



14th December 2015

The week gone by

Global **equities** (in euro terms) fell heavily with markets reacting negatively to steeply declining oil prices. Brent hit a near seven year low, trading at under \$40 per barrel on a slew of data and bearish forecasts from OPEC and the IEA on demand and potential oversupply. Uncertainty was also prevalent ahead of this week's Federal Reserve interest rate decision. Year-to-date, euro currency weakness has significantly improved returns for eurozone investors (see table below) with many markets underwater in local currency terms.

The global index (in euro terms) fell by 4.4% last week but has given a total return year-to-date of plus 6.7%. Technically, the Index fell well under the critical 200-day moving average and is 10.9% off the 2015 high set on 15th April. All of the major equity **markets** were off in local currency terms last week, ranging from minus 1.6% in Japan to minus 4.6% in the UK. The influential US market was off 3.8%.

Eurozone **bond** prices were up by 1.4% last week reacting to the sharp declines in other asset classes. Overall, eurozone bonds have given a total return of plus 3.1% year-to-date. The German 10-year bond yield fell from 0.68% to 0.54% last week. Equivalent US yields fell from 2.27% to 2.13%. **Commodity** prices in general were down by 4.6% (in dollar terms) last week, with oil prices off 11%, and are now down by a hefty 24.0% so far in 2015.

	Index	1 Week Return 04.12.15 to 11.12.15		Year to Date Return 31.12.14 to 11.12.15	
		Local Currency %	Euro %	Local Currency %	Euro %
Global (euro)	FTSE World (total return)	-4.4	-4.4	6.7	6.7
US	S&P 500	-3.8	-4.9	-2.3	7.6
Europe	FT/S&P Europe Ex. U.K.	-3.7	-3.7	5.5	5.5
Ireland	ISEQ	-1.9	-1.9	26.9	26.9
UK	FTSE 100	-4.6	-4.9	-9.3	-2.6
Japan	Topix	-1.6	-0.8	10.1	20.2
Hong Kong	Hang Seng	-3.5	-4.6	-9.1	0.1
Australia	S&P/ASX 200	-2.4	-5.5	-7.0	-9.9
Bonds	Merrill Lynch Euro over 5 year	1.4	1.4	3.1	3.1

The week ahead

- At the FOMC rate decision in the US (Wednesday), it is expected that the committee will vote in favour of a 0.25% increase. At the press conference, Fed Chair Yellen is expected to emphasize that the path of policy tightening is likely to be gradual and will depend on how economic data and the outlook evolve.
- It is forecast that euro area November final headline and core inflation (Wednesday) will be confirmed at 0.1% and 0.9%, respectively.
- In the UK, it is expected that November CPI and RPI (Tuesday) will print at 0.1% year-on-year and 0.8% year-on-year, respectively (last: -0.1% and 0.7%).

Zurich Life Assurance plc

Zurich House, Frascati Road, Blackrock, Co. Dublin, Ireland.

Telephone: 01 283 1301 Fax: 01 283 1578 Website: www.zurichlife.ie

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