



2nd November 2015

The week gone by

Global **equities** (in euro terms) were marginally down following the previous week's sharp gains (+4.5%). Investors continue to focus on China as well as the timing of US interest rate rises. There is now a 50% chance of lift-off of US rates in December 2015, with a 75% chance in March 2016. These increased chances follow more hawkish comments from the Federal Reserve which may imply that the US economy has strengthened. Euro currency weakness has significantly improved returns for eurozone investors in 2015 (see table below). Equities remain reasonably valued on a yield basis compared to cash and bonds.

The global index (in euro terms) fell by 0.3% last week and has given a total return year-to-date of plus 10.7%. Technically, the Index has regained the critical 200-day moving average and is now 13% higher than the recent low on 24th August. There was a mixed bag of returns amongst the major equity **markets** in local currency terms last week ranging from 0.7% in Japan to minus 2.2% in Hong Kong. The influential US market was up 0.2% on the week.

Eurozone **bond** prices were flat on the week. Overall, eurozone bonds have given a return of plus 3.1% year-to-date. Following the recent ECB meeting, there is now a reasonable chance of a small cut in euro rates from the current level of 0.25% or there may be an extension/increase in quantitative easing. The German 10-year bond yield rose marginally from 0.51% to 0.52% last week. Equivalent US yields rose from 2.09% to 2.14%. **Commodity** prices in general were up by 1.0% (in dollar terms) last week, with oil prices up 4%, but are down by 15.0% so far in 2015.

	Index	1 Week Return 23.10.15 to 30.10.15		Year to Date Return 31.12.14 to 30.10.15	
		Local Currency %	Euro %	Local Currency %	Euro %
Global (euro)	FTSE World (total return)	-0.3	-0.3	10.7	10.7
US	S&P 500	0.2	0.2	1.0	10.9
Europe	FT/S&P Europe Ex. U.K.	-0.2	-0.2	11.2	11.2
Ireland	ISEQ	-1.5	-1.5	23.0	23.0
UK	FTSE 100	-1.3	-0.6	-3.1	5.5
Japan	Topix	0.7	1.1	10.7	20.7
Hong Kong	Hang Seng	-2.2	-2.2	-4.1	5.4
Australia	S&P/ASX 200	-2.1	-3.1	-3.2	-7.0
Bonds	Merrill Lynch Euro over 5 year	0.0	0.0	3.1	3.1

The week ahead

- The US Q3 earnings' results season is now 60% completed, with a number of big oil & gas companies reporting this week. In the October employment report (Friday) it is likely that nonfarm payrolls increased by 180k (last: 142k) and that the unemployment rate fell to 5.0% (last: 5.1%).
- It is expected that euro area October final manufacturing and services PMI (Monday and Wednesday) to confirm their preliminary estimates of 52.0 and 54.2, respectively.
- In the UK, at the November MPC meeting (Thursday) it is forecast that the BoE will keep the Bank Rate and its asset purchase decision unchanged at 0.5% and £375bn, respectively.

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