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Equities broadly flat in week of two halves for stock markets

Snapshot

Copper
Gold
Oil
Sovereign Bonds
Corporate Bonds

World Equities

Markets ended the week broadly flat, as a strong start to the week from tech firms faded into the Memorial Day Weekend with the US-China trade tension coming to the fore once more. The rising rhetoric of recent weeks turned into action as the US blocked a government pension fund from investing in Chinese equities, whilst moves from China to tighten its grip on Hong Kong drew condemnation from the US and led to the return of protests to the semi-autonomous region.

News flow regarding vaccines continues to come unabated with Moderna announcing positive trials on Monday, only to see the excitement fade as authorities failed to share in the initial enthusiasm. There was further optimism from the EU and Angela Merkel and Emmanuel Macron agreed to support a 500 billion-euro aid package to help the European Union recover from the coronavirus in a major step toward tighter integration. Germany would be providing the lion's share of the funds, but a note of caution is that all 27 member states need to ratify any deal.

All 50 US states have now started to roll back restrictions, albeit it at an uneven pace. It is still too early to tell what the implications of this may be. Policymakers are also adopting a 'wait-and-see' approach in the short term with Republicans preferring to analyse how the already enacted measures play out. Fed Chair Powell emphasised how there was 'no limit' to what the Fed could do but the consensus amongst market commentators is that Powell would like to see more movement on the fiscal side first.

Our regular market information continues on the next page.

	1 Week Return 18.05.20 to 25.05.20		Year to Date Return 31.12.19 to 25.05.20	
	Local Currency	**Euro**	**Local Currency**	**Euro**
World	0.1%	-0.2%	-12.2%	-9.5%
U.S.	0.2%	0.5%	-7.9%	-5.1%
Europe	-0.4%	-0.4%	-16.5%	-16.5%
Ireland	0.0%	0.0%	-16.9%	-16.9%
U.K.	-1.0%	-0.9%	-21.2%	-25.5%
Japan	1.2%	1.2%	-14.1%	-10.7%
Hong Kong	-5.8%	-5.5%	-19.7%	-16.9%
Corporate Bonds	0.5%	0.5%	-2.7%	-2.7%
Sovereign Bonds	0.6%	0.6%	1.0%	1.0%

Week Ahead

25 May US Markets closed for Memorial Day

28 May Chinese vote in relation to Hong Kong security legislation

29 May Flash eurozone inflation figures for May are released

Equities

- Global equities were broadly flat last week, and remain down 9.5% this year in euro terms
- The influential U.S. market was up by 0.5% in euro terms and up 0.2% in local terms.
- Closer to home eurozone stocks were down 0.4%

Fixed Income & FX

- The U.S. 10-year yield finished at 0.66% last week. The German equivalent finished at -0.50%. The Irish 10 year bond yield finished at 0.11%.
- The Euro/U.S. Dollar exchange rate remained at 1.08, whilst Euro/GBP finished at 0.89.

Commodities

- Oil prices recovered further finishing at $33 per barrel, although they remain down over 40% year-to-date.
- Gold increased to $1,728 per troy ounce and is up 14% year to date in local terms.
- Copper increased to $5,259 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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Intended for distribution within the Republic of Ireland.

GR: 3399 Print Ref: ZL ISA 3399 1218

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