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.

Figures are calculated using Total Returns Indices.

Warning: Past performance is not a reliable guide to future performance.
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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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