

Stocks edge lower on rate expectations

Last week saw US equities have their poorest performance since the March banking turmoil, as investor sentiment lowered on recession fears. Much of the weak market outlook came as a result of hawkish signalling from central banks. On Thursday, the US Initial Jobless Claims report was published, displaying a softer labour market. Unemployment benefit applications remain at their highest level since October of 2021, with last Thursday's report showing that 264,000 new jobless claims were filed. On Friday the release of Purchasing Managers' Index for services and manufacturing indicated that economic activity in the US has begun to slow.

While services remain in expansionary territory (above the figure of 50), the number did fall for the first time in June to 54.1 from 54.9 in May. Manufacturing activity meanwhile has lowered further into contractionary territory dropping to 46.3 from 48.4 in May. US stocks finished the week down -1.1% in euro terms.

In Europe a sell off also occurred as sentiment worsened. Central banks of the UK, Switzerland and Norway all raised interest rates last week. The decision by the Bank of England in particular came as a surprise to many with the Monetary Policy Committee deciding to raise rates by 50 basis points as opposed to consensus expectation of 25. Many investors have speculated whether the hawkish monetary policy observed in Europe over the last number of months will cause a recession and bond yields have lowered as a result. The benchmark 10 Year German bund yield finished the week at 2.33%.

In Asia Pacific, Chinese stocks waned as the economic outlook slowed. Many investors have expected to see stimulus from the Chinese government in order to ignite post covid growth, however last week proved to show little progress.

Our regular market information continues on the next page.

Snapshot



Corporate Bonds
Sovereign Bonds



World Equities
Gold
Copper
Oil

The week ahead

27 June	US CB Consumer Confidence survey is issued.
29 June	US GDP figures go to print.
30 June	Eurozone CPI figures are released.



	1 Week Return 19.06.23 to 26.06.23		Year to Date Return 31.12.22 to 26.06.23	
	Local Currency	Euro	Local Currency	Euro
World	-1.8%	-1.4%	12.6%	10.4%
U.S.	-1.4%	-1.1%	14.1%	11.9%
Europe	-1.8%	-1.8%	10.1%	10.1%
Ireland	-2.7%	-2.7%	20.6%	20.6%
U.K.	-1.6%	-1.9%	1.7%	5.4%
Japan	-1.3%	-2.2%	22.3%	10.1%
Hong Kong	-3.5%	-3.3%	-7.1%	-9.2%
Corporate Bonds	0.6%	0.6%	1.7%	1.7%
Sovereign Bonds	0.9%	0.9%	3.6%	3.6%

Equities

- Global stocks were down last week by -1.4% in euro terms and -1.8% in local terms.
- Year-to-date global markets are up 10.4% in euro terms and 12.6% in local terms.
- The U.S. market, the largest in the world, finished at -1.1% in euro terms and -1.4% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 3.73% last week. The German equivalent finished at 2.33%. The Irish 10-year bond yield finished at 2.73%.
- The Euro/U.S. Dollar exchange rate finished at 1.09, whilst Euro/GBP finished at 0.89.

Commodities

- Oil finished the week at \$69 per barrel and is down -15.8% year-to-date in euro terms.
- Gold finished the week at \$1,927 per troy ounce and is up 3.7% year-to-date in euro terms.
- Copper finished the week at \$8,409 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.

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

