

Weekly Economic Update

11 April 2016



FOR PROFESSIONAL ADVISERS ONLY

UK

- The FTSE 100 closed the week at 6,204, up 1.1%. The UK 10 year gilt yield moved lower from 1.41% to 1.36%.
- The Office for National Statistics (ONS) announced that industrial output in the UK fell 0.5% year-on-year in February, the largest fall since August 2013. They also showed manufacturing output had fallen by 1.8% from a year earlier.

GLOBAL

- Global equities were mixed on the whole last week, as investors weighed in on growth expectations following weaker data and the release of central bank policy minutes in the US and EU. Christine Lagarde from the International Monetary Fund warned that "the recovery remains too slow, too fragile".
- March minutes of the Federal Open Market Committee (FOMC) emphasised that the members retained a relatively optimistic outlook for the domestic economy, however expressed concerns about the impact of slow global growth. The minutes indicated differing opinions amongst members, and showed members discussed the possibility of an April hike, though felt this was not appropriate as it may signal a sense of urgency.
- US data releases showed that February factory orders slipped 1.7% after an upward revision to January's release. Activity in service industries in March picked up. An increase in imports surpassed a pickup in overseas shipments, leaving trade deficit wider in February.
- The US government imposed new rules to curb tax avoidance, making it more difficult for US companies to reduce their tax liability by combing with other firms in other countries. This change had halted the pending merger between Pfizer and Allergan.
- Minutes from the European Central Bank (ECB) showed that the council had explored the option of a bigger rate cut though felt a smaller cut was more appropriate, given they could not rule out further reductions should the outlook weakened. On the whole, there was a broad agreement in the ECB's actions.
- Producer prices in the euro area fell by the most in more than six years and retail sales grew at a slightly slower pace, whilst the unemployment figures were lower. The composite Purchasing Managers' Index for Germany slipped to 54.0 and France's reading was 50.0. Germany's industrial production decline was better than expected, though February factory orders fell to a six month low.
- Japan's finance minister made comments that policy makers may take action to counter moves in currency markets, as he described the appreciation in yen as "undesirable". The yen rose 3% last week, taking the year to date gain to 10%.
- Oil prices ended the week higher, rallying some 5% last Wednesday following better than expected inventory data and positive comments on production caps among oil producing nations.
- The Reserve Bank of India lowered its benchmark rate by 0.25% to 6.5%, citing the concern over falling inflation. The Reserve Bank of Australia kept interest rates unchanged at 2%.
- Argentina will seek to raise \$12.5bn this week, as they return to the bond market for the first time since 2001.

Equity Markets	Index Level 08 Apr 16	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	3405	0.4%	0.0%	-5.9%
FTSE 100	6204	0.6%	0.7%	-7.0%
FTSE 250	16830	-0.4%	-2.8%	-1.5%
MSCI World	1632	1.1%	3.3%	0.2%
S&P 500	2048	1.4%	5.2%	6.2%
DAX	9622	-1.3%	-1.7%	-10.9%
Nikkei 225	15822	-0.1%	-2.8%	-6.5%
Hang Seng	20370	0.0%	-2.6%	-15.1%
MSCI World EM	817	-0.4%	7.8%	-13.0%

Bond Markets	Yield 08 Apr 16	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	1.86	0.4%	5.3%	3.6%
FTA All Stock ILG Index	-0.97	0.2%	5.9%	1.1%
FTA Over 5 Year ILG Index	-0.96	0.2%	6.7%	1.1%
FTA Under 5 Year FIG Index	0.50	0.2%	1.6%	2.1%
FTA Over 15 Year FIG Index	2.15	0.5%	8.7%	4.5%

Interest Rates & Yields	Yield 08 Apr 16	Yield 31 Mar 16	Yield 31 Dec 15	Yield 08 Apr 15
UK 15 Year Gilt Yield	1.91	1.96	2.29	1.96
US 10 Year Treasury Yield	1.72	1.77	2.27	1.90
German 10 Year Yield	0.10	0.15	0.63	0.16
Spanish 10 Year Yield	1.52	1.44	1.77	1.20
Greek 10 Year Yield	8.84	8.48	8.07	11.38
Japan 10 Year Yield	-0.09	-0.05	0.27	0.36

Currencies Exchange Rate	08 Apr 16	31 Mar 16	31 Dec 15	08 Apr 15
GBP / EURO	1.24	1.26	1.36	1.38
GBP / YEN	153.00	161.94	177.09	178.92

Commodities	Price Level 08 Apr 16	Price Level 31 Mar 16	Price Level 31 Dec 15	Price Level 08 Apr 15
Gold	1239	1233	1061	1203
Wheat	460	474	470	526

Source: Mobius Life, Bloomberg
Please Note: Past performance is not a guide to future performance

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Weekly Economic Update

Upcoming Data Releases



Date	Region	Event	Survey	Actual	Prior
12/04/2016	GE	CPI EU Harmonized YoY	0.10%	--	0.10%
12/04/2016	UK	CPI YoY	0.40%	--	0.30%
12/04/2016	UK	RPI YoY	1.40%	--	1.30%
12/04/2016	UK	PPI Output NSA YoY	-1.00%	--	-1.10%
12/04/2016	UK	ONS House Price YoY	--	--	7.90%
12/04/2016	US	Monthly Budget Statement	-\$104.0b	--	-\$52.9b
13/04/2016	JN	Money Stock M2 YoY	3.10%	--	3.10%
13/04/2016	JN	PPI YoY	-3.50%	--	-3.40%
13/04/2016	FR	CPI EU Harmonized YoY	-0.10%	--	-0.10%
13/04/2016	SP	CPI EU Harmonised YoY	-1.00%	--	-1.00%
13/04/2016	UK	Bank of England Credit Conditions & Bank Liabilities Surveys			
13/04/2016	US	Retail Sales Advance MoM	0.10%	--	-0.10%
13/04/2016	US	PPI Final Demand YoY	0.30%	--	0.00%
13/04/2016	US	U.S. Federal Reserve Releases Beige Book			
13/04/2016	CH	Trade Balance	\$34.95b	--	\$32.59b
13/04/2016	CH	Exports YoY	10.00%	--	-25.40%
13/04/2016	CH	Imports YoY	-10.10%	--	-13.80%
14/04/2016	IT	CPI EU Harmonized YoY	-0.30%	--	-0.30%
14/04/2016	UK	Bank of England Bank Rate	0.50%	--	0.50%
14/04/2016	UK	BOE Asset Purchase Target	375b	--	375b
14/04/2016	US	Initial Jobless Claims	270k	--	267k
14/04/2016	US	CPI YoY	1.10%	--	1.00%
14/04/2016	US	CPI Ex Food and Energy YoY	2.30%	--	2.30%
15/04/2016	CH	Industrial Production YoY	6.00%	--	--
15/04/2016	CH	Retail Sales YoY	10.40%	--	--
15/04/2016	CH	GDP YoY	6.70%	--	6.80%
15/04/2016	JN	Industrial Production YoY	--	--	-1.50%
15/04/2016	JN	Capacity Utilization MoM	--	--	2.60%
15/04/2016	US	Empire Manufacturing	2	--	0.62
15/04/2016	US	Industrial Production MoM	-0.10%	--	-0.50%
18/04/2016	UK	Rightmove House Prices YoY	--	--	7.60%

Source: Bloomberg

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