

ECB lowers interest rates by 25 basis points

US equities had a mixed performance for the week due to indications of a cooling economy and varying signals within the labour market. US job growth surged in May with nonfarm payrolls rising by 272,000, significantly exceeding market expectations of 185,000. However, the unemployment rate edged up to 4.0% in May, up from 3.9% the previous month. Wage inflation increased to 4.1% year on year, up from 4.0% in April. The yield on the 10-year US Treasury bond fell to 4.29%, its lowest level in over two months on Thursday but rebounded after the better-than-expected nonfarm payrolls.

On Thursday, the European Central Bank (ECB) announced a reduction in interest rates by 25 basis points, a move widely anticipated by market participants. This is the first reduction since 2019, with the deposit facility interest rate now standing at 3.75%, down from 4%, the main refinancing rate at 4.25%, and the marginal lending facility rate at 4.5%. Following the ECB decision, the Euro strengthened, with the EUR/USD pair rising to 1.089. Eurozone equities dipped slightly following the news, whilst euro area sovereign bond yields increased. ECB President Christine Lagarde emphasised that this reduction does not signify a dialling back phase of interest rates decisions, stressing the need for more data and analysis to determine the future path.

This week, the Bank of Canada (BoC) also cut interest rates for the first time in the cycle, lowering its key interest rate from 5% to 4.75%. Canada's growth has been sluggish while inflation continues to decrease. Like the ECB, the BoC has highlighted its dependence on data for future decisions.

Fact of the Week

US unemployment rate reaches 4%, the highest level since January 2022.

Our regular market information continues on the next page.

Snapshot



World Equities
Corporate Bonds
Sovereign Bonds
Oil



Gold
Copper

The week ahead

11 June	Chinese CPI figures are released.
12 June	Federal Reserve interest rate decision.
13 June	US PPI data goes to print.



	1 Week Return 31.05.24 to 07.06.24		Year to Date Return 31.12.23 to 07.06.24	
	Local Currency	Euro	Local Currency	Euro
World	1.0%	1.4%	10.6%	13.0%
U.S.	1.3%	1.7%	12.1%	14.6%
Europe	1.6%	1.6%	11.7%	11.7%
Ireland	-1.8%	-1.8%	24.0%	24.0%
U.K.	-0.2%	0.1%	8.7%	10.9%
Japan	-0.4%	0.2%	18.8%	9.1%
Hong Kong	0.2%	0.8%	-4.3%	-2.3%
Corporate Bonds	0.0%	0.0%	-1.1%	-1.1%
Sovereign Bonds	0.4%	0.4%	-2.8%	-2.8%

Equities

- Global stocks were up last week by 1.4% in euro terms and 1.0% in local terms.
- Year-to-date global markets are up by 13.0% in euro terms and by 10.6% in local terms.
- The U.S market, the largest in the world, finished at 1.7% in euro terms and 1.3% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 4.4% last week. The German equivalent finished at 2.6%. The Irish 10-year bond yield finished at 3.0%.
- The Euro/U.S. Dollar exchange rate finished at 1.08, whilst Euro/GBP finished at 0.85.

Commodities

- Oil finished the week at \$76 per barrel and is up 7.7% year-to-date in euro terms.
- Gold finished the week at \$2,294 per troy ounce and is up 13.6% year-to-date in euro terms.
- Copper finished the week at \$9,638 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.