Volatility continues as restrictions increase

Snapshot





World Equities
Sovereign Bonds
Corporate Bonds
Gold
Copper
Oil

Global markets fell once again last week, as the impact of restrictions globally began to be realised. A host of European countries introduced or increased measures aimed at stemming the spread of the COVID-19 virus. Whilst in the US a number of jurisdictions, most notably New York and California, began to restrict interactions and gatherings. The human element of this of course comes first and foremost, but the economic impact will be sharp and almost immediate. This was felt across risk assets as equities, bonds, and gold all fell throughout the week. However, it is worth noting that the US dollar strengthened against the Euro, which helped cushion the impact of price falls to Irish investors in dollar denominated assets.

Bond prices were hit late in the week, as the expectation of further debt issuance to fund the aforementioned fiscal measures will lead to increased supply which could lead to lower prices. Equities fell as the first evidence of a slowing economy began to emerge in the economic data as jobless claims, financial conditions, and business conditions figures from the US all fell sharply. Chinese data from January and February fell sharper than expected in some cases, giving an indication of what may lie ahead for some Western countries. The extreme levels of volatility evident in risk assets currently is liable to persist in the period ahead.

Last week saw a host of policy responses to the virus, beginning with the Federal Reserve's 'out of meeting' rate cut and QE expansion announcement last Sunday. The ECB followed with further measures on Wednesday, whilst a number of individual countries also announced expansionary fiscal measures. Whilst the full details are continuing to emerge, and the efficacy of the measures is unknown, the response is unprecedented in terms of scale.

Our regular market information continues on the next page.

Week Ahead

24 Mar — U.S., Eurozone, and U.K. PMI data for March is released.

25 Mar — German business sentiment for March goes to print.

26 Mar — The BoE meets, where no change is expected following the recent surprise cut.

	1 Week Return 16.03.20 to 23.03.20		Year to Date Return 31.12.19 to 23.03.20	
	Local Currency	**Euro**	**Local Currency**	**Euro**
World	-3.0%	1.0%	-30.0%	-26.5%
U.S.	-3.3%	1.0%	-28.8%	-25.4%
Europe	3.9%	3.9%	-27.4%	-27.4%
Ireland	-0.7%	-0.7%	-34.2%	-34.2%
U.K.	1.0%	0.0%	-31.2%	-36.8%
Japan	2.5%	3.0%	-25.4%	-22.9%
Hong Kong	-4.5%	0.0%	-21.2%	-17.1%
Corporate Bonds	-1.3%	-1.3%	-9.3%	-9.3%
Sovereign Bonds	-1.0%	-1.0%	0.3%	0.3%

Equities

- Market volatility in local terms continues last week, but a weakening euro helped Irish investors.
- The influential U.S. market was down -3.3% in local terms, but up 1% in euro terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 0.8% last week. The German equivalent finished at -0.36%. The Irish 10 year bond yield finished at -0.22%.
- The Euro/U.S. Dollar exchange rate finished at 1.07, whilst Euro/GBP finished at 0.92.

Commodities

- Oil continued to fall finishing at $22 per barrel.
- Gold was down also to $1,488 per troy ounce.
- Copper decreased to $4,805 per tonne, as expectations of diminishing economic activity continue.

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.

GR: 3399 Print Ref: ZL ISA 3399 1218

ZURICH®