

Weekly Economic Update

18 April 2016



FOR PROFESSIONAL ADVISERS ONLY

UK

- The FTSE 100 closed the week at 6,344, up 2.3%. The UK 10 year gilt yield moved from 1.36% to 1.41%.
- Average UK house prices rose by 1.3% between March and April, taking average values to 7.3% higher than the previous year. The rise follows an increase in tax on second home purchases that became effective on 1st April. Investors were therefore buying at a premium in the weeks before the tax rise, with prices rising most in the East Midlands.

GLOBAL

- Global equity markets and oil prices rallied through the week as encouraging data in China provided some relief to markets. Oil producers met over the weekend to discuss the prospect of a freeze in oil production, with stock and oil price rises halted today as an agreement was not reached.
- China's government revealed that the economy grew at an annualised rate of 6.7% in the first quarter of the year. While this represents the slowest quarterly growth for 7 years, it was in line with targets and expectations. The data was supported by strong investment and consumer spending figures. These signs of improvement in the Chinese economy has stabilised markets in recent weeks before signs of instability through oil prices this weekend.
- The Organisation of the Petroleum Exporting Countries (OPEC) met on Sunday to discuss a potential limit on oil production in order to support the oil price. Analysts were divided before the meeting as to whether an agreement would be reached. A draft agreement was reportedly put together on Saturday but following tense discussions, Saudi Arabia amongst others decided that a deal would not be agreed without all OPEC members involved. Iran did not have a representative at the meeting and an agreement was not reached. Oil futures fell by up to 7% following the meeting.
- A G-20 meeting occurred at the end of last week in Washington. Following the meeting, US Treasury Secretary Jack Lew said that the US do not feel that intervention in markets to limit the strengthening of the yen is worthwhile. This was a signal that the G-20 as a whole were not in support of Japan's idea of devaluing the currency if necessary, and instead that Japan should support their economy through stimulating domestic demand.
- The International Monetary Fund and European governments are unsure of Greece's ability to meet the budget surplus target set as part of the bailout agreement reached last year. They will review the Greek position and consider further austerity measures before deciding whether to release the 2nd instalment of the loan.
- The congress in Brazil voted to impeach the Brazilian president, Dilma Rousseff. 367 out of the 513 members voted to remove the president, more than the two-thirds required. The vote follows political wrangling, the recession and accusations of corruption in the government.

Equity Markets	Index Level 15 Apr 16	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	3471	2.4%	2.0%	-6.1%
FTSE 100	6344	2.9%	3.0%	-7.0%
FTSE 250	16911	0.1%	-2.4%	-2.8%
MSCI World	1670	2.7%	4.9%	0.0%
S&P 500	2081	2.3%	6.1%	5.0%
DAX	10052	1.3%	1.0%	-9.1%
Nikkei 225	16848	5.3%	2.4%	-3.3%
Hang Seng	21316	3.9%	1.2%	-16.9%
MSCI World EM	847	2.5%	10.9%	-12.7%

Bond Markets	Yield 15 Apr 16	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	1.89	0.0%	4.9%	3.0%
FTA All Stock ILG Index	-0.92	-0.3%	5.4%	-0.2%
FTA Over 5 Year ILG Index	-0.92	-0.4%	6.0%	-0.4%
FTA Under 5 Year FIG Index	0.55	0.1%	1.5%	1.9%
FTA Over 15 Year FIG Index	2.18	0.0%	8.2%	3.5%

Interest Rates & Yields	Yield 15 Apr 16	Yield 31 Mar 16	Yield 31 Dec 15	Yield 15 Apr 15
UK 15 Year Gilt Yield	1.96	1.96	2.29	1.94
US 10 Year Treasury Yield	1.75	1.77	2.27	1.89
German 10 Year Yield	0.13	0.15	0.63	0.11
Spanish 10 Year Yield	1.50	1.44	1.77	1.26
Greek 10 Year Yield	8.84	8.48	8.07	11.91
Japan 10 Year Yield	-0.12	-0.05	0.27	0.33

Currencies Exchange Rate	15 Apr 16	31 Mar 16	31 Dec 15	15 Apr 15
GBP / EURO	1.26	1.26	1.36	1.39
GBP / YEN	154.62	161.94	177.09	176.26

Commodities	Price Level 15 Apr 16	Price Level 31 Mar 16	Price Level 31 Dec 15	Price Level 15 Apr 15
Gold	1234	1233	1061	1203
Wheat	460	474	470	491

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
18/04/2016	UK	Rightmove House Prices MoM	--	1.30%	1.30%
19/04/2016	GE	ZEW Survey Current Situation	50.8	--	50.7
19/04/2016	US	Housing Starts	1170k	--	1178k
20/04/2016	JN	Trade Balance	¥834.6b	--	¥242.8b
20/04/2016	JN	Machine Tool Orders YoY	--	--	-21.20%
20/04/2016	UK	Jobless Claims Change	-10.0k	--	-18.0k
20/04/2016	UK	ILO Unemployment Rate 3Mths	5.10%	--	5.10%
20/04/2016	US	MBA Mortgage Applications	--	--	10.00%
20/04/2016	US	Existing Home Sales	5.26m	--	5.08m
21/04/2016	FR	Manufacturing Confidence	101	--	101
21/04/2016	UK	Retail Sales Ex Auto Fuel MoM	-0.30%	--	-0.20%
21/04/2016	UK	Retail Sales Inc Auto Fuel MoM	-0.10%	--	-0.40%
21/04/2016	UK	Public Sector Net Borrowing	5.4b	--	6.5b
21/04/2016	US	Initial Jobless Claims	265k	--	253k
22/04/2016	JN	Nikkei Japan PMI Mfg	49.5	--	49.1
22/04/2016	JN	Tertiary Industry Index MoM	-0.50%	--	1.50%
22/04/2016	FR	Markit France Composite PMI	50.1	--	50
22/04/2016	GE	Markit/BME Germany Composite PMI	54.2	--	54
22/04/2016	IT	Retail Sales MoM	--	--	0.00%
22/04/2016	US	Markit US Manufacturing PMI	52	--	51.5

Source: Bloomberg

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