ZURICH

# Markets close out the quarter in positive fashion

## Snapshot



World Equities

Corporate Bonds

Gold



Sovereign Bonds

Copper

Oil

## The week ahead

**6 July** U.S. non-manufacturing PMI data is released.

**9 July** U.S. inflation data for June goes to print.

Stocks closed out the week on a positive note on the back of Thursday's jobs report, as U.S. markets were closed on Friday due to the 4th July celebrations. Total payrolls rose by 4.8 million and the unemployment rate fell to 11.1%. Both figures beat expectations and most major industries contributed to the overall gains, as May's release was also positively upgraded. However, it is worth noting that total employment remains 10% lower than the peak seen in February. Manufacturing PMI data also surprised to the upside, coming in at 52.6 (a 14 month high). Although once again the index was working off a low base. Chinese services and manufacturing activity continues to recover strongly, with the manufacturing figures coming in at above the breakeven 50 level for the 4th month in a row.

Testimony from Fed Chair Powell, coupled with the release of the most recent FOMC minutes, highlighted that the Fed see the majority of risks to the downside and that policy will continue to remain supportive. Whilst there are a number of 'new' options available to the Fed in the policy toolkit, it does not appear that we will see anything radical in the immediate future.

Closer to home, eurozone stocks continued to recover on hopes of agreement on an EU pandemic programme coupled with better-than-expected economic data. German employment and retail sales data beat expectations whilst PMI data for the currency bloc as a whole also came in ahead of forecasts. Finally, growing virus numbers are still a concern. The southwest region of the U.S. continues to see stubbornly high infection rates and there are fears that the 4th July celebrations may induce a spike in cases. Vaccine news was positive last week, but the next battle there may be in acquiring access to and the control of supply chains for any mass produced options.

***Our regular market information continues on the next page.***

| | 1 Week Return 29.06.20 to 06.07.20 | | Year to Date Return 01.01.20 to 06.07.20 | |
|---|---|---|---|---|
| | **Local Currency** | **Euro** | **Local Currency** | **Euro** |
| World | 2.3% | 2.3% | -5.6% | -5.7% |
| U.S. | 2.6% | 2.2% | -2.1% | -2.8% |
| Europe | 1.7% | 1.7% | -9.0% | -9.0% |
| Ireland | 0.1% | 0.1% | -11.1% | -11.1% |
| U.K. | -1.2% | 0.0% | -19.3% | -24.4% |
| Japan | 0.6% | 0.2% | -9.0% | -8.6% |
| Hong Kong | 3.6% | 3.2% | -9.4% | -9.6% |
| Corporate Bonds | 0.4% | 0.4% | -0.5% | -0.5% |
| Sovereign Bonds | -0.2% | -0.2% | 2.8% | 2.8% |

**Equities**

- All major markets moved up last week, with the influential U.S. market up 2.6% in local terms and 2.2% in euro terms.

**Fixed Income & FX**

- The U.S. 10-year yield finished at 0.64% last week. The German equivalent finished at -0.44%. The Irish 10 year bond yield finished at 0.01%.
- The Euro/U.S. Dollar exchange rate finished at 1.13, whilst Euro/GBP was at 0.90.

**Commodities**

- Oil finished the week at $41 per barrel.
- Gold finished the week at $1,776 per troy ounce up 17.1% year to date in local terms and 16.3% year to date in Euro terms.
- Copper finished the week slightly lower at $5,951 per tonne.

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