

Cautious optimism returns to markets

Weekly Snapshot



World Equities

Industrial Commodities

Gold



Sovereign Bonds

Week in Review

- Friday's jobs report and unemployment data from the US capped **an encouraging week for the US economy** and financial markets alike. The S&P 500 extended a three week rally and West Texas Intermediate (WTI) crude rose to a 2 month high.
- A **cautious optimism was evident** in markets last week on the back of the solid US data, evidence of oil price stabilisation, and expectations of a further extension of the ECB's current accommodative monetary stance, when it meets this week.
- There was however weaker industrial data coming out across some parts of the world as **manufacturing numbers from China and Germany disappointed**. The People's Bank of China (PBoC) cut lenders' reserve requirements on Monday, in an effort to cushion the relative economic slowdown and a weakening currency.

	Index	1 Week Return 26.02.16 to 04.03.16		Year to Date Return 31.12.15 to 04.03.16	
		Local Currency %	Euro %	Local Currency %	Euro %
Global (euro)	FTSE World (total return)	3.1%	3.1%	-3.8%	-3.8%
US	S&P 500	2.7%	2.0%	-2.1%	-3.3%
Europe	FT/S&P Europe Ex. U.K.	3.0%	3.0%	-6.7%	-6.7%
Ireland	ISEQ	2.0%	2.0%	-6.3%	-6.3%
UK	FTSE 100	1.7%	3.7%	-0.7%	-5.3%
Japan	Topix	4.9%	4.4%	-11.1%	-6.6%
Hong Kong	Hang Seng	4.2%	6.7%	-7.9%	-9.1%
Bonds	Merrill Lynch Euro over 5	-0.6%	-0.6%	3.5%	3.5%

The **global index** (in euro terms) rose 3.1% last week to deliver a positive return for February. The US S&P 500 Index also saw a strong return of 2.7%, however euro strength reduced returns in this instance.

Japan was the strongest of the major markets with a weekly return of 4.9% in local currency terms. However, as

with the US, euro strength did pare back these gains. **Ireland** had a positive return for the week

Eurozone **bond** prices in general were down 0.6% with German 10 year yields rising nine basis points to 0.24%. US Treasuries also saw price falls

across the curve as expectations on the timing of Fed Rate rises increased on the back of strong data.

Oil rallied strongly for the second week running, producing a return of 9.6% (in dollar terms). Year to date returns now stand at -3.0%; significantly higher than the intra-year low.

The Week Ahead

Tuesday 8 March	Thursday 10 March	Friday 11 March
The second estimate of Eurozone Q4 GDP is expected to print with a quarter on quarter rise of 0.3%, with the year on year rate forecast to come in at 1.5%.	The ECB interest rate decision will be closely watched by markets. Consensus expectations are for a cut from -0.3% to -0.4% in the deposit rate facility and an increase in the stimulus package to €70b/month from the current €60b/month.	German CPI data for February is due out with a month-on-month consensus of -0.8% and a year-on-year figure of 0.0% expected respectively. The UK trade deficit is also expected to expand to £2.8b, potentially putting further pressure on Sterling.

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