Markets end lower as rising bond yields draw investor attention

US equity markets closed the week lower, breaking a six-week streak of gains as rising bond yields drew investor attention. This increase in yields has been fuelled by stronger-than-expected economic and inflation data, shifting expectations around Fed policy. Additionally, the upcoming election has added to recent bond market volatility. This week's data showed the US Composite Purchasing Managers' Index (PMI) rising to 54.3 in October from a reading of 54.0 in September. Manufacturing activity improved to 47.8 from 47.3, exceeding the expected 47.5. The services index came in at 55.3, slightly above last month's 55.2 and the forecast of 55. October's PMI's indicated solid growth in business activity, marking a strong start to the fourth quarter.

In Europe, major equity indexes declined over the week. Business activity across the eurozone stayed in contractionary territory in October, with a preliminary reading of the composite PMI, which reflects both manufacturing and services activity, coming in at 49.7, up slightly from 49.6 in September. PMI levels below 50 signal contraction. France and Germany, the region's two largest economies, were the main contributors to the slowdown. Additional data this week showed consumer confidence in the Euro Area rising by 0.4 points to -12.5 in October 2024, reaching its highest level since February 2022, though still below its long-term average. In the broader European Union, sentiment improved by 0.5 points to -11.2, marking a return to its long-term average for the first time since February 2022.

Japan's major equity indexes closed the week lower because of uncertainty surrounding the outcome of the general election on October 27th. The yen weakened, reaching the upper end of the JPY 151 range against the USD, compared to around 149.5 at the end of the prior week. The yen also faced downward pressure due to a strengthening dollar, as investors increasingly expect the Federal Reserve to ease rates less aggressively.

Fact of the Week

Tesla's strong quarterly results and positive outlook led to a 22% gain on Thursday, its best daily increase in over 11 years.

Our regular market information continues on the next page.

Snapshot

Corporate Bonds

Gold

World Equities

Sovereign Bonds

Oil

Copper

The week ahead

30 Oct	Eurozone and US GDP is released.
31 Oct	US PCE Price Index goes to print.
01 Nov	US nonfarm payrolls are published.

	1 Week Return 18.10.24 to 25.10.24		Year to Date Return 31.12.23 to 25.10.24	
	Local Currency	Euro	Local Currency	Euro
World	-1.3%	-1.0%	18.4%	20.7%
U.S.	-1.0%	-0.7%	22.5%	24.9%
Europe	-1.1%	-1.1%	9.9%	9.9%
Ireland	-1.8%	-1.8%	23.6%	23.6%
U.K.	-1.3%	-1.4%	10.1%	14.4%
Japan	-2.4%	-3.8%	13.4%	7.2%
Hong Kong	-1.0%	-0.8%	5.1%	7.7%
Corporate Bonds	0.7%	0.7%	1.4%	1.4%
Sovereign Bonds	-1.0%	-1.0%	1.0%	1.0%

Equities

- Global stocks were down last week finishing at -1.0% in euro terms and -1.3% in local terms.
- Year-to-date global markets are up by 20.7% in euro terms and by 18.4% in local terms.
- The U.S market, the largest in the world, finished down -0.7% in euro terms and -1.0% local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 4.2% last week. The German equivalent finished at 2.3%. The Irish 10-year bond yield finished at 2.6%.
- The Euro/U.S. Dollar exchange rate finished at 1.08, whilst Euro/GBP finished at 0.83.

Commodities

- Oil finished the week at $72 per barrel and is up 2.4% year-to-date in euro terms.
- Gold finished the week at $2,748 per troy ounce and is up 36.2% year-to-date in euro terms.
- Copper finished the week at $9,469 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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