

# GLOBAL MARKET UPDATE



## 25 JUNE - 1 JULY: SIT BACK AND UNWIND

### THIS WEEK'S GLOBAL EQUITY MARKET MOVERS

DEVELOPED	Top 3:	Luxembourg <b>4.41%</b> , Norway <b>4.35%</b> , UK <b>2.31%</b>
	Bottom 3:	Austria <b>-0.49%</b> , Denmark <b>0.03%</b> , Sweden <b>0.43%</b>
EMERGING	Top 3:	Colombia <b>3.76%</b> , Hong Kong <b>3.21%</b> , Mexico <b>3.00%</b>
	Bottom 3:	Russia <b>-10.77%</b> , Turkey <b>-5.63%</b> , Brazil <b>-1.81%</b>
FRONTIER	Top 3:	Slovenia <b>2.14%</b> , Morocco <b>1.30%</b> , Romania <b>0.98%</b>
	Bottom 3:	Lebanon <b>-3.64%</b> , Vietnam <b>-3.48%</b> , Kazakhstan <b>-2.33%</b>

As a tumultuous quarter came to a close last week, almost all investors we met were in unwind mode – selling equities and shifting into sectors and regions perceived to be more defensive. As we have messaged many times over the past 6 months, the global cycle is certainly ageing, which should prompt more volatility. However, in our view, without President Trump's harsh trade and foreign policy rhetoric, underlying conditions would still be resilient enough to support markets. The POTUS has certainly therefore made his mark. Last week this continued as the Trump administration's efforts to stop all nations from importing Iranian oil contributed to a sharp appreciation in the commodity's price (a large draw in US inventories also signalling a tightening market).

Elsewhere, global M&A volumes hit an all-time high during the first half of 2018 - amounting to USD 2.5trn compared to the previous high in 2007 of USD 2.3trn. After wild returns for fixed income managers in May, the best quarterly performance for the USD since 2016 and US corporate bonds posting 2 consecutive quarters of negative returns for the first time since the crisis, this has many investors talking about "echoes" from previous bear markets. Whilst we have been cautious on the long-term prospects for developed markets ever since the crisis, we don't believe this is yet a foregone conclusion. Of course, if the trade war does not de-escalate, the impact of threatened tariffs on all sides would be very material and could plunge the global economy into recession. If instead more balanced agreements can be found over the next few months, markets may have already discounted enough for the time being.

### UNITED STATES

S&P 2,656 **+1.99%**, 10yr Treasury 2.85% **+5.32bps**, HY Credit Index 339 **-13bps**, Vix 17.41 **-4.08Vol**

**US equities finished lower last week** (worst day in 3 months for the S&P on Monday) but with large divergences at the sector level. Technology, healthcare (after Amazon bought an online pharmacy company) and small caps

underperformed, whilst defensive sectors and energy stocks ended higher. In fixed income, **Treasury yields fell, with the curve flatter again at 32bps on the 2/10s.**

From a trade perspective, news flow was mixed. On the positive side, **the White House stepped back from plans to limit Chinese investment into US technology firms**, instead announcing more rigorous reviews by the Committee on

Foreign Investment in the United States. More worryingly, Treasury Secretary Steve Mnuchin was forced to deny reports that Trump wanted to leave the World Trade Organisation (calling them “an exaggeration”). Moreover, Trump showed clear dissatisfaction (by tweet and by speech) at an SEC filing that revealed Harley-Davidson was planning to move some of its motorcycle production abroad, in order to avoid EU tariffs. To quote an Al Jazeera article from last week, Trump’s policies are fast morphing from “America First” to “America Alone”.

Economic data was mixed; Q1 GDP was downgraded to 2% from 2.2% and the **Commerce Department’s price index for personal-consumption expenditures, excluding food and energy costs, hit 2% in May (the Fed’s target) for the first time in 6 years.** Next week sees a more significant data dump with minutes to the last FED meeting and the June employment report.

## EUROPE

*Eurostoxx 3,451 +1.71%, German Bund 0.54% +1.40bps, Xover Credit Index 276 -10bps, USDEUR .811 -0.41%*

Core European equity markets followed global peers lower, with bond yields unchanged to slightly lower.

At Friday’s EU summit, **Angela Merkel won a victory in concluding bilateral agreements with Greece and Spain on migrants** (Germany will be allowed to send back refugees previously registered in those countries) in return for financial aid. Meanwhile, Reuters reported that the ECB may take a page out of the FED’s playbook by enacting their version of “operation twist”; rotating bond holdings into longer dated bonds to offer continued support to the economy beyond the end of QE in December.

In terms of data, headline inflation rose to 2% following surging oil prices. However, given that the core measure remained at a lowly 1%, this is likely to make little difference to ECB policy.

**The Czech central bank (CNB) raised the policy rate by 25bp to 1% in June**, as expected. According to the Board of the CNB, raising the policy rate was the appropriate response to the build-up of inflationary pressures and a weakening koruna.

*The CNB’s Board implied that future monetary policy decisions will be data dependent, in our view. Should the build-up of inflationary pressures continue, and should the Czech koruna keep depreciating against major currencies, the CNB will very likely deliver additional rate hikes in the coming quarters to abide its mandate of price stability with an inflation target of 2%.*

In Turkey, manufacturing confidence shrank to 104.6 in June for the third consecutive month. The index remains above the 100-threshold that indicates optimism of the survey participants. Details reveal that firms became less optimistic about their growth prospects and foresee inflation in the double-digit territory over the next 12 months’ time.

Incumbent **President Erdogan gained more than 50% of the votes in the elections**, while his party (AKP) and

his coalition party (MHP) won an absolute majority in the parliament in presidential and parliamentary elections held on June 24.

*Even though political stability should prevail thanks to the outcome, markets may not be calmed as long as the stance of monetary and fiscal policy arms remain uncertain. If the fiscal stance remains expansive or the independence of the central bank is curbed even further, the TRY is likely to remain volatile and the weakening pressure on it may intensify.*

The proposed pension reform by the Russian government plans to increase the pension age for both men and women to 65 and 63, respectively, over the course of the next two decades. Should the Duma pass the proposal, the available labour force and number of eligible workers may be boosted, while fiscal policy may benefit from the reform by facing lower future pension liabilities.

**The Hungarian authorities took a step in the Turkish direction last week**, when government officials commented on recent FX market developments and openly blamed ‘market speculators’ for the depreciation of the Hungarian forint vis-à-vis major currencies, e.g. the euro. In disagreement with the government spokesperson, the central bank released a short statement citing that the central bank shall not comment on short-term FX market developments.

*The exchange rate of the Hungarian currency hit new historical highs against the euro last week, as the cross touched 330. The central bank has seemingly no intention to tighten monetary conditions anytime soon.*

## ASIA PACIFIC

*HSCEI 11,965 +2.43%, Nikkei 21,835.53 + 0.71%, 10yr JGB 0.05% 0bps, USDJPY 107.260 +0.40%*

**Asian markets faced another negative week to round off a tough quarter, though Friday provided some respite** on account of a stronger print for the Yuan and some softening from Beijing on FDI restrictions.

**The Chinese RMB has lost 5% of its value against the dollar since early April**, reverting back to levels last seen in December 2017. Around half of that depreciation has come in June, coinciding with the escalation in trade tensions with the US. This has created market speculation the Chinese government will now progress any trade war in to a currency war. These concerns were further heightened when the **People’s Bank of China announced a cut to the reserve requirement ratio, freeing up \$100bn of liquidity for the commercial banking system.**

*We see the RRR cut as a countermeasure to offset the increased regulatory intensity in the Chinese financial system, with banks being required to take billions of dollars of wealth management products on-balance-sheet, causing a drop in interbank liquidity. We see the recent movements of the RMB and the PBOC’s policy action as largely independent in the current context. We also highlight the fact that the RMB has performed largely inline with its emerging market peers, with a relatively strong Q1 followed by a turnaround in performance from April onwards.*

*On balance, we see little likelihood of a currency war. During 2015 and 2016, the Chinese government fought ferociously to protect the value of the RMB, heightening capital controls and tightening domestic liquidity conditions. Chinese firms were restricted on making foreign acquisitions, while individual cash transfers overseas became heavily scrutinised. The government took such stringent actions to protect the currency in the knowledge that a stable exchange rate is vital if China is both to attract new foreign capital flows and prevent domestic capital from fleeing. These factors have not changed, and China is therefore extremely unlikely to engage in a competitive devaluation in order to win a trade battle, at the risk of losing the investment war.*

Last week also saw **domestic Chinese stocks enter a bear market, delivering their worst run of form since the crash of January 2016** which saw the government's 'National Team' step in and buy equities in spades to absorb selling pressure.

*Negative market moves in response to trade tension escalation represent what we are characterising as a 'base case shift'. At the start of 2018, markets generally viewed the likelihood of a Sino-US trade war coming to fruition as a fairly remote possibility. Now, however, that base case has begun to appear overly optimistic and outdated in the face of more aggressive US policy, and so what we have seen over the last month or so is a shift to a base case of increased protectionism and isolationism becoming reality, with Chinese equities taking the brunt of the adjustment pain.*

Rubbing further salt in the wounds of Chinese equity investors last week were **overhyped reports of new restrictive policies on shanty town redevelopment projects**, which the market misconstrued as a hammer blow for the broader Chinese property sector. With many of the largest developers' share prices falling 5%-10% on the announcement, on closer inspection these moves appear largely unjustified, with the government leaving its goal of relocating 5.8 million residents unchanged. The reports themselves were also fairly vague in nature, stating only that the China Development Bank has begun to "strictly scrutinize" the use of low cost PBoC loans for redevelopment projects, and has taken a more centralised approach to loan authorisation.

*As we outlined last week, we see the Chinese government following a policy of retaliation, insulation and ultimately de-escalation, in response to rising trade tensions with the US. Insulating the domestic economy and maintaining a 6%-7% GDP growth rate will remain a core part of that trinity. Implementing new policies to deliberately dampen activity in one of China's most systemically important industries, which plays a much broader role in long term objectives for urbanisation and rising home ownership, would appear heavily counterintuitive. Rather than a bid to slow down the property sector, this is likely a misrepresented element of the government's well-documented programme to refocus lending within the economy and deploy capital more efficiently while reducing systemic risk.*

**Bank Indonesia delivered a surprise 50bps rate hike**, the third time rates have been raised over the last two months, making for a cumulative 100bps of tightening. The central

bank acted in response to renewed pressure on the rupiah, which fell another 3% against the dollar in June, taking it to a 5% depreciation year to date.

**Economic activity in Vietnam remains strong.** GDP in the first half of the year expanded 7.08% YOY, while exports and imports grew 16% and 11% respectively.

## LATIN AMERICA

MSCI Lat Am 3,027 **-0.08%**

**Andres Manuel Lopez Obrador ("AMLO") will be Mexico's President for the next 6 years.** He succeeds Pena Neto and takes office in December 2018. AMLO's third attempt at the presidency brought him success winning with 53.2% of the votes last Sunday. He will be supported by both the Senate and Congress as his MORENA party won respectively 29 out of 96 (65 reported) and 217 out of 300 (100% reported) seats.

AMLO was elected on the promises of:

- **Clamping down on corruption and violence.** Violence fuelled by organised crime, has left more than 100,000 people murdered over 6 years and more than 100 candidates during the campaign. AMLO is seen as an outsider and promised to uproot "the mafia of power" and end corruption, especially by the PRI (Institutional Revolutionary Party) that dominated political life for 77 out of the past 89 years.
- **Reducing poverty.** He promised higher pensions for the elderly, guaranteed food prices for small farmers and subsidised gasoline prices.

Most of the specifics and details remain vague, and experts question the risk of a weaker fiscal positioning.

During the campaign, AMLO showed little interest or understanding of economics. The only things we know are:

- **Fiscal budget:** He targets a balanced budget in 3 years, i.e. by 2021. Many economists are sceptical of his ambitions, with Mexico's current budget deficit at approximately 2.5% of GDP, his plans don't add up. AMLO's fiscal reduction plan consists of increasing spending to reduce poverty, funding a series of grand infrastructure projects, such as building oil refineries and railroads, which will be compensated by scrapping inefficient social programmes, and halving civil servants pay with more efficient central procurement.
- **Monetary policy:** AMLO committed to respect the independence of the central bank and maintain the free-floating MXN. Fortunately, he remembers the impact of the Tequila crisis, which was caused because of poor monetary policy.
- **Energy sector:** AMLO is likely to slow down the opening of the country's energy sector and review all concession contracts and privatization of energy assets signed in the past 6 years. This is quite concerning as his policies will put USD 200bn of investments at risk.
- **NAFTA renegotiation:** He is likely to take a tougher stance on this topic compared to his predecessor;

his advisers have stated “No NAFTA is better than bad NAFTA”, moreover AMLO sternly defends the rights of Mexicans and Latinos in the US and is at odds with US immigration policies. Mexico receives USD 25bn in remittances from the US and AMLO wants to ensure such flow of funds is maintained, hence is opposed to Trump’s immigration policies.

- Other populist measures could include a cap on banks’ interest rates and prosecution of influential economic groups, which he deems gained from a privileged relationship with the PRI.

On the data front, **Mexico’s economy weakened in April, growing 1.3% YOY** (calendar adjusted). The service sector was somewhat resilient, while the industrial and primary sectors slowed down sharply.

It looks like the robust performance posted in Q1 2018 was temporarily due to reconstruction works (after the September 2017 earthquake) and this boost already seems to be waning.

Brazil’ set of macro data for May was positive:

- **Brazil’s central government posted a BRL 11bn primary deficit in May**, which implies that it will probably meet its primary-deficit target for the year (2.2% of GDP or BRL 161bn). The Brazilian government, thus far limited the impact of diesel subsidies and lower excise tax promises made to the truck drivers to end their strike in May.
- **In the 12 months to May, the current account deficit widened to USD 13bn or 0.65% of GDP.** Largely covered by direct investment in the country of USD 62bn (3.1% of GDP).

However, **foreign net outflows from Brazil’s equity market in H1 2018 reached BRL 10bn**, the worst level for the first 6 months of any given year in history. By comparison, in 2008 outflows for the whole year were BRL 24.6bn. Investors are fearing the impact of the FED tightening cycle (despite Brazil being a very domestically driven economy), Brazil’s presidential elections in October and the economy growing much slower than anticipated this year.

In contrast to Brazil, Argentina’s macro data shows a strong negative impact from the crisis:

- **Argentina’s economic activity contracted 0.9% YOY in April.**
- **Argentina’s current account deficit grew deeper in Q1 2018, to USD 9.6bn** from a USD 7.2bn deficit posted in the same quarter of 2017. As a result, in the 12 months to March, the current account deficit hit 5.3% of GDP, up from 4.8% registered in 2017. This poor performance shows no signs of stopping as the trade deficit widened by USD 1.3bn in the month of May. The poor performance of exports was caused not only by a lower harvest but also due to FX instability.

## AFRICA

MSCI Africa 966 **-0.21%**

**Egypt’s central bank kept its key interest rates unchanged; deposit and lending rates were held at 16.8**

**and 17.8 percent respectively.**

*The MPC’s decision was expected. The government needs to contain the inflationary impact of the new austerity measures required under the IMF backed reform programme. In a move to reduce circa USD 2.4bn in budget cost, the government announced plans to raise fuel prices by up to 50%, electricity prices by an average of 26% and nearly double the price of piped drinking water, starting from this month.*

The impact of the reforms is being borne out in economic data, which has strengthened since the programme began in late 2016. In Q3 of the 2017/18 fiscal year, current account deficit narrowed to USD 1.9bn from USD 3.1bn a year earlier as tourism revenues rose to USD 2.3bn in the quarter, from USD 1.3bn in the same quarter a year ago. In addition, expatriate remittances increased to USD 6.5bn from USD 5.8bn, Suez Canal revenues edged up to USD 1.4bn from USD 1.2bn and the overall balance of payments improved to a surplus of USD 5.4bn vs. USD 4.0bn.

**Kenya’s economy grew at the fastest pace since 2016 in Q1 2018, driven by improved weather conditions and business confidence from the much-reported political détente.** GDP grew 5.7% in Q1 compared with a revised 5.3% in the previous quarter and 4.8% in the same period of last year. The agriculture sector, which employs more than 40% of the population, expanded by 5.2%, compared to 1% in the same period last year, and contributed 30% to the output. Elsewhere, Kenya’s YOY inflation rose to 4.3% in June from 4.0% the previous month.

**In South Africa, negotiation between troubled state power utility Eskom and unions continued.** Eskom raised its wage increase offer for 2018 to 6.2% from 4.7% previously. This compares to a 9% increase in 2018, and 8.6 and 8.5 percent hikes for 2019 and 2020 demanded by the unions.

*The country can hardly afford further wage increases particularly from an already bloated company, however the new administration, which appear committed to addressing the many structural challenges impeding growth, must balance fiscal responsibility with the need to win an electoral mandate in an election year.*

The state-owned utility did however get some respite from German state-owned bank KfW, who agreed to loan Eskom USD 100mn to significantly improve security of supply and reduce transmission losses in part though the integration of renewable energy sources.

Elsewhere in Africa:

- The World Bank approved a total of USD 2.1bn in concessionary loans to fund projects in Nigeria aimed at improving access to electricity and promoting governance.
- The World Bank approved a new USD 500mn loan to support economic reforms in Tunisia. The loan is aimed at promoting private investment and creating opportunities for small businesses, while protecting vulnerable households and increasing energy security.

## THE WEEK AHEAD

	Date	Consensus
<b>UNITED STATES</b>		
ISM manufacturing (JUN)	Mon/02	58.5
ISM non manufacturing composite index	Thu/05	58.2
US trade balance (MAY) USD bn	Fri/06	-43.6
Non farm payroll (JUN) ch th	Fri/06	195
<b>EUROPE</b>		
Eurozone Markit PMI (JUN)	Mon/02	54.8
Eurozone unemployment rate (MAY) %	Mon/02	8.5
Turkey CPI (JUN) % YOY	Tue/03	13.9
Sweden interest rate %	Tue/03	-0.5
Eurozone retail sales (MAY) % YOY	Tue/03	1.6
UK Markit PMI (JUN)	Wed/04	54.5
Russia CPI (JUN) % YOY	Fri/06	2.2
<b>ASIA PACIFIC</b>		
Australia interest rate %	Tue/03	1.5
China manufacturing PMI (JUN)	Mon/02	51.1
<b>LATIN AMERICA</b>		
Chile GDP (MAY) % YOY	Thu/05	4.0
<b>AFRICA</b>		
Morocco GDP (Q1) % YOY	Sun/01	3.2

# GLOBAL MARKET DATA (CONTD.)

25 JUNE - 1 JULY

Market Summary

Data:

Last Calendar Week

Equities			Return (USD)				YTD (Local)	Volume 1wk/3mo
Name	Country	Price	1 Week	MTD	YTD	1Y		
<b>North America</b>								
S&P 500 INDEX	US	2,718.37	-1.33%	0.48%	1.67%	12.34%		104%
RUSSELL 2000 INDEX	US	1,643.07	-2.52%	0.58%	7.00%	16.02%		103%
NASDAQ COMPOSITE INDEX	US	7,510.30	-2.37%	0.92%	8.79%	22.23%		106%
S&P/TSX COMPOSITE INDEX	Canada	16,277.73	0.26%	-0.11%	-4.30%	6.02%	0.42%	114%
S&P 500 CONS DISCRET IDX	US	870.23	-1.87%	3.50%	10.81%	22.55%		102%
S&P 500 CONS STAPLES IDX	US	529.08	-0.25%	4.15%	-9.93%	-6.46%		116%
S&P 500 FINANCIALS INDEX	US	441.15	-1.93%	-2.02%	-4.91%	7.64%		104%
S&P 500 HEALTH CARE IDX	US	965.78	-1.79%	1.51%	0.99%	5.21%		98%
S&P 500 INFO TECH INDEX	US	1,218.64	-2.19%	-0.39%	10.17%	29.46%		107%
S&P 500 ENERGY INDEX	US	561.54	1.03%	0.57%	5.27%	17.93%		88%
S&P 500 ECO SECTORS IDX	US	2,718.37	-1.33%	0.48%	1.67%	12.34%		104%
S&P 500 INDUSTRIALS IDX	US	602.10	-1.35%	-3.43%	-5.60%	4.08%		112%
S&P 500 MATERIALS INDEX	US	363.65	-0.80%	0.12%	-4.03%	8.27%		86%
S&P 500 REAL ESTATE IDX	US	201.90	1.06%	3.88%	-0.96%	1.42%		108%
S&P 500 TELECOM SERV IDX	US	148.12	1.18%	2.24%	-10.81%	-3.53%		101%
S&P 500 UTILITIES INDEX	US	263.30	2.25%	2.46%	-1.52%	-0.30%		105%
<b>Europe</b>								
Euro Stoxx 50 Pr	Europe	3,395.60	-1.09%	-0.27%	-5.87%	-0.07%	-3.09%	83%
CAC 40 INDEX	France	5,323.53	-0.94%	-1.34%	-2.67%	5.51%	0.21%	98%
DAX INDEX	Germany	12,306.00	-1.93%	-2.32%	-7.47%	1.25%	-4.73%	105%
Athex Composite Share Pr	Greece	757.57	-1.52%	0.28%	-8.29%	-5.58%	-5.58%	79%
FTSE MIB INDEX	Italy	21,626.27	-0.95%	-0.67%	-3.88%	6.71%	-1.04%	80%
AEX-Index	Netherlands	551.68	-1.30%	-0.16%	-1.60%	10.83%	1.30%	89%
PSI All-Share Index GR	Portugal	3,229.25	-0.08%	1.57%	5.62%	16.97%	8.75%	73%
MOEX Russia Index	Russia	2,293.20	2.42%	-0.93%	-0.14%	15.83%	8.83%	73%
IBEX 35 INDEX	Spain	9,622.70	-1.49%	1.71%	-6.94%	-6.65%	-4.19%	77%
OMX STOCKHOLM 30 INDEX	Sweden	1,539.38	0.03%	-0.90%	-9.68%	-8.50%	-1.15%	95%
SWISS MARKET INDEX	Switzerland	8,609.30	-0.39%	1.04%	-9.94%	-7.19%	-8.23%	107%
BIST 100 INDEX	Turkey	96,094.44	2.30%	-5.24%	-31.03%	-25.96%	-16.31%	115%
FTSE 100 INDEX	UK	7,636.93	-1.03%	-1.28%	-3.09%	5.54%	-0.66%	114%
<b>Asia Pacific</b>								
MSCI AC ASIA x JAPAN	MSCI Asia Ex	672.23	-2.39%	-5.20%	-5.78%	6.96%	-5.78%	161%
S&P/ASX 200 INDEX	Australia	6,177.79	-1.01%	0.70%	-3.33%	2.68%	2.14%	105%
DSE 30 Index	Bangladesh	1,932.36	-0.25%	-1.46%	-15.53%	-9.50%	-14.16%	
HANG SENG CHINA ENT INDX	China "H"	11,073.00	-2.34%	-7.58%	-5.84%	5.58%	-5.43%	126%
SHANGHAI SE COMPOSITE	China "A"	2,778.01	-3.12%	-10.98%	-15.43%	-8.38%	-13.90%	89%
HANG SENG INDEX	HK	28,955.11	-1.30%	-4.99%	-3.64%	10.92%	-3.22%	129%
Nifty 50	India	10,621.35	-1.86%	-1.74%	-5.13%	6.68%	1.74%	111%
JAKARTA COMPOSITE INDEX	Indonesia	5,774.88	-1.62%	-5.49%	-13.13%	-7.14%	-8.75%	97%
NIKKEI 225	Japan	21,811.93	-1.69%	-1.39%	-0.43%	11.49%	-2.02%	92%
KOSPI 200 INDEX	Korea	292.93	-1.41%	-6.35%	-11.21%	-1.37%	-7.72%	81%
Laos Composite Index	Laos	897.54	-0.86%	-2.56%	-10.97%	-13.16%	-9.50%	38%
FTSE Bursa Malaysia KLCI	Malaysia	1,681.58	-0.73%	-4.07%	-5.17%	1.91%	-5.86%	85%
KARACHI 100 INDEX	Pakistan	41,693.29	0.74%	-6.83%	-5.94%	-22.61%	3.56%	107%
PSEI - PHILIPPINE SE IDX	Philippines	7,222.07	1.69%	-5.36%	-21.26%	-12.37%	-15.95%	98%
STRAITS TIMES INDEX STI	Singapore	3,235.22	-0.89%	-6.31%	-5.80%	1.60%	-3.94%	97%
SRI LANKA COLOMB ALL SH	Sri Lanka	6,169.85	-0.14%	-3.26%	-5.69%	-10.39%	-2.74%	73%
TAIWAN TAIEX INDEX	Taiwan	10,777.94	-1.08%	-1.85%	-0.80%	4.05%	1.82%	91%
STOCK EXCH OF THAI INDEX	Thailand	1,596.80	-2.76%	-10.33%	-10.31%	4.02%	-9.02%	104%
HO CHI MINH STOCK INDEX	Vietnam	948.10	-2.67%	-1.78%	-3.44%	23.27%	-2.38%	81%
<b>Rest of the World</b>								
MSCI ACWI	MSCI World	505.20	-1.27%	-0.70%	-1.53%	8.43%	-1.53%	98%
MSCI EM	MSCI EM	1,069.52	-1.70%	-4.57%	-7.68%	5.47%	-7.68%	97%
MSCI Frontier Market Index	MSCI FM	2,649.82	-0.97%	-3.46%	-11.33%	-1.60%	-11.33%	89%
DFM GENERAL INDEX	Dubai	2,864.98	-3.66%	-4.83%	-16.29%	-16.83%	-16.29%	167%
MSCI EM LATIN AMERICA	Latin America	2,477.08	1.54%	-3.26%	-12.41%	-2.16%	-12.41%	89%
ARGENTINA MERVAL INDEX	Argentina	26,037.01	-19.66%	-21.52%	-44.36%	-30.94%	-13.40%	105%
MSCI BRAZIL	Brazil	1,647.27	0.83%	-8.45%	-18.57%	-2.64%	-18.57%	87%
Santiago Exchange IPSA	Chile	5,301.25	-3.83%	-6.01%	-10.23%	13.89%	-4.73%	98%
IGBC GENERAL INDEX	Colombia	12,499.63	3.72%	0.37%	11.17%	20.14%	8.90%	
S&P/BMV IPC	Mexico	47,663.20	3.21%	7.73%	-3.96%	-11.52%	-3.43%	92%
Bolsa de Panama General	Panama	483.55	0.94%	1.77%	9.17%	14.36%	9.17%	164%
S&P/BVLPeruGeneralTRPEN	Peru	19,800.26	-2.82%	-4.84%	-1.84%	22.75%	-0.87%	131%
MSCI EFM AFRICA	Africa	858.71	0.06%	-4.03%	-15.28%	3.41%	-15.28%	88%
EGYPT HERMES INDEX	Egypt	1,584.68	-0.15%	-1.02%	9.55%	31.66%	10.27%	70%
GSE Composite Index	Ghana	2,878.66	-0.83%	-11.25%	5.46%	36.07%	11.59%	102%
Nairobi SE 20 Share	Kenya	3,289.31	-0.58%	-0.89%	-9.42%	-6.02%	-11.39%	92%
MASI Free Float Index	Morocco	11,878.65	-2.62%	-3.57%	-5.68%	0.12%	-4.12%	444%
NIGERIA STCK EXC ALL SHR	Nigeria	38,278.55	0.82%	0.25%	-0.32%	0.33%	0.09%	97%
FTSE/JSE AFRICA TOP40 IX	South Africa	51,516.06	-0.76%	-4.60%	-11.67%	8.21%	-1.94%	162%
<b>Global Style</b>								
MSCI WORLD GROWTH INDEX	US	2,563.09	-1.46%	-0.02%	3.43%	15.10%	3.43%	97%
MSCI WORLD VALUE INDEX	US	2,736.37	-0.95%	-0.33%	-4.84%	2.64%	-4.84%	100%
MSCI World Large Cap	US	1,277.66	-1.14%	-0.08%	-0.68%	8.74%	-0.68%	100%
MSCI World Mid-Cap	US	1,375.12	-1.56%	-0.61%	-0.61%	9.32%	-0.61%	99%
Average			-1.04%	-2.29%	-5.44%	3.75%	-4.03%	106%
Top 25%			-0.03%	0.43%	-0.88%	11.21%	0.12%	107%
Bottom 25%			-1.83%	-4.71%	-10.08%	-4.56%	-8.82%	89%

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# GLOBAL MARKET DATA (CONTD.)

25 JUNE - 1 JULY

FX (vs USD)			Return +ive=USD Stronger			
Name	BBG Code	Price	1 Week	MTD	YTD	1Y
DOLLAR INDEX SPOT	DXY Index	94.76	-0.05%	0.52%	2.55%	-1.21%
USD-EUR X-RATE	USDEUR Curncy	0.86	-0.24%	-0.07%	2.95%	-2.11%
Russian Ruble SPOT (TOM)	USDRUB Curncy	63.12	-0.35%	0.64%	8.98%	5.38%
USD-TRY X-RATE	USDTRY Curncy	4.63	-1.57%	1.20%	21.34%	30.12%
USD-GBP X-RATE	USDGBP Curncy	0.76	0.44%	0.74%	2.49%	-1.55%
Bloomberg JPMorgan Asia Dollar	ADXY Index	106.70	-1.01%	-2.39%	-2.43%	1.04%
USD-AUD X-RATE	USDAUD Curncy	1.36	0.54%	2.31%	5.65%	3.69%
USD-CNY X-RATE	USDCNY Curncy	6.65	1.71%	3.33%	1.80%	-2.51%
USD-INR X-RATE	USDINR Curncy	68.64	0.89%	1.56%	7.24%	5.67%
USD-JPY X-RATE	USDJPY Curncy	110.67	0.75%	1.88%	-1.60%	-1.06%
USD-KRW X-RATE	USDKRW Curncy	1,119.23	0.09%	2.91%	4.31%	-2.80%
USD-TWD X-RATE	USDTRWD Curncy	30.50	0.52%	1.53%	2.64%	-0.07%
USD-ARS X-RATE	USDARS Curncy	28.94	7.28%	16.17%	55.63%	75.69%
USD-BRL X-RATE	USDBRL Curncy	3.88	2.66%	3.60%	16.64%	16.80%
USD-CLP X-RATE	USDCLP Curncy	653.58	2.55%	3.40%	6.12%	-1.60%
USD-MXN X-RATE	USDMXN Curncy	20.08	-1.19%	-0.94%	0.56%	9.49%
USD-EGP X-RATE	USDEGP Curncy	17.89	0.15%	0.01%	0.64%	-1.26%
USD-NGN X-RATE	USDNGN Curncy	361.50	0.28%	0.21%	0.42%	14.67%
USD-ZAR X-RATE	USDZAR Curncy	13.84	2.55%	8.47%	11.02%	5.30%
Commodities			Return (USD)			
WTI CRUDE FUTURE Aug18	CLA Comdty	73.70	8.12%	10.82%	24.79%	56.53%
BRENT CRUDE FUTR Sep18	COA Comdty	78.38	5.19%	2.56%	22.34%	57.67%
Baltic Dry Index	BDIY Comdty	1,385.00	3.28%	27.06%	1.39%	50.54%
Natural Gas Futures	NGI Comdty	2.90	-0.71%	-0.95%	-0.98%	-3.88%
Gold Spot \$/Oz	XAU Curncy	1,248.55	-1.05%	-3.57%	-3.89%	0.76%
Silver Spot \$/Oz	XAG Curncy	15.97	-1.55%	-2.13%	-5.33%	-3.26%
LME COPPER 3MO (\$)	LMCADSO3 Comdty	6,626.00	-2.40%	-3.30%	-8.57%	11.55%
Government Bond Yields %			Change (percentage points)			
US Generic Govt 2 Year Yield	USGG2YR Index	2.51	-0.01	0.10	0.65	1.16
US Generic Govt 5 Year Yield	USGG5YR Index	2.71	-0.03	0.04	0.53	0.89
US Generic Govt 10 Year Yield	USGG10YR Index	2.83	-0.03	0.00	0.45	0.59
Canadian Govt Bonds 10 Year No Mexico Generic 10 Year	GCAN10YR Index	2.17	0.04	-0.08	0.12	0.46
UK Govt Bonds 10 Year Note Gen	GMXN10YR Index	7.62	-0.15	-0.19	-0.04	0.87
Switzerland Govt Bonds 10 Year	GUKG10 Index	1.25	-0.04	0.05	0.09	0.03
German Government Bonds 2 Yr B	GSWISS10 Index	-0.07	-0.02	0.00	0.09	-0.02
German Government Bonds 5 Yr O	GDBR2 Index	-0.67	0.00	-0.01	-0.04	-0.10
Germany Generic Govt 10Y Yield	GDBR5 Index	-0.31	0.00	-0.03	-0.10	-0.07
French Generic Govt 10Y Yield	GDBR10 Index	0.29	-0.04	-0.04	-0.13	-0.15
Greece Generic Govt 10Y Yield	GTRFR10Y Govt	0.66	-0.04	0.00	-0.12	-0.14
Italy Generic Govt 10Y Yield	GTGRD10Y Govt	3.93	-0.18	-0.62	-0.14	-1.44
Spain Generic Govt 10Y Yield	GBTPGR10 Index	2.72	-0.01	-0.11	0.66	0.53
Portugal Generic Govt 10Y Yield	GSPG10YR Index	1.34	-0.03	-0.18	-0.25	-0.21
Australia Govt Bonds Generic Y	GSPT10YR Index	1.80	-0.03	-0.19	-0.16	-1.25
India Govt Bond Generic Bid Yi	GACGB10 Index	2.60	-0.02	-0.04	0.00	0.13
KCMP South Korea Treasury Bond	GIND10YR Index	7.90	0.08	0.08	0.58	1.39
Japan Generic Govt 10Y Yield	GVSK10YR Index	2.56	-0.06	-0.14	0.09	0.36
South Africa Govt Bonds 10 Year	GJGB10 Index	0.03	0.00	0.00	-0.01	-0.03
	GSAB10YR Index	8.72				
Corporate Credit Indices			Change (Bps) +ive = Widening			
MARKIT ITRX EUR XOVER 06/23	ITRXEXE CBIL Curncy	327.27	15.74	16.31	89.41	77.30
MARKIT ITRX EUROPE 06/23	ITRXEBE CBIL Curncy	75.50	3.23	4.88	29.16	18.57
MARKIT ITRX EUR SNR FIN 06/23	ITRXESE CBIL Curncy	92.89	8.36	4.34	46.75	37.77
MARKIT ITRX EUR SUB FIN 06/23	ITRXEUE CBIL Curncy	184.12	13.50	-9.07	77.45	48.75
MARKIT CDX.NA.IG.30 06/23	IBOXUMAE CBIL Curncy	67.62	2.46	0.29	17.78	5.44
MARKIT CDX.NA.HY.30 06/23	IBOXHYE CBIL Curncy	361.69	15.66	4.19	50.59	13.92
Implied Volatility (Equity Index)			Change (Volatility Points) +ive = Volatility Rising			
Eurostoxx 3month ATM	SX5E Index	14.67	1.37	-0.30	1.01	-0.82
FTSE 100 500 3month ATM	UKX Index	12.27	1.33	0.47	2.88	0.79
Hang Seng 3month ATM	HSI Index	17.95	1.82	1.65	3.04	5.15
Nikkei 3month ATM	NKY Index	14.93	0.28	0.78	-0.60	2.32
S&P 500 3month ATM	SPX Index	13.61	1.67	0.93	3.69	2.98
Volatility (VIX)	VIX Index	16.09	2.32	0.66	5.05	4.65
Inflation (Long term inflation expectation proxy) %			Change (percentage points)			
US 5Y5YF Inflation Swap		2.41	-0.04	0.02	0.06	0.16
UK 5Y5YF Inflation Swap		3.41	0.01	0.02	-0.08	0.03
JPY 5Y5YF Inflation Swap		0.40	0.00	0.00	0.00	0.08
EUR 5Y5YF Inflation Swap		1.74	-0.01	0.01	0.00	0.13
Economic Data Surprise (+ive/-ive = above/below expectations)						
Citi Economic Surprise Index	CESIAPAC Index	-9.10				
Citi Economic Surprise Index -	CESICNY Index	-46.40				
Citi Economic Surprise Index -	CESIEM Index	-11.70				
Citi Economic Surprise Index -	CESIEUR Index	-61.00				
Citi Economic Surprise Index -	CESIG10 Index	-25.70				
Citi Economic Surprise - Japan	CESIJPY Index	-11.40				
Citi Economic Surprise Index -	CESILTAM Index	-11.80				
Citi Economic Surprise - Unite	CESIUSD Index	-4.90				

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**All performance data is weekly and in USD unless otherwise specified.**

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