US data diminishes rate cut hopes

Last week saw stocks retreat from recent highs as economic data releases in the US prompted investor concern about the Fed's capacity for future rate cuts. The week began with the release of Manufacturing Prices and PMIs (Purchasing Managers Index) which both came in far above expectations. The measure for prices increased to 55.8 in March from 53.3 the previous month, whilst the Manufacturing PMI increased to 50.1 from 47.8, the first time it has reached expansionary territory (a figure above 50.0) in 16 months. Investors viewed the data as evidence that input prices have recently begun to tick upwards despite hawkish monetary policy.

On Wednesday, negative sentiment eased somewhat following the release of US Services PMIs. Activity in the services sector declined to 51.4 in March from 52.6 the previous month, although it remained in expansionary territory. Services prices also declined to 52.4 down from 58.6 the previous month. The week finished with a strong jobs report on Friday. US employers added 303,000 jobs in March Non-Farm Payrolls, far higher than the expected figure of 200,000 by economists. Meanwhile the unemployment rate ticked down to 3.8% from 3.9% the previous month. Whilst the report underpins a strong US economy, its effect on monetary policy remains at the forefront of many investors' minds.

In the Eurozone preliminary estimates of CPI (Consumer Price Index) saw inflation move closer to target, with the headline figure dropping to 2.4% in March, down from 2.6% in February. Core inflation, which excludes the volatile food and energy sectors, declined to 2.9% from 3.1% in February. The news saw many investors re-evaluate the ECB's propensity for rate cuts. The ECB meets this Thursday for its April interest rate decision. Market expectations, however, indicate the central bank will elect to hold rates steady for the time being.

Fact of the Week

US Equity market concentration is at a 58-year high, with the top 10 stocks accounting for 28.6% of total stock market capitalisation.

Our regular market information continues on the next page.

Snapshot

Oil

Copper

Gold

World Equities

Corporate Bonds

Sovereign Bonds

The week ahead

10 Apr	US CPI figures go to print.
11 Apr	ECB makes interest rate decision.
12 Apr	UK GDP figures are released.

	1 Week Return 29.03.24 to 05.04.24		Year to Date Return 31.12.23 to 05.04.24	
	Local Currency	Euro	Local Currency	Euro
World	-1.0%	-1.2%	7.8%	10.1%
U.S.	-0.9%	-1.1%	9.3%	11.6%
Europe	-1.3%	-1.3%	6.9%	6.9%
Ireland	1.5%	1.5%	19.9%	19.9%
U.K.	-0.4%	-0.8%	3.6%	4.7%
Japan	-2.5%	-2.8%	16.2%	10.4%
Hong Kong	0.8%	0.6%	-10.8%	-9.1%
Corporate Bonds	-0.1%	-0.1%	-0.7%	-0.7%
Sovereign Bonds	-1.0%	-1.0%	-1.9%	-1.9%

Equities

- Global stocks were up last week by 0.5% in euro terms and up 0.4% in local terms.
- Year-to-date global markets are up by 11.4% in euro terms and by 8.9% in local terms.
- The U.S market, the largest in the world, finished up 0.5% in euro and 0.4% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 4.4% last week. The German equivalent finished at 2.4%. The Irish 10-year bond yield finished at 2.8%.
- The Euro/U.S. Dollar exchange rate finished at 1.08, whilst Euro/GBP finished at 0.86.

Commodities

- Oil finished the week at $87 per barrel and is up 23.6% year-to-date in euro terms.
- Gold finished the week at $2,330 per troy ounce and is up 15% year-to-date in euro terms.
- Copper finished the week at $9,209 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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GR: 5685 Print Ref: ZL ISA 5685 0121

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