Cooling inflation, cautious markets

Global markets delivered mixed returns over the week as investors balanced encouraging inflation developments and positive AI-related corporate results against higher oil prices resulting from uncertainty around the Strait of Hormuz.

US equities were broadly flat in euro terms and US inflation remained central to the market narrative. July CPI increased 0.1% month on month and 3.4% year on year, matching expectations. Core CPI, excluding food and energy, rose 0.2% monthly and 2.5% annually, also meeting forecasts. Both measures have now slowed on an annual basis for two consecutive months. Further reassurance came from producer prices, with core PPI increasing 0.2% in July versus a revised 0.4% in June. Headline PPI rose 4.7% year on year, below expectations. The moderation in inflation reduced expectations for near-term monetary policy tightening.

European equities declined as investors considered solid economic data releases and broadly supportive earnings alongside geopolitical risks linked to the US-Iran conflict and the Strait of Hormuz. Oil markets were particularly volatile, with crude prices climbing as prospects of the Strait reopening weakened. By Friday afternoon, WTI crude had risen to above $82 per barrel, compared with $78 at the end of the previous week.

Japanese equities led global markets over the week, supported by strong technology-sector earnings, particularly from memory-chip makers. Sentiment was further driven by signs that the Bank of Japan may be nearing another interest rate increase, as oil price volatility intensified inflation concerns and strengthened the case for additional BoJ policy tightening.

Snapshot

- World Equities
- Gold
- Oil
- Copper

- Corporate Bonds
- Sovereign Bonds

The week ahead	
17 Aug	Japanese GDP data goes to print.
19 Aug	Eurozone & UK CPI inflation data is reported.
21 Aug	US PMI data is released.

Fact of the week

Last week, a $25bn US Treasury auction of 30-year bonds saw yields reach 5.22%, the highest since the 5.52% yield seen in August 2001.

Our regular market information continues on the next page.

	1 Week Return 07.08.26 to 14.08.26		Year to Date Return 31.12.25 to 14.08.26	
	Local Currency	Euro	Local Currency	Euro
World	0.5%	0.2%	14.4%	16.1%
U.S.	0.4%	0.1%	14.3%	15.9%
Europe	0.0%	0.0%	13.6%	13.6%
Ireland	0.9%	0.9%	11.9%	11.9%
U.K.	-1.1%	-0.9%	11.1%	13.4%
Japan	3.3%	2.3%	24.9%	24.8%
Hong Kong	-1.5%	-1.7%	6.7%	7.4%
Corporate Bonds	-0.1%	-0.1%	-0.9%	-0.9%
Sovereign Bonds	-0.7%	-0.7%	-0.9%	-0.9%

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 by 0.2% in euro terms and up 0.5% in local terms last week.
- Year-to-date global markets are up by 16.1% in euro terms and up by 14.4% in local terms.
- The U.S. market, the largest in the world, finished up 0.1% in euro terms and up 0.4% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 4.7% last week. The German equivalent finished at 3.2%. The Irish 10-year bond yield finished at 3.3%.
- The Euro/U.S. Dollar exchange rate finished at 1.16, whilst Euro/GBP finished at 0.86.

Commodities

- Oil finished the week at $82 per barrel and is up 45.7% year-to-date in euro terms.
- Gold finished the week at $4,376 per troy ounce and up 2.9% year-to-date in euro terms.
- Copper finished the week at $14,576 per tonne and is up 18.8% 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