

# Investors grapple with a confluence of events

## Weekly Snapshot



**Gold**



**Eurozone Bonds**



**Commodities**  
**World Equities**

## 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%).	<p>It is not expected that there will be substantive new information from the minutes of the January FOMC meeting.</p> <p>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.</p>	In the US, it is projected that January CPI inflation will be at -0.1% month-on-month (last: -0.1%).

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