

Weekly Economic Update

04 April 2016



FOR PROFESSIONAL ADVISERS ONLY

UK

- The FTSE 100 closed the week at 6,146, up 0.7%. The UK 10 year gilt yield moved from 1.45% to 1.41%.
- The UK current account deficit widened in the fourth quarter of 2015 to 7% of GDP, a record high. The Financial Policy Committee has stated that the financing of the deficit has been heavily reliant on foreign investment and may be unsustainable in the long run. The deficit may also leave the UK more vulnerable in the case of a 'Brexit' vote.

GLOBAL

- Global equities rose on the whole last week, as the US signalled a gradual path of raising rates despite encouraging economic data. Japanese equities suffered on the back of weakening sentiment, and oil prices fell with the US dollar.
- US equities rose last week after the chair of the Federal Reserve, Janet Yellen, stressed that a gradual approach will be taken to raising interest rates. This reassured investors expecting a rise in the coming months, with higher rates now not expected until late in the year. Data released on Friday showed a gain of 215,000 payrolls in March, marginally ahead of estimates. The hourly average wage increased by 0.3% for the month. The manufacturing sector expanded for the first time this year but the positive data was outweighed by Yellen's cautious stance, with investors still expecting rate rises to be slow and calculated. Treasuries rallied through the week due to haven investing and the US dollar fell.
- Following a strong March for Asian equities, sentiment turned towards the end of the week and equity markets were sold off. The Japanese Tankan index for manufacturers' sentiment fell from 12 to 6 in the first quarter, as the stronger yen worsened conditions for Japanese exporters. Mixed data for China saw markets swing with Standard & Poor's cutting its outlook on China to negative from stable, citing a slower than previously anticipated rebalancing of the economy as the reason. Chinese equities rebounded as the manufacturing PMI surprisingly jumped above 50 to 50.2 in March, meaning an expansion in the sector.
- Mohammed Bin Salman, deputy crown prince of Saudi Arabia, reinforced Saudi Arabia's intention to only freeze oil production if Iran agree to. However, ministers in Iran have been quoted saying that they will continue to increase production to achieve their desired market share following the relatively recent lifting of sanctions on oil exporting. These messages combined sent the oil price lower with falls of up to 7%.
- The European Central Bank launched its expanded quantitative easing programme on Friday, with the monthly amount purchased increasing to €80 billion and to include corporate bonds. The programme has not however had the expected effect on the euro with the currency rising to October levels versus the US dollar. The headline consumer price index for the euro-area was 0.1% lower than a year ago in March and consumer confidence in the region fell for a third consecutive month.

Equity Markets	Index Level 01 Apr 16	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	3379	-0.5%	-0.9%	-4.8%
FTSE 100	6146	-0.5%	-0.4%	-6.2%
FTSE 250	16844	-0.5%	-2.9%	1.0%
MSCI World	1640	0.7%	2.9%	0.9%
S&P 500	2073	1.9%	5.7%	7.2%
DAX	9795	-0.4%	-0.8%	-10.1%
Nikkei 225	16164	-1.7%	-4.4%	-5.3%
Hang Seng	20499	-0.1%	-2.7%	-11.8%
MSCI World EM	826	0.0%	8.2%	-9.9%

Bond Markets	Yield 01 Apr 16	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	1.91	-0.2%	4.7%	2.7%
FTA All Stock ILG Index	-0.94	-0.3%	5.4%	0.9%
FTA Over 5 Year ILG Index	-0.94	-0.3%	6.1%	0.9%
FTA Under 5 Year FIG Index	0.55	0.0%	1.5%	1.8%
FTA Over 15 Year FIG Index	2.19	-0.4%	7.8%	2.9%

Interest Rates & Yields	Yield	Yield	Yield	Yield
	01 Apr 16	31 Mar 16	31 Dec 15	01 Apr 15
UK 10 Year Gilt Yield	1.41	1.42	1.96	1.54
UK 15 Year Gilt Yield	1.96	1.96	2.29	1.92
US 10 Year Treasury Yield	1.77	1.77	2.27	1.86
German 10 Year Yield	0.13	0.15	0.63	0.17
Spanish 10 Year Yield	1.44	1.44	1.77	1.21
Greek 10 Year Yield	8.47	8.48	8.07	11.66
Japan 10 Year Yield	-0.07	-0.05	0.27	0.38

Currencies Exchange Rate	01 Apr 16	31 Mar 16	31 Dec 15	01 Apr 15
	GBP / USD	1.42	1.44	1.47
GBP / EURO	1.25	1.26	1.36	1.38
GBP / YEN	158.92	161.94	177.09	177.21

Commodities	Price Level	Price Level	Price Level	Price Level
	01 Apr 16	31 Mar 16	31 Dec 15	01 Apr 15
Oil - WTI	36.8	38.3	37.0	50.1
Gold	1223	1233	1061	1204
Wheat	476	474	470	529

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
04/04/2016	JN	Monetary Base YoY	--	28.50%	29.00%
04/04/2016	UK	Markit/CIPS UK Construction PMI	54.1	54.2	54.2
04/04/2016	US	Factory Orders	-1.80%	--	1.60%
04/04/2016	US	Durable Goods Orders	-2.80%	--	-2.80%
05/04/2016	JN	Nikkei Japan PMI Composite	--	--	51
05/04/2016	GE	Factory Orders MoM	0.30%	--	-0.10%
05/04/2016	SP	Markit Spain Composite PMI	54.4	--	54.5
05/04/2016	IT	Markit/ADACI Italy Composite PMI	--	--	53.7
05/04/2016	FR	Markit France Composite PMI	51.1	--	51.1
05/04/2016	GE	Markit/BME Germany Composite PMI	54.1	--	54.1
05/04/2016	UK	Markit/CIPS UK Composite PMI	53.4	--	52.8
05/04/2016	US	Trade Balance	-\$46.2b	--	-\$45.7b
05/04/2016	US	Markit US Composite PMI	--	--	51.1
06/04/2016	CH	Caixin China PMI Composite	--	--	49.4
06/04/2016	GE	Industrial Production SA MoM	-1.80%	--	3.30%
06/04/2016	US	MBA Mortgage Applications	--	--	-1.00%
06/04/2016	US	U.S. Fed Releases Minutes from March 15-16 FOMC Meeting			
07/04/2016	UK	Halifax House Prices MoM	0.90%	--	-1.40%
07/04/2016	US	Initial Jobless Claims	270k	--	276k
08/04/2016	JN	BoP Current Account Balance	¥2032.3b	--	¥520.8b
08/04/2016	FR	Industrial Production MoM	-0.40%	--	1.30%
08/04/2016	UK	Industrial Production MoM	0.10%	--	0.30%
08/04/2016	UK	Manufacturing Production MoM	-0.20%	--	0.70%
08/04/2016	US	Wholesale Inventories MoM	-0.20%	--	0.30%

Source: Bloomberg

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