

Weekly Economic Update

29 March 2016



FOR PROFESSIONAL ADVISERS ONLY

UK

- The FTSE 100 closed the week at 6,106, down 1.3%. The UK 10 year gilt yield rose from 1.45%, before ending the week unchanged before the Easter weekend.
- Terrorist attacks in Brussels saw increased volatility in pound sterling as investors speculated whether voters would be pushed towards voting to leave EU as a result. The resignation of Iain Duncan Smith as Work and Pensions Secretary also added to volatility, although he denied this was related to the EU referendum but was driven by his disagreement to cuts in disability benefits.

GLOBAL

- Recent gains in global equity markets were halted last week following the attacks in Belgium. Improving data in the US increased speculation that the Federal Reserve will soon feel in a position to raise rates, strengthening the dollar and hurting raw materials. European markets were closed on Friday and Monday for the Easter weekend.
- There were 3 bombings in Brussels on Tuesday morning of last week, with the airport and a metro station targeted by attackers. This put Belgium and other countries on terror-alert as lost lives were mourned. European equity markets fell following the events.
- According to data from the US Commerce Department, GDP grew at an annualised rate of 1.4% in the 4th quarter of last year. This figure was an upward revision from 0.7% previously forecast. The US dollar had its strongest week of gains since November following the release of the growth data. Earlier in the week, Federal Reserve officials had hinted at the possibility of an interest rate rise as early as April. This is still unlikely, but comments are expected to become less dovish before a rise later in the year. Further data releases on Thursday showed improvements, with fewer jobless claims than forecast as well as higher orders for durable goods than expected. However, following 5 weeks of gains in equity markets, they fell towards the end of last week on low trading volumes.
- Stocks in China posted their 2nd successive week of gains on the back of positive earnings data for consumer staples and industrial companies. However, there have been falls in recent days after measures were introduced to limit continued rises in real estate prices, including the requirement for higher down-payments on purchases. China-domiciled buyers will be limited to purchasing 2 homes each, while approval requirements for non-resident buyers will be more stringent.
- With the next meeting of the Organisation of Petroleum Exporting Countries (OPEC) scheduled for April 17th, Saudi Arabia has stated that it will go ahead with a freeze in oil output regardless of whether Iran are willing to do the same. This is a contrast to the message given in previous weeks, when Iran's involvement was seen as integral for the OPEC countries to proceed.
- Hungary surprised markets by cutting their interest rate and moving their overnight deposit rate into negative territory in attempt to boost inflation, following previous stated intentions to keep rates unchanged.

Equity Markets	Index Level 25 Mar 16	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	3356	0.7%	-1.6%	-7.8%
FTSE 100	6106	0.6%	-1.1%	-9.2%
FTSE 250	16674	0.7%	-3.9%	-2.1%
MSCI World	1624	3.6%	2.4%	-0.1%
S&P 500	2036	3.5%	4.0%	5.9%
DAX	9851	4.7%	-1.7%	-11.1%
Nikkei 225	17003	4.3%	-0.1%	-4.2%
Hang Seng	20346	5.1%	-3.2%	-9.9%
MSCI World EM	812	8.2%	7.0%	-9.8%

Bond Markets	Yield 25 Mar 16	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	1.93	-0.7%	4.4%	2.1%
FTA All Stock ILG Index	-0.93	0.5%	5.2%	-0.4%
FTA Over 5 Year ILG Index	-0.93	0.5%	5.9%	-0.5%
FTA Under 5 Year FIG Index	0.61	-0.3%	1.3%	1.6%
FTA Over 15 Year FIG Index	2.22	-0.7%	7.2%	2.0%

Interest Rates & Yields	Yield	Yield	Yield	Yield
	25 Mar 16	29 Feb 16	31 Dec 15	25 Mar 15
UK 10 Year Gilt Yield	1.45	1.34	1.96	1.48
UK 15 Year Gilt Yield	2.00	1.92	2.29	1.86
US 10 Year Treasury Yield	1.90	1.73	2.27	1.93
German 10 Year Yield	0.18	0.11	0.63	0.22
Spanish 10 Year Yield	1.52	1.53	1.77	1.29
Greek 10 Year Yield	8.63	10.07	8.07	10.75
Japan 10 Year Yield	-0.10	-0.07	0.27	0.33

Currencies Exchange Rate	25 Mar 16	29 Feb 16	31 Dec 15	25 Mar 15
	GBP / USD	1.41	1.39	1.47
GBP / EURO	1.27	1.28	1.36	1.36
GBP / YEN	159.84	157.12	177.09	177.84

Commodities	Price Level	Price Level	Price Level	Price Level
	25 Mar 16	29 Feb 16	31 Dec 15	25 Mar 15
Oil - WTI	39.5	33.8	37.0	49.2
Gold	1216	1239	1061	1195
Wheat	463	445	470	519

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

Mobius Life Limited

7th Floor, 20 Gresham Street, London EC2V 7JE

t +44 (0) 20 7847 3300 f +44 (0) 20 7847 3399

e enquiries@mobiuslife.co.uk

www.mobiuslife.co.uk

Weekly Economic Update

Upcoming Data Releases



Date	Region	Event	Survey	Actual	Prior
29/03/2016	JN	Jobless Rate	3.20%	3.30%	3.20%
29/03/2016	JN	Job-To-Applicant Ratio	1.29	1.28	1.28
29/03/2016	IT	Consumer Confidence Index	114	115	114.5
29/03/2016	IT	Business Confidence	102.4	102.2	102
29/03/2016	US	Consumer Confidence Index	94	--	92.2
30/03/2016	JN	Industrial Production MoM	-5.90%	--	3.70%
30/03/2016	US	MBA Mortgage Applications	--	--	-3.30%
30/03/2016	GE	CPI MoM	0.60%	--	0.40%
30/03/2016	US	ADP Employment Change	195k	--	214k
31/03/2016	JN	Housing Starts YoY	-2.40%	--	0.20%
31/03/2016	GE	Retail Sales MoM	0.40%	--	0.70%
31/03/2016	FR	CPI MoM	0.70%	--	0.30%
31/03/2016	SP	CPI MoM	0.70%	--	-0.40%
31/03/2016	GE	Unemployment Change (000's)	-6k	--	-10k
31/03/2016	UK	Mortgage Approvals	73.5k	--	74.6k
31/03/2016	UK	GDP QoQ	0.50%	--	0.50%
31/03/2016	IT	CPI EU Harmonized MoM	2.20%	--	-0.40%
31/03/2016	US	Initial Jobless Claims	265k	--	265k
31/03/2016	US	Chicago Purchasing Manager	50.5	--	47.6
01/04/2016	JN	Tankan Large Mfg Index	8	--	12
01/04/2016	CH	Manufacturing PMI	49.4	--	49
01/04/2016	JN	Nikkei Japan PMI Mfg	--	--	49.1
01/04/2016	UK	Nationwide House PX MoM	0.40%	--	0.30%
01/04/2016	GE	Markit/BME Germany Manufacturing PMI	50.4	--	50.4
01/04/2016	UK	Markit UK PMI Manufacturing SA	51.2	--	50.8
01/04/2016	US	Change in Nonfarm Payrolls	210k	--	242k
01/04/2016	US	Unemployment Rate	4.90%	--	4.90%
01/04/2016	US	ISM Manufacturing	50.7	--	49.5
01/04/2016	US	U. of Mich. Sentiment	90.5	--	90

Source: Bloomberg

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Mobius Life Limited

7th Floor, 20 Gresham Street, London EC2V 7JE

t +44 (0) 20 7847 3300 f +44 (0) 20 7847 3399

e enquiries@mobiustlife.co.uk

www.mobiustlife.co.uk