Equities show mixed returns amidst rotation

US equities ended the week with mixed returns for the second period in a row. The S&P 500 Index saw a significant drop of more than 2% on Wednesday, its first such decline since February 2023, while the Nasdaq experienced its worst one-day loss since October 2022. On Thursday, GDP data revealed that the US economy grew at an annualised rate of 2.8% in the second quarter of the year, surpassing the forecast of 2.1%, indicating strong consumer resilience as the Federal Reserve considers cutting interest rates in the coming months. Recent data suggests that the Fed is successfully reducing price pressures towards its 2% inflation target without triggering a recession. The core PCE price index, the Fed's preferred inflation measure, remained steady at 2.6% annually in June. Including food and energy prices, the headline PCE price index came in at 2.5% annually in June, slightly slowing from 2.6% in May.

European equity markets dipped midweek as earnings in the technology and luxury goods sectors dragged on returns. The technology sector was notably weak, influenced by negative sentiment from sharp declines in Tesla and other Magnificent Seven stocks in the US. Consumer confidence indicators in the Euro Area rose by 1.0 point from the previous month to -13 in July, marking its highest level since February 2022 and exceeding market expectations of -13.4. The ECB's recent interest rate cuts in June, prompted by a gradual decline in inflation, has boosted optimism.

Chinese equities declined after unexpected rate cuts by the central bank failed to boost confidence in the economic outlook. On Monday, the People's Bank of China reduced its medium-term lending facility rate by 20 basis points to 2.3%, marking the first cut since August 2023. The rate cuts signal Beijing's increasing urgency to stimulate growth after China's GDP fell short of expectations in the second quarter.

Fact of the Week

Since 2000 there have been 272 days where the S&P 500 has seen a daily decline of 2% or more.

Our regular market information continues on the next page.

Snapshot

Sovereign Bonds

World Equities
Corporate Bonds
Oil
Gold
Copper

The week ahead	
30 July	Eurozone GDP data is released.
31 July	Eurozone CPI data goes to print.
1 Aug	US PMI indices are published.

	1 Week Return 19.07.24 to 26.07.24		Year to Date Return 31.12.23 to 26.07.24	
	Local Currency	Euro	Local Currency	Euro
World	-0.8%	-0.5%	12.2%	14.2%
U.S.	-0.8%	-0.5%	14.7%	16.7%
Europe	0.3%	0.3%	8.3%	8.3%
Ireland	0.5%	0.5%	25.4%	25.4%
U.K.	1.7%	1.5%	7.7%	12.3%
Japan	-6.1%	-3.5%	15.9%	8.3%
Hong Kong	-1.8%	-1.5%	-10.9%	-9.3%
Corporate Bonds	-0.5%	-0.5%	-0.9%	-0.9%
Sovereign Bonds	0.2%	0.2%	-1.2%	-1.2%

Equities

- Global stocks were down last week by -0.5% in euro terms and -0.8% in local terms.
- Year-to-date global markets are up by 14.2% in euro terms and by 12.2% in local terms.
- The U.S market, the largest in the world, finished at -0.5% in euro terms and -0.8% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 4.2% 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 1.09, whilst Euro/GBP finished at 0.84.

Commodities

- Oil finished the week at $77 per barrel and is up 9.5% year-to-date in euro terms.
- Gold finished the week at $2,387 per troy ounce and is up 17.7% year-to-date in euro terms.
- Copper finished the week at $8,995 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

ZURICH