.10.21		Year to Date Return 01.01.21 to 04.10.21	
	Local Currency	Euro	Local Currency	Euro
World	-2.3%	-1.4%	13.7%	19.9%
U.S.	-2.0%	-1.1%	16.3%	22.7%
Europe	-2.3%	-2.3%	15.1%	15.1%
Ireland	-3.2%	-3.2%	13.8%	13.8%
U.K.	-0.2%	-0.5%	12.8%	17.8%
Japan	-4.3%	-3.4%	12.0%	9.9%
Hong Kong	2.0%	2.9%	-0.1%	5.0%
Corporate Bonds	0.0%	0.0%	-0.9%	-0.9%
Sovereign Bonds	-0.2%	-0.2%	-3.9%	-3.9%

Equities

- Global stocks were down last week by -1.4% in euro terms and -2.3% in local terms.
- Year-to-date global markets are up 19.9% in euro terms and 13.7% in local terms.
- The U.S market, the largest in the world, was down -1.1% in euro terms and -2.0% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 1.49% last week. The German equivalent finished at -0.22%. The Irish 10-year bond yield finished at 0.15% to remain in positive territory.
- The Euro/U.S. Dollar exchange rate finished at 1.16, whilst Euro/GBP finished at 0.86.

Commodities

- Oil finished the week at \$76 per barrel and is up 64.6% year-to-date in euro terms.
- Gold finished the week at \$1,752 per troy ounce and is down -2.9% year-to-date in euro terms.
- Copper finished the week at \$9,135 per tonne.

Source: MSCI. The MSCI information may only be used for your internal use, may not be reproduced or redisseminated 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.

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

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

Intended for distribution within the Republic of Ireland.

GR: 5685 Print Ref: ZL ISA 5685 0121

