

Stocks slide lower as Fed rolls back rate cut expectations

US Stocks ended the week in negative territory for the third time in a row on Friday, as higher-for-longer interest rate expectations continued to weigh on investors. Early in the week, the US Census Bureau released retail sales figures which came in higher than expected at 0.7% in March, despite economists forecasting a 0.3% figure. The strong performance of retail sales, which suggests the US economy continued to perform well in Q1, has been taken by many as a sign that inflation continues to be running too high. Comments made by Fed Chair Jerome Powell on Tuesday signalled that there may be a delay to rate cuts due to inflation taking “longer than expected” to reach its 2% target. Consensus market estimates now state that the Fed will not cut rates at their June policy meeting.

Last week also saw a flare up in tensions across the Middle East as a result of Israel’s response to a drone strike from Iran the previous week. The strikes were almost all intercepted by Israel’s missile defence system; however, some analysts have noted the potential for an escalation in the region due to retaliatory attacks. Global stocks moved lower on Friday, following Israeli strikes on Iranian air defence facilities. For now, the impact on the price of oil has been muted.

In the Eurozone, policymakers signalled that a June rate cut from the European Central Bank (ECB) may likely be on the cards, with several members of the ECB expressing the view at last week’s IMF meetings. Whilst in the UK, last week saw the release of the consumer price index (CPI), which showed that headline inflation grew by 3.2% in March, down from 3.4% the previous month. The decline in CPI was slightly less than expected due to increases in fuel costs. Bank of England Governor Andrew Bailey appeared dovish in response, noting “strong evidence now that that process is working its way through”.

Fact of the Week

The Vix index, also known as Wall Street’s fear gauge, reached 19.6 last week, its highest level since October 20th.

Our regular market information continues on the next page.

Snapshot



Gold
Copper



World Equities
Corporate Bonds
Sovereign Bonds
Oil

The week ahead

23 Apr

US
Manufacturing
& Services
PMIs go to
print.

25 Apr

Bank of Japan
makes interest
rate decision.

26 Apr

US Core PCE
Price Index is
released.



	1 Week Return 12.04.24 to 19.04.24		Year to Date Return 31.12.23 to 19.04.24	
	Local Currency	Euro	Local Currency	Euro
World	-2.8%	-3.2%	3.2%	6.8%
U.S.	-3.1%	-3.5%	4.2%	7.9%
Europe	-1.0%	-1.0%	5.2%	5.2%
Ireland	0.2%	0.2%	19.6%	19.6%
U.K.	-1.3%	-1.7%	3.6%	4.6%
Japan	-5.0%	-6.4%	12.6%	6.3%
Hong Kong	-4.6%	-4.9%	-16.7%	-14.0%
Corporate Bonds	-0.2%	-0.2%	-1.5%	-1.5%
Sovereign Bonds	-1.4%	-1.4%	-2.6%	-2.6%

Equities

- Global stocks were down last week by -3.2% in euro terms and down - 2.8% in local terms.
- Year-to-date global markets are up by 6.8% in euro terms and by 3.2% in local terms.
- The U.S market, the largest in the world, finished at -3.5% in euro and -3.1% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 4.6% last week. The German equivalent finished at 2.5%. The Irish 10-year bond yield finished at 2.9%.
- The Euro/U.S. Dollar exchange rate finished at 1.06, whilst Euro/GBP finished at 0.86.

Commodities

- Oil finished the week at \$83 per barrel and is up 20.2% year-to-date in euro terms.
- Gold finished the week at \$2,391 per troy ounce and is up 20.1% year-to-date in euro terms.
- Copper finished the week at \$9,797 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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