

# Weekly Economic Update

07 March 2016



FOR PROFESSIONAL ADVISERS ONLY

## UK

- The FTSE 100 closed the week at 6,199, up 1.7%. The UK 10 year gilt yield moved from 1.40% to 1.48%.
- Markit's Purchasing Managers Index fell in February from 55.6 to 52.7, far below estimates. This was the lowest reading for 10 months, pushing out analyst estimates of a rate rise by the Bank of England further, with forecasts pushed out to 2017.

## GLOBAL

- Last week saw some risk appetite return to markets as commodity prices stabilised and data releases caused further speculation on the timing of policy changes across regions.
- There were 242,000 jobs added in the US in February according to a Labour Department report released on Friday. This was significantly higher than the 172,000 added in January and higher than forecasts. The average hourly earning fell unexpectedly and the unemployment rate remained at 4.9%. 10 year treasury yields rose to the highest level in a month as investors speculated on the impact of improved job figures on the Federal Reserve's decision to further raise interest rates. The S&P 500 Index rose for the 4th day running on Friday as investors saw the payroll data as an indication that the US is positioned well to cope with global market volatility. The index closed at 2000, up 2.7% for the week.
- On Super Tuesday, one of the most important days in the US presidential nominations, Donald Trump and Hilary Clinton each won the most states for their party, strengthening their case for leadership of the Republicans and the Democrats respectively.
- China used state-backed funds to purchase shares on Friday in order to support the country's stock market. The index then recovered from gains earlier in the day to post a gain, rounding off the largest weekly increase in the index this year. On Wednesday, Moody's lowered China's outlook for its credit rating from stable to negative, highlighting the increasing debt burden and questioning the ability of the government to implement effective reforms. Chinese policymakers are currently meeting to discuss reforms. The Shanghai Composite Index climbed 3.6% over the course of the week.
- Data released last week showed that the eurozone's headline inflation figure fell in February into negative territory, indicating a fall in prices. There was even a fall in the inflation measure excluding energy and food prices, suggesting deflationary pressures beyond the direct impact of low energy prices. This reinforced investor sentiment that action must be taken by the European Central Bank in March, with a further cut in its deposit rate expected.
- Crude oil rallied last week as the number of rigs in the US used for drilling oil fell to the lowest level since 2009, as US shale producers continue to take measures to cut costs. US payrolls data was taken as a positive driver for oil demand and the setting of the growth target for China at 6.5 to 7% was also viewed as a potential driver of higher oil prices.
- The price of iron ore climbed up to 19% today as investors digested signals from China that policymakers are showing further willingness to support growth.

Equity Markets	Index Level 04 Mar 16	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	3405	1.9%	-0.4%	-5.1%
FTSE 100	6199	1.9%	0.2%	-6.7%
FTSE 250	16931	2.0%	-2.7%	1.4%
MSCI World	1608	1.7%	0.6%	0.5%
S&P 500	2000	1.3%	1.8%	4.5%
DAX	9824	2.4%	-3.9%	-8.1%
Nikkei 225	17015	3.0%	-1.3%	2.6%
Hang Seng	20177	3.8%	-4.4%	-8.2%
MSCI World EM	791	4.6%	3.4%	-10.6%

Bond Markets	Yield 04 Feb 16	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	1.95	-0.9%	4.1%	5.7%
FTA All Stock ILG Index	-0.92	-0.2%	4.5%	7.9%
FTA Over 5 Year ILG Index	-0.91	-0.2%	5.1%	8.7%
FTA Under 5 Year FIG Index	0.59	-0.3%	1.3%	2.5%
FTA Over 15 Year FIG Index	2.24	-1.3%	6.6%	8.5%

Interest Rates & Yields	Yield 04 Mar 16	Yield 30 Nov 15	Yield 31 Dec 14	Yield 04 Mar 15
UK 15 Year Gilt Yield	2.03	1.92	2.29	2.25
US 10 Year Treasury Yield	1.87	1.73	2.27	2.12
German 10 Year Yield	0.24	0.11	0.63	0.38
Spanish 10 Year Yield	1.56	1.53	1.77	1.36
Greek 10 Year Yield	9.56	10.07	8.07	9.47
Japan 10 Year Yield	-0.04	-0.07	0.27	0.41

Currencies Exchange Rate	04 Mar 16	30 Nov 15	31 Dec 14	04 Mar 15
GBP / EURO	1.29	1.28	1.36	1.38
GBP / YEN	162.01	157.12	177.09	182.80

Commodities	Price Level 04 Mar 16	Price Level 30 Nov 15	Price Level 31 Dec 14	Price Level 04 Mar 15
Gold	1259	1239	1061	1200
Wheat	455	445	470	494

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
07/03/2016	GE	Factory Orders MoM	-0.30%	-0.10%	-0.70%
07/03/2016	JN	GDP SA QoQ	-0.40%	--	-0.40%
07/03/2016	JN	BoP Current Account Balance	¥715.5b	--	¥960.7b
08/03/2016	GE	Industrial Production SA MoM	0.50%	--	-1.20%
08/03/2016	CH	Trade Balance	\$51.00b	--	\$63.29b
09/03/2016	JN	Machine Tool Orders YoY	--	--	-17.20%
09/03/2016	UK	Industrial Production MoM	0.40%	--	-1.10%
09/03/2016	UK	Manufacturing Production MoM	0.20%	--	-0.20%
09/03/2016	US	MBA Mortgage Applications	--	--	-4.80%
09/03/2016	US	Wholesale Inventories MoM	-0.20%	--	-0.10%
09/03/2016	JN	PPI YoY	-3.40%	--	-3.10%
10/03/2016	CH	CPI YoY	1.80%	--	1.80%
10/03/2016	CH	PPI YoY	-4.90%	--	-5.30%
10/03/2016	FR	Industrial Production MoM	0.80%	--	-1.60%
10/03/2016	US	Initial Jobless Claims	275k	--	278k
10/03/2016	US	Monthly Budget Statement	-\$200.0b	--	-\$192.4b
11/03/2016	GE	CPI MoM	0.40%	--	0.40%
11/03/2016	IT	Industrial Production MoM	0.60%	--	-0.70%
11/03/2016	US	Import Price Index MoM	-0.70%	--	-1.10%

Source: Bloomberg

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