ZURICH

The indomitable consumer spirit

European stocks opened strongly last Monday after US President Trump postponed 50% tariffs on the EU over the preceding weekend. US markets were closed for Memorial Day but quickly followed suit on Tuesday. The risk-on sentiment was boosted after reports emerged that Japanese authorities would consider issuing fewer long-dated bonds, causing yields in these offerings to fall sharply, tempering fears of a carry trade unwind. This led less dramatic reductions in long-term yields across several major economies. On Wednesday, Nvidia reported revenue growth of the number of unemployed rising by 34,000 that sparked a rally in the AI bellwether. However, the optimistic mood was cut short on Friday when Trump announced he would double the tariff on steel and aluminium imports to 50%, amid news that trade talks between the US and China had stalled. This came despite the US Trade Court ruling that the president's levies were illegal just a few days prior.

After months of anxiety and scepticism surrounding tariffs, US consumer confidence rebounded in May, coming in well ahead of projections as it jumped to 98 from 85.7 in April, which had been its lowest reading since 2020. Inflation data was also positive, with the headline PCE price index rate for April falling to 2.1% from 2.3% and beating expectations of 2.2%. However, the Federal Open Market Committee is still expected to hold rates steady when they meet again on 11th June.

In the Eurozone, the economic sentiment indicator improved to 94.8 in May, above forecasts of 94.0, having fallen in the two months previous. In Germany, unemployment grew faster than anticipated in May, with the number of unemployed rising by 34,000, ahead of consensus estimates of 10,000. Meanwhile, German inflation eased to 2.1% in May from 2.2% in April, although the reading was higher than expectations for 2.0%.

Snapshot

Up:
- World Equities
- Corporate Bonds
- Sovereign Bonds
- Gold

Down:
- Oil
- Copper

The week ahead

04 June	Bank of Canada rate decision is reported.
05 June	ECB rate decision is announced.
06 June	US non-farm payrolls data goes to print.

Fact of the week

The historically strong relationship between the US dollar and Treasury yields has broken down, with the correlation between the two at its weakest in nearly three years.

Our regular market information continues on the next page.

	1 Week Return 23.05.25 to 30.05.25		Year to Date Return 31.12.24 to 30.05.25	
	Local Currency	**Euro**	**Local Currency**	**Euro**
World	1.6%	1.6%	4.9%	-4.3%
U.S.	1.9%	1.8%	1.0%	-7.9%
Europe	0.8%	0.8%	10.8%	10.8%
Ireland	2.5%	2.5%	19.6%	19.6%
U.K.	0.7%	0.5%	9.2%	7.3%
Japan	2.5%	1.3%	0.9%	0.2%
Hong Kong	1.6%	1.4%	15.2%	4.2%
Corporate Bonds	0.4%	0.4%	0.9%	0.9%
Sovereign Bonds	1.0%	1.0%	0.2%	0.2%

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.

Equities

- Global stocks finished up 1.6% in euro terms and up 1.6% in local terms last week.
- Year-to-date global markets are down by -4.3% in euro terms and up by 4.9% in local terms.
- The U.S. market, the largest in the world, finished up 1.8% in euro terms and up 1.9% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 4.6% last week. The German equivalent finished at 2.4%. The Irish 10-year bond yield finished at 2.6%.
- The Euro/U.S. Dollar exchange rate finished at 1.04, whilst Euro/GBP finished at 0.83.

Commodities

- Oil finished the week at $72 per barrel and is down -22.7% year-to-date in euro terms.
- Gold finished the week at $2,625 per troy ounce and is up 14.4% year-to-date in euro terms.
- Copper finished the week at $8,653 per tonne and is up 0.7% year-to-date in euro terms.

Zurich Life Assurance plc
Zurich House, Frascati Road, Blackrock, Co. Dublin, A94 X9Y3, Ireland.
Telephone: 01 283 1301 Fax: 01 283 1578 Website: www.zurich.ie

ZURICH