

Global equities decline on increased market volatility

Weekly Snapshot



Sovereign Bonds Gold

Oil



The **global equity index** declined 3.7%, erasing last week's gains. U.S. small cap stocks weighed, with the tech and financial sectors weak.

Oil prices enjoyed some respite, advancing to \$52.61 /barrel. OPEC and

Week in Review

- The CBOE Volatility Index (VIX) rose and global equities erased last week's gains, with technology shares in the U.S. suffering. In Europe, the automotive-heavy German market entered a bear market – down over 20% since the beginning of the year.
- Investors fretted that part of the yield curve inverted, signalling economic strain. To put things in perspective though, the 3-month/10-year rate spread only breached 0.5% for the fourth time since 1992. On the previous three occasions, the market generated a positive return the following year.
- Economic data also remains broadly positive. In the U.S., the unemployment rate of 3.7% represents a 49-year low, while the gauges for both manufacturing and services gauges increased and consumer sentiment came in higher than expected.

	1 Week Return 30.11.18 to 07.12.2018		Year to Date Return 31.12.17 to 07.12.2018	
	Local Currency %	Euro %	Local Currency %	Euro %
World	-3.7%	-4.3%	-6.6%	-1.5%
US	-4.6%	-5.1%	-1.6%	3.9%
Europe	-3.3%	-3.3%	-10.5%	-10.5%
Ireland	-5.4%	-5.4%	-22.3%	-22.3%
UK	-2.9%	-3.6%	-11.8%	-12.4%
Japan	-2.6%	-2.5%	-10.0%	-5.1%
Hong Kong	0.2%	-0.3%	-10.3%	-5.3%
Bonds	0.5%	0.5%	0.8%	0.8%

its partners have agreed to cut production in an attempt to stabilize the market. **Gold** moved higher to finish the week at \$1,248 per troy ounce, while **Copper** declined to \$6,149 on the back of economic growth concerns.

The sell-off in the equity markets also pushed the yield on the **U.S. 10-year bond** lower to 2.85% and the German equivalent to 0.25%.

The **EUR/USD** rate ended the week at 1.138, with the **EUR/GBP** at 0.894.

The Week Ahead

Tuesday 11 December

In the UK, the labour market is expected to post a small gain to keep the unemployment rate at 4.1%. The UK parliament will also vote on whether to accept the Withdrawal Agreement and Framework for the Future Relationship that the UK government has agreed with the EU.

Wednesday 12 December

The sharp drop in gasoline prices in November (~8%) is expected to suppress the headline US CPI figure. Core CPI (ex-food and energy) is forecast to rise at a pace of 0.2% mm, driven by ongoing momentum in the consumer space.

Friday 14 December

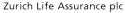
Retail sales in the U.S. (ex. autos) are poised for a 0.7% rise m-m, driven by the 7.9% gain in same-store-sales recorded over the Thanksgiving weekend. The flash PMI released in Europe will give some indication as to the extent of the recovery from Q3's GDP print of 0.2%.

Merrill Lynch, Pierce, Fenner & Smith Incorporated ("BofAML"), used with permission. BOFAML PERMITS USE OF THE BOFAML INDICES AND RELATED DATA ON AN "AS IS" BASIS, MAKES NO WARRANTIES REGARDING SAME, DOES NOT GUARANTEE THE SUITABILITY, QUALITY, ACCURACY, TIMELINESS, AND/OR COMPLETENESS OF THE BOFAML INDICES OR ANY DATA INCLUDED IN, RELATED TO, OR DERIVED THEREFROM, ASSUMES NO LIABILITY IN CONNECTION WITH THE USE OF THE FOREGOING, AND DOES 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 House, Frascati Road, Blackrock, Co. Dublin, Ireland. Telephone: 01 283 1301 Fax: 01 283 1578 Website: www.zurichlife.ie Zurich Life Assurance plc is regulated by the Central Bank of Ireland. Intended for distribution within the Republic of Ireland.

