

Investors grapple with a confluence of events







Week in Review

- Global equities (in euro terms) fell heavily again, although the US market rallied towards the end of the week and other markets may follow suit on Monday. Investors are grappling with a confluence of events.
- These include concerns about the health of global banks in a
 negative interest rate environment, immense stress in the high
 yield market caused by lower oil prices, and divergent policy
 action by central banks.
- A high level of nervousness persists.

	Index	1 Week Return 05.02.16 to 12.02.16		Year to Date Return 31.12.15 to 12.02.16	
		Local Currency %	Euro %	Local Currency %	Euro %
Global (euro)	FTSE World (total return)	-3.4	-3.4	-13.3	-13.3
US	S&P 500	-0.8	-1.8	-8.8	-11.8
Europe	FT/S&P Europe Ex. U.K.	-4.8	-4.8	-15.4	-15.4
Ireland	ISEQ	-4.6	-4.6	-14.7	-14.7
UK	FTSE 100	-2.4	-3.3	-8.6	-13.2
Japan	Topix	-12.6	-10.6	-22.7	-20.7
Hong Kong	Hang Seng	-5.0	-5.9	-16.4	-19.6
Bonds	Merrill Lynch Euro over 5	-0.1	-0.1	2.6	2.6

The **global index** (in euro terms) fell by 3.4% last week to give a total return of minus 13.3% year-to-date. The US S&P 500 Index peaked on 21st May 2015 and is off 12.5% from its all-time-high.

All of the major **equity** markets were down in local currency terms last week ranging from minus 0.8% in the US to minus 12.6% in Japan; in the case of

the latter, Bank of Japan policy action was not taken well.

Eurozone **bond** prices in general were marginally down last week, although core markets, such as Germany, were in positive territory. Year-to-date, eurozone bonds are up by 2.6% with Germany up 5.4%. The German 10-year bond yield fell from 0.30% to

0.26% last week. Equivalent US yields fell from 1.84% to 1.75%.

Commodity prices have been falling heavily for the last 18 months. Overall prices were down by 1.0% (in dollar terms) last week and are down by 9.0% so far in 2016.

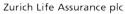
The Week Ahead

Wednesday	Thursday	Friday
In the UK, it is forecast that the unemployment rate fell to 5.0% (last: 5.1%).	It is not expected that there will be substantive new information from the minutes of the January FOMC meeting.	In the US, it is projected that January CPI inflation will be at -0.1% month-on-month (last: -0.1%).
	At the EU Summit (Thursday and Friday), UK demands for policy reform will be discussed. An agreement is likely which would allow the UK to call for a June referendum.	

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.



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