Upbeat US employment figures round off positive week

Snapshot

World Equities

Copper

Gold

Oil

Corporate Bonds

Sovereign Bonds

Equities gained further ground last week as a surprisingly strong US jobs report on Friday capped yet another period of gains. The US labour market added 2.5m jobs in May and unemployment fell to 13.5%. This should still be viewed in the context of the falls we saw previously but the median forecast was job losses of 7.5m and not one economist surveyed predicted an increase. It appears that hiring in the US picked up sooner than expected as lockdowns were eased across individual states. Manufacturing data also supports the notion that economic activity has bottomed and there has been an acceleration in easing restrictions globally, including here in Ireland.

Eurozone policymaker action also buoyed markets as Germany announced a €130bn stimulus package on Wednesday to help relaunch the country's economy. This represents a significant departure from German policy in recent years, and should help to support the rebound in Europe's biggest economy. This was complimented by action from the ECB as it increased the Pandemic Emergency Purchase Programme by €600bn (the total now stands at €1.35tn) and extended the timeline for bond purchases to June 2021.

The OPEC+ group also agreed to a one month extension to output cuts with Russia and Saudi Arabia also discussing measures to help further boost short term prices. The euro strengthened against the US dollar last week as sentiment continues to rebound around the globe. This will have dampened returns to Irish investors with global equity holdings.

Finally, the rate of infections globally continues to rise at a slowing pace, however significant divergence is evident across varying countries and regions. Whilst the final path to obtaining a vaccine remains unclear two of the biggest names associated with the race were subject to takeover rumours over the weekend. AstraZeneca has approached Gilead Sciences about a potential merger at a time when both companies are playing a prominent role in the response to COVID-19.

Our regular market information continues on the next page.

Week Ahead

9 June — Final eurozone Q1 GDP data and employment figures go to print

10 June — The Federal Reserve meets for its latest interest rate decision.

12 June — Preliminary US consumer confidence for May is released

	1 Week Return 01.06.20 to 08.06.20		Year to Date Return 31.12.19 to 08.06.20	
	Local Currency	**Euro**	**Local Currency**	**Euro**
World	4.8 %	3.1%	-3.9%	-4.6%
U.S.	4.3%	2.8%	-0.6%	-1.4%
Europe	5.9%	5.9%	-10.6%	-10.6%
Ireland	5.0%	5.0%	-7.8%	-7.8%
U.K.	5.0%	5.1%	-14.9%	-19.1%
Japan	2.9%	-0.4%	-5.8%	-7.3%
Hong Kong	6.4%	4.9%	-11.7%	-11.9%
Corporate Bonds	2.0%	2.0%	-0.1%	-0.1%
Sovereign Bonds	-1.1%	-1.1%	0.5%	0.5%

Equities

- Global equities were up last week by 4.8% in local terms and 3.1% in euro terms.
- The influential U.S. market was up by 4.3% in euro terms and 2.8% in local terms.
- Closer to home Ireland was up 5.0%.

Fixed Income & FX

- The U.S. 10-year yield finished at 0.92% last week. The German equivalent finished at -0.28%. The Irish 10 year bond yield finished at 0.15%.
- The Euro/U.S. Dollar exchange rate remained at 1.13, whilst Euro/GBP finished at 0.89.

Commodities

- Oil prices recovered further finishing at $40 per barrel.
- Gold closed at$1,692 per troy ounce and is up 12% year to date in local terms.
- Copper increased to $5,669 per tonne.

Source: MSCI. The MSCI information may only be used for your internal use, may not be reproduced or redisseminated 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.

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.