

# Higher yields and political strife fail to derail equities

## Snapshot



World Equities

Gold

Oil

Copper



Sovereign Bonds

Corporate Bonds

## The week ahead

13  
Jan

U.S. inflation data for December goes to print

14  
Jan

China's trade balance for December is published

15  
Jan

U.S. retail sales and Consumer Confidence numbers are released

Equities took higher U.S. bond yields in their stride as the U.S. market closed at a record high on Friday. Real yields still remain in negative territory and there is a lingering expectation of further fiscal stimulus in the U.S. U.S. non-farm payrolls showed the economy lost 140,000 jobs in December which may increase the calls for further stimulus.

The political fallout from last Wednesday's events continues with House Speaker Nancy Pelosi stating that Democrats will move to impeach President Trump for the second time in two years unless the 25th Amendment is invoked. Notably, impeachment would bar Trump from running for Federal Office in the future, whilst invoking the 25th amendment would not. In terms of the Georgia runoff result, the Democrats now have a razor thin majority with Vice-President elect Harris due to hold the casting vote. Therefore, it remains to be seen how radical an agenda the Democrats will be able to implement.

In addition to the U.S. jobs data, PMI releases were broadly positive in the U.S. Manufacturing jumped 3.2 points in December to stand at 60.7 as factory orders remained robust. Services data proved to be resilient also, surprising to the upside by coming in at 57.2. Adding to the positive sentiment, was oil prices with WTI above \$50 per barrel for the first time since February 2020 as Saudi Arabia announced a production cut.

Sustained higher infection rates and logistical issues with vaccine rollout continue to weigh on eurozone sentiment, whilst the U.K. also entered a new national lockdown last Monday. However, eurozone equities moved higher and bonds lost value last week as a result of higher yields following the Georgia Senate elections.

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

	1 Week Return 04.01.21 to 11.01.21		Year to Date Return 01.01.21 to 11.01.21	
	Local Currency	Euro	Local Currency	Euro
World	3.1 %	3.3 %	2.4 %	2.2 %
U.S.	3.5 %	3.6 %	1.9 %	1.8 %
Europe	1.7 %	1.7 %	2.4 %	2.4 %
Ireland	3.0 %	3.0 %	6.6 %	6.6 %
U.K.	4.6 %	4.9 %	6.4 %	5.6 %
Japan	3.4 %	2.8 %	2.9 %	2.2 %
Hong Kong	1.3 %	1.4 %	3.8 %	3.6 %
Corporate Bonds	-0.3 %	-0.3 %	0.1 %	0.1 %
Sovereign Bonds	0.0 %	0.0 %	0.0 %	0.0 %

#### Equities

- Global markets were up last week by 3.3% in euro terms and 3.1% in local terms.
- The influential U.S. market was up by 3.6% in euro terms and 3.5% in local terms.
- The U.K. market was up 4.9% in euro terms and 4.6% in local terms.

#### Fixed Income & FX

- The U.S. 10-year yield finished at 1.11% last week. The German equivalent finished at -0.53%. The Irish 10-year bond yield finished at -0.24%.
- The Euro/U.S. Dollar exchange rate finished at 1.22, whilst Euro/GBP finished at 0.90.

#### Commodities

- Oil finished the week at \$52 per barrel.
- Gold finished the week at \$1,850 per troy ounce.
- Copper finished the week at \$8,118 per tonne.

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

Figures are calculated using Total Returns Indices.

**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.

GR: 3399 Print Ref: ZL ISA 3399 1218

