

Markets lower as higher rate expectations weigh on equities

Weekly Snapshot



Gold
Copper
Corporate Bonds



World Equities
Sovereign Bonds
Oil

Week in Review

- **Equity markets were sharply lower** last week as interest rate expectations continued to weigh on markets. US treasuries, most notably the ten year bond, have broken through key levels of resistance. **US stocks saw their worst weekly performance since March**, with the Tech sector under pressure.
- Early in the week the **IMF dialled down its global growth expectations**, noting the risks that the US/China trade tensions pose to the world economy. Within the eurozone, Italian bond prices were hit as the government proceeded with a deficit widening budget plan.
- **Oil saw some volatile trading** as tensions rose between Saudi Arabia and a number of Western governments over the **disappearance of journalist Jamal Khashoggi**.

	1 Week Return 05.10.18 to 12.10.18		Year to Date Return 31.12.17 to 12.10.18	
	Local Currency %	Euro %	Local Currency %	Euro %
Global (euro)	-4.2%	-4.4%	0.7%	2.9%
US	-4.1%	-4.4%	3.5%	7.5%
Europe	-4.7%	-4.7%	-8.0%	-8.0%
Ireland	-5.5%	-5.5%	-13.4%	-13.4%
UK	-4.4%	-4.5%	-9.0%	-8.0%
Japan	-5.0%	-4.1%	-6.3%	-2.3%
Hong Kong	-2.9%	-3.2%	-13.8%	-10.6%
Bonds	-0.2%	-0.2%	-1.5%	-1.5%

The **global index** was down over 4% last week, with all the major markets in negative territory.

Oil was lower over the course of the week, and closed at \$71/barrel. **Gold**

closed higher at \$1218 per troy ounce, as risk aversion rose in markets.

The **ten year US bond yield** finished at 3.16%, having started the year at 2.41%. The **German equivalent** also closed higher at 0.50, with spreads

between German and Italian debt also widening.

The **EUR/USD** rate finished the week at 1.16 with the **EUR/GBP** rate at 0.88.

The Week Ahead

Tuesday 16 October	Wednesday 17 October	Wednesday 17 October
Q3 Earnings continues with Goldman Sachs, Morgan Stanley, Johnston & Johnston, and Netflix all reporting numbers.	Eurozone CPI inflation data for September goes to print, where the consensus is for an increase of 0.2% (MoM).	The minutes of the latest Fed FOMC meeting are released, which will be closely watched by the market for further indications of interest rate moves.

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.**