

GLOBAL MARKET UPDATE



12 TO 18 JUNE: HOPE SPRINGS ETERNAL

THIS WEEK'S GLOBAL EQUITY MARKET MOVERS

DEVELOPED	Top 3:	Australia 2.94% , Switzerland 0.83% , United States 0.06%
	Bottom 3:	Spain -2.07% , Netherlands -1.34% , Europe -1.26%
EMERGING	Top 3:	Greece 2.99% , Dubai 1.75% , Mexico 1.48%
	Bottom 3:	Russia -4.53% , South Africa -3.23% , Philippines -2.22%
FRONTIER	Top 3:	Venezuela 28.88% , Kenya 1.80% , Nigeria 1.67%
	Bottom 3:	Pakistan -5.40% , Peru -2.24% , Argentina -2.21%

Since the financial crisis, there has been much discussion of “secular stagnation” or a “new normal” for the global economy, with lower growth and inflation. Last year, a commodity rally sparked a brief move higher in headline inflation. However, outside a few special cases mostly related to currency weakness (like the UK), measures of core inflation have struggled to move higher.

Central banks remain resolute that price pressures are just around the corner. With unemployment at multi-decade lows in the US, the FED are using the “Philips Curve” as their anchor (that there is an inverse relationship between the level of unemployment and the rate of inflation) and raising rates ahead of a potential surge in wages.

Markets, however, are more sceptical. Despite 3 rate hikes in 6 months, the US 10-year is 0.5% lower in yield (this week the 10-year hit its lowest yield since the Presidential election at 2.10%). Similarly, whilst the FED is clearly guiding a further rate raise this year as part of an ongoing cycle, futures markets price only a 40% chance of another hike before January and less than 2 hikes over the next 2 years. Commodity markets too are refusing to stick to a bullish regime. Oil prices were again lower last week, extending their longest run of weekly losses since August 2015.

In fact, although the central banking fraternity believe tighter labour markets are going to prompt higher inflation over the coming months, they appear to acknowledge that their current mandates (in US/Europe/Japan/UK encompassing a 2% inflation target) may leave insufficient room to stimulate long-term growth. During the FED’s press conference, Janet Yellen said the question of raising inflation targets was “one of the most important questions facing monetary policy.” In short, although the global economy currently has some decent momentum, the underlying weakness in the developed market story still lurks in the background

UNITED STATES

S&P 2,433 +0.06%, 10yr Treasury 2.15% -4.91bps, HY Credit Index 333 +9bps, Vix 10.53 -0.32Vol

At the June FOMC meeting, **the FED increased interest rates by 25bps** as expected. However, the overall tone of the press conference and statement was more hawkish. In particular:

- **The Committee see recent renewed weakness in inflation as being caused by “one-off reductions”** in items such as wireless phone prices and prescription drugs. As such, “inflation on a 12-month basis is expected to remain somewhat below 2 percent in the near term but to stabilize around the Committee’s 2 percent objective over the medium term.”
- **“The Committee currently expects to begin implementing a balance sheet normalization program this year.”** Namely, the FED will begin to reduce the re-investment of maturing securities according to an initial maximum monthly principal reduction of USD 6bn for Treasuries and USD 4bn for mortgage-backed securities. These caps will be increased every 3 months until USD 30bn for Treasuries and USD 20bn for mortgage backed securities is allowed to run-off.

The FED’s balance sheet has grown by around USD 3.5trn since the onset of the crisis. Current guidance is for around 1/3 of that to be unwound over the next 3 years.

There was a **raft of economic data, most of which was weak**. Core CPI disappointed, retail sales posted their biggest drop in 16 months, consumer sentiment declined, housing starts decreased for the 3rd consecutive month and building permits fell to their lowest level in 13 months. Only manufacturing gauges bucked the trend with the Empire State measure rebounding and the Philly Fed falling less than expected. In equity markets, technology again underperformed.

EUROPE

Eurostoxx 3,581 -1.26%, German Bund 0.28% +1.20bps, Xover Credit Index 236 -3bps, EURUSD 1.119 -0.01%

The German ZEW survey registered its highest reading for the “current situation” since July 2011, but the “expectations” component fell markedly. More generally, the change in sentiment towards European assets continued, with investment inflows logging a 12th consecutive positive week.

After the requisite 6 months of wrangling, **the EU and IMF announced a new deal for Greece** that will support debt repayments of EUR 7bn in July. Poul Thomsen, Director of the IMF’s European Department, described the agreement as “not the first best solution”. He would be right; although Greece was granted an additional EUR 8.5bn of funding, the country continues to be excluded from the ECB’s asset purchase program and, most importantly, there was no discussion of debt relief (postponed until August 2018).

It was another **bad week for the UK:**

- Retail sales printed -1.2% MOM (larger decline than expected).
- 3 out of 8 members of the Bank of England monetary policy committee “blinked”, voting to raise rates. This was on the basis of a tight labour market and inflation overshooting by more than expected.
- Credit rating agency Moody’s warned the general election result could threaten the country’s rating (already downgraded following last year’s Brexit vote) as a function of fiscal cuts being put on hold.
- Prime Minister Theresa May suffered continued criticism in the wake of a faltering response to the Grenfell Tower fire.

At this juncture, we are of the view that the UK will not raise rates this year. Inflationary pressures genuinely do appear to be imported and transitory. This said – there is a “tail risk” of further GBP declines prompting a hike in an already difficult environment. Theresa May will be fighting for her job this week, with a need to seal a deal with the DUP in Northern Ireland, and then the Queen’s speech (outlining the government’s legislative programme). Since announcing the snap election, her leadership has been found considerably wanting.

In the second round of the French assembly elections, **new President Macron’s en Marche party (together with centrist ally Modem, secured 350 out of 577 seats**. Whilst the result was solid, it came on a record low 43% turnout and fell short of expectations for a landslide. The outgoing Socialist party retained only 44 of 284 seats and the National Front consolidated their representation with 9 seats.

The CBR in **Russia cut rates by 0.25% to 9%** as inflation falls towards its 4% target (4.1% in May). This was the 3rd consecutive cut, with more expected to follow. It came as the US voted to impose new sanctions on the country based on interference in its elections and the conflicts in Syria and Ukraine. The **CBT in Turkey left rates on hold**.

ASIA PACIFIC

HSCEI 1,054 -2.00%, Nikkei 2,006.00 -0.66%, 10yr JGB 0.06% 0bps, USDJPY 111.180 +0.48%

Japan’s Q1 GDP growth was downgraded from an initial estimate at 2.2% to a much slower 1.0% because of a downward adjustment to oil inventories. At their monetary policy meeting, the BOJ left policy unchanged with small to changes to its outlook; the assessment of private consumption changing to “has increased its resilience” from “has been resilient” and deleting the phrase “emerging economies remain sluggish in part”.

China’s broad credit growth rate in May came in at 12.9% YOY, the same level as in April, despite the PBOC continuing to pursue a ‘selective tightening’ policy. M2 growth slowed to 9.6% YOY in May from 10.5% YOY in April.

This showed a continuation of the recent divergence between money supply growth (M2) and credit growth (measured by total social financing).

Chris Wehbe

CEO

christopher.wehbe@alquity.com

Twitter: [@cswehbe](https://twitter.com/cswehbe)

Aaron Armstrong

Investment Analyst (Asia)

aaron.armstrong@alquity.com

Florian Gueritte

Investment Analyst (Africa & LatAm)

florian.gueritte@alquity.com

The central bank is currently executing a finely balanced set of competing objectives. The PBOC is maintaining enough liquidity to satisfy the demand for loans coming from the real economy, whilst simultaneously reducing the level of systemic risk within the banking sector in the form of risky, speculative activities that offer minimal value to the real economy, which have grown exponentially in recent years.

Given the current stage of the political cycle in China, we anticipate that the central bank and financial regulators will ease off on these de-risking objectives during the second half of 2017, due to the desire of all government bodies to have the economy firing on all cylinders during the time of National Congress.

China's industrial production growth rate was flat month on month at 6.5% YOY, continuing the recent trend of firm data.

India's inflation rate touched a five-year low in May, with CPI inflation dropping to 2.2% YOY, down from 3.0% in April and below the market's expectations. This was the lowest reading of the consumer price index since the government began publishing it in 2012.

This follows the Reserve Bank of India's meeting on 7th June where rates were left on hold.

At the June meeting, we saw the RBI change to a more dovish policy statement, commenting on an "abrupt and significant retreat of inflation in April". This was a noticeable change from the previous meeting's rhetoric where policymakers were explicit in repositioning from an accommodative to a neutral stance. Now, with CPI inflation at an all-time low and forecasts for a good monsoon, expectations are growing for a 25bp rate cut in August. In our view, these fundamental factors, combined with the ever-present pressure from political and commercial interests to cut rates, will likely cause the RBI, under Governor Patel (who is perceived as softer than his predecessor), to re-enter a rate cutting cycle at the earliest opportunity.

India's current account deficit shrank to 0.6% of GDP, narrowing more than expected from 1.4% last quarter. The goods trade deficit fell from \$33.3bn in Q4 2016 to \$29.7bn in Q1 2017, while the services trade surplus fell marginally. The gradual narrowing of the current account deficit has been supporting the Indian Rupee which, despite the Fed tightening and the RBI loosening, has caused the rupee to strengthen to its highest level since August 2015.

Bank Indonesia kept interest rates on hold at 4.75% for the eighth consecutive month. The overall statement was largely unchanged, with policymakers adding that the FOMC rate hike had minimal impact on Indonesian financial markets due to its predictability, and offering a more optimistic assessment of the domestic economy. BI left its GDP growth forecasts for the year unchanged at 5.0%-5.4%.

Sri Lanka's GDP growth rate decelerated to 3.8% YOY in Q1 2017, down from 5.3% in Q4 2016. A severe drought accentuated the decline. The services sector remains the most important driver of the Sri Lankan economy, contributing 52.3% of GDP.

LATIN AMERICA

MSCI Lat Am 2,534 -0.07%

The electoral court acquitted Michel Temer of illegally financing his 2014 election campaign, clearing his most immediate threat. As time goes by, there are no significant demonstrations against Temer on the streets and no consensus about a possible replacement, thus market participants are coming to the conclusion that it would be better for asset prices to keep the beleaguered president in office after all.

Brazil's IPCA inflation fell to 3.6% YOY in May, well below the 4.5% target of the central bank.

Brazil's core retail sales advanced 1% MOM in April (seasonally adjusted), above consensus (-0.7%). This marked the first gain after 24 months in negative territory. Consumers are benefitting from the disinflationary trend (helping real income growth), falling interest rates (declining debt service) and withdrawals from inactive accounts held under the FGTS employment protection program.

However, consumption cannot recover sustainably if unemployment remains as elevated as 13%.

Argentina's central bank kept the monetary policy rate unchanged at 26.25%. INDEC's May inflation for both headline (1.3% MOM) and core reading (1.6% MOM) were below those for April (2.6% and 2.3% respectively) confirming the disinflation process is resuming.

AFRICA

MSCI Africa 832 -2.61%

Moody's downgraded South Africa's rating by one notch to Baa3, based on a deterioration of fiscal strength, supported by weak growth and policy uncertainty. This is one notch above "junk" but was already well discounted by the market as S&P and Fitch already downgraded SA below Investment grade status.

The ZAR depreciated 1.8% on Thursday after the Mines Minister announced a mandatory 30% black-ownership of mines in South Africa. This is likely to be fought in appeal but if confirmed, this measure will dis-incentive mining investment questioning the sustainability of the whole mining industry.

South African retail sales unexpectedly grew 1.5% YOY in April from a revised 0.9% (originally 0.8%) in March, in part due to Easter holidays. Year-to-date (January - April) retail sales volumes are down 0.4% YOY and this data point should remain an outlier in the overall gloomy picture.

The Central Bank of Egypt lifted the transfer limit on foreign currency, which was imposed at USD 100,000/year/client since 2011. Banks are now allowed to carry out transfers for clients without restrictions.

Egypt's current account deficit narrowed 38% YOY in 1Q17. Signs of Egypt's economy normalising after the floating of the currency are good:

- Remittances from Egyptians abroad increased

10.9% in 1Q17 to USD 4.62Bn from USD 4.17Bn in 1Q16

- Trade deficit narrowed 8.1% to USD 9.2Bn, driven by the 29.8% increase in merchandise exports to USD 5.5Bn
- Tourism revenues jumped 128.3% to USD 1.3Bn, as the number of tourist nights surged to 14.2Mn from 6.9Mn a year earlier
- Portfolio investment in Egypt jumped to USD 7.6Bn, from USD 84.7Mn in the same period a year earlier.

Nigeria's inflation came in at 16.25% YOY in May.

PLEASE CONTINUE FOR MARKET DATA

THE WEEK AHEAD

	Date	Consensus
UNITED STATES		
Current account balance (Q1) USD Bn	Tue/20	-121.2
Manufacturing PMI (JUN)	Fri/23	53.0
EUROPE		
Hungary rate decision %	Tue/20	0.9
Norway rate decision %	Thu/22	0.5
Eurozone consumer confidence (JUN)	Thu/22	-3.0
France GDP (Q1) % QOQ	Fri/23	0.4
Eurozone PMI (JUN)	Fri/23	56.6
ASIA PACIFIC		
Japan trade balance (MAY) nsa JPY Bn	Mon/19	43
Taiwan rate decision %	Thu/22	1.375
Philippines rate decision %	Thu/22	3.0
LATIN AMERICA		
Argentina GDP (Q1) % YOY	Wed/21	-
Mexico rate decision %	Thu/22	7.00
AFRICA		
South Africa CPI (MAY) % YOY	Wed/21	5.3
Egypt GDP (Q1) % YOY	Sun/25	-

GLOBAL MARKET DATA

12 to 18 June 2017

Equities				Return (USD)				YTD (Local)	Price/Book
Name	BBG Code	Country	Price	1 Week	MTD	YTD	1Y		
North America									
S&P 500 INDEX	SPX Index	US	2,433.15	0.06%	0.89%	8.68%	17.09%		3.1
RUSSELL 2000 INDEX	RTY Index	US	1,406.73	-1.05%	2.67%	3.65%	22.52%		2.3
NASDAQ COMPOSITE INDEX	CCMP Index	US	6,151.76	-0.90%	-0.75%	14.28%	26.97%		4.0
S&P/TSX COMPOSITE INDEX	SPTSX Index	Canada	15,192.54	-0.28%	1.09%	1.02%	7.25%		1.8
S&P 500 FINANCIALS INDEX	S5FINL Index	US	403.58	0.31%	4.76%	4.41%	32.01%		1.4
S&P 500 CONS DISCRET IDX	S5COND Index	US	717.76	-0.05%	-0.83%	10.80%	15.69%		5.1
S&P 500 INFO TECH INDEX	S5INFT Index	US	946.68	-1.16%	-2.09%	17.17%	31.86%		5.0
S&P 500 HEALTH CARE IDX	S5HLTH Index	US	898.60	0.50%	2.40%	12.76%	9.75%		3.9
S&P 500 ENERGY INDEX	S5ENRS Index	US	488.95	0.51%	2.04%	-11.82%	-1.55%		1.8
S&P 500 ECO SECTORS IDX	SPXL1 Index	US	2,433.15	0.06%	0.89%	8.68%	17.09%		3.1
S&P 500 INDUSTRIALS IDX	S5INDU Index	US	589.36	1.64%	2.33%	9.53%	21.74%		4.7
S&P 500 CONS STAPLES IDX	S5CONS Index	US	578.04	-0.59%	-0.60%	8.70%	4.86%		5.6
S&P 500 UTILITIES INDEX	S5UTIL Index	US	274.95	1.59%	1.20%	11.39%	7.43%		2.1
S&P 500 MATERIALS INDEX	s5MATR Index	US	339.25	-0.78%	2.11%	8.68%	14.87%		3.9
S&P 500 TELECOM SERV IDX	S5TELS Index	US	160.06	0.08%	0.82%	-9.37%	-7.59%		2.7
Europe									
Euro Stoxx 50 Pr	SX5E Index	Europe	3,580.96	-1.26%	-0.73%	14.26%	25.50%	7.70%	1.6
CAC 40 INDEX	CAC Index	France	5,320.75	-0.77%	-0.81%	14.84%	26.53%	8.25%	1.6
DAX INDEX	DAX Index	Germany	12,862.16	-0.57%	0.66%	17.84%	33.32%	11.08%	1.8
Athex Composite Share Pr	ASE Index	Greece	806.12	2.99%	3.54%	32.87%	44.63%	25.24%	0.7
FTSE MIB INDEX	FTSEMIB Index	Italy	21,085.10	-0.94%	0.58%	15.50%	27.86%	8.87%	1.2
AEX-Index	AEX Index	Netherlands	526.10	-1.34%	-1.07%	14.32%	24.21%	7.76%	1.8
PSI All-Share Index GR	BVLX Index	Portugal	2,920.24	-0.98%	-0.88%	22.41%	24.94%	15.39%	1.3
MICEX INDEX	INDEXCF Index	Russia	1,830.23	-4.53%	-5.80%	-13.46%	10.36%	-18.35%	0.7
IBEX 35 INDEX	IBEX Index	Spain	10,851.90	-2.07%	-1.53%	22.05%	31.00%	15.05%	1.6
OMX STOCKHOLM 30 INDEX	OMX Index	Sweden	1,652.53	-1.06%	-0.39%	12.54%	23.02%	7.83%	2.3
SWISS MARKET INDEX	SMI Index	Switzerland	9,024.28	0.83%	-1.21%	13.86%	16.52%	9.04%	2.5
BIST 100 INDEX	XU100 Index	Turkey	98,884.76	0.30%	1.42%	26.44%	10.06%	25.66%	1.3
FTSE 100 INDEX	UKX Index	UK	7,525.79	-0.50%	-1.56%	8.21%	13.11%	4.49%	1.9
Asia Pacific									
MSCI AC ASIA x JAPAN	MXASJ Index	MSCI Asia Ex	620.00	-1.50%	0.25%	20.54%	27.09%	20.54%	1.6
S&P/ASX 200 INDEX	AS51 Index	Australia	5,805.17	2.94%	3.43%	7.67%	16.37%	1.91%	2.0
DSE 30 Index	DS30 Index	Bangladesh	2,031.60	-0.08%	1.26%	9.51%	14.21%	12.17%	-
HANG SENG CHINA ENT INDX	HSCFI Index	China "H"	10,540.75	-2.00%	-2.16%	9.87%	22.85%	10.54%	1.0
SHANGHAI SE COMPOSITE	SHCOMP Index	China "A"	3,144.37	-1.23%	0.46%	2.70%	5.36%	0.63%	1.7
HANG SENG INDEX	HSI Index	HK	25,932.54	-1.59%	-0.24%	15.78%	27.22%	16.48%	1.3
Nifty 50	NIFTY Index	India	9,628.10	-0.97%	-0.26%	23.53%	23.07%	17.13%	2.9
JAKARTA COMPOSITE INDEX	JCI Index	Indonesia	5,730.01	0.93%	-0.08%	10.14%	19.73%	8.06%	2.4
NIKKEI 225	NKY Index	Japan	20,067.75	-0.66%	1.34%	9.81%	21.67%	4.34%	1.8
KOSPI 200 INDEX	KOSPI2 Index	Korea	308.61	-1.68%	-0.55%	25.57%	31.52%	17.99%	1.1
Laos Composite Index	LSXC Index	Laos	1,020.47	-0.31%	-2.76%	-1.23%	-12.19%	-0.38%	0.9
FTSE Bursa Malaysia KLCI	FBMVKLCI index	Malaysia	1,786.74	-0.11%	1.80%	14.51%	6.53%	9.11%	1.8
KARACHI 100 INDEX	KSE100 Index	Pakistan	46,476.43	-5.40%	-7.38%	-2.41%	20.59%	-1.98%	1.9
PSEI - PHILIPPINE SE IDX	PCOMP Index	Philippines	7,943.75	-2.22%	0.30%	14.31%	-3.07%	15.23%	2.5
STRAITS TIMES INDEX STI	FSSTI Index	Singapore	3,248.03	-0.61%	0.66%	17.35%	14.68%	12.17%	1.2
SRI LANKA COLOMBO ALL SH	CSEALL Index	Sri Lanka	6,706.40	0.58%	0.57%	5.65%	-0.93%	7.88%	1.4
TAIWAN TAIEX INDEX	TWSE Index	Taiwan	10,250.60	-1.10%	0.42%	17.19%	27.40%	9.76%	1.7
STOCK EXCH OF THAI INDEX	SET Index	Thailand	1,582.41	0.89%	1.16%	7.82%	16.06%	2.18%	1.9
HO CHI MINH STOCK INDEX	VNINDEX Index	Vietnam	765.17	1.57%	3.35%	15.00%	19.84%	14.49%	2.3
Rest of the World									
MSCI ACWI	MXWD Index	MSCI World	466.16	-0.15%	0.51%	10.51%	18.88%	10.51%	2.3
MSCI EM	MXEF Index	MSCI EM	1,003.12	-1.48%	-0.22%	16.33%	25.42%	16.33%	1.6
MSCI Frontier Market Index	MXFEM Index	MSCI FEM	2,717.90	-0.99%	0.32%	12.39%	6.32%	12.39%	1.9
DFM GENERAL INDEX	DFMGI Index	Dubai	3,461.27	1.75%	3.60%	-2.02%	4.59%	-2.02%	1.3
MSCI EM LATIN AMERICA	MXLA Index	Latin America	2,534.06	-0.07%	0.07%	8.26%	22.28%	8.26%	1.7
ARGENTINA Merval INDEX	MERVAL Index	Argentina	21,291.38	-2.21%	-4.04%	25.06%	40.79%	25.85%	0.7
MSCI BRAZIL	MXBR Index	Brazil	1,681.03	-1.03%	-2.93%	0.55%	27.89%	0.55%	1.5
CHILE STOCK MKT SELECT	IPSA Index	Chile	4,836.23	-0.37%	0.77%	17.53%	26.51%	16.50%	1.6
IGBC GENERAL INDEX	IGBC Index	Colombia	10,904.32	-0.33%	0.33%	9.10%	13.68%	7.90%	-
S&P/BMV IPC	MEXBOL Index	Mexico	49,221.03	1.48%	5.01%	24.20%	14.81%	7.84%	2.7
Bolsa de Panama General	BVPSBVPS Index	Panama	423.23	0.03%	-0.76%	2.35%	7.55%	2.41%	2.1
S&P/BVLPeruGeneralTRPEN	SPBLPGPT Index	Peru	15,858.77	-2.24%	-0.96%	4.29%	18.38%	1.87%	1.6
VENEZUELA STOCK MKT INDX	IBVC Index	Venezuela	118,905.80	28.88%	59.81%	275.13%	740.39%	275.04%	10.0
MSCI EFM AFRICA	MXFMEAF Index	Africa	832.04	-2.61%	-2.42%	8.14%	15.24%	8.14%	2.4
EGYPT HERMES INDEX	HERMES Index	Egypt	1,215.82	-0.66%	1.27%	11.40%	-12.54%	11.51%	1.9
GSE Composite Index	GGSECI Index	Ghana	1,934.12	0.88%	-1.42%	11.00%	-2.74%	14.51%	1.8
Nairobi SE 20 Share	KNSMIDX Index	Kenya	3,541.35	1.80%	2.62%	9.93%	-8.70%	11.15%	2.2
MA5I Free Float Index	MOSENEW Index	Morocco	11,750.82	0.43%	1.21%	4.45%	21.58%	0.92%	2.5
NIGERIA STCK EXC ALL SHR	NGSEINX Index	Nigeria	33,810.56	1.67%	14.69%	25.98%	-25.11%	25.81%	1.6
FTSE/JSE AFRICA TOP40 IX	TOP40 Index	South Africa	44,868.70	-3.23%	-3.62%	8.08%	14.48%	1.39%	2.0
Average				-0.01%	1.26%	15.02%	26.85%	14.67%	
Top 25%				0.47%	1.31%	16.06%	25.46%	15.09%	
Bottom 25%				-1.13%	-0.82%	7.95%	8.65%	4.45%	

Chris Wehbe

CEO

christopher.wehbe@alquity.com

Twitter: @cswehbe

Aaron Armstrong

Investment Analyst (Asia)

aaron.armstrong@alquity.com

Florian Gueritte

Investment Analyst (Africa & LatAm)

florian.gueritte@alquity.com

GLOBAL MARKET DATA (CONTD.)

12 to 18 June 2017

FX (vs USD)				Return +ive=USD Stronger			
Name	BBG Code	Country	Price	1 Week	MTD	YTD	1Y
DOLLAR INDEX SPOT	DXY Index	USD Index	97.25	-0.11%	0.25%	-4.94%	2.74%
USD-EUR X-RATE	USDEUR Curncy	Europe	0.89	-0.01%	0.42%	-6.05%	0.26%
Russian Ruble SPOT (TOM)	USDRUB Curncy	Russia	57.94	0.88%	1.39%	-6.60%	-12.54%
USD-TRY X-RATE	USDTRY Curncy	Turkey	3.50	-0.99%	-0.72%	-0.59%	19.52%
USD-GBP X-RATE	USDGBP Curncy	UK	0.78	-0.32%	0.85%	-3.43%	11.12%
Bloomberg JPMorgan Asia Dollar	ADXY Index	Asia USD Index	106.11	-0.14%	0.01%	3.23%	-0.46%
USD-AUD X-RATE	USDAUD Curncy	Australia	1.31	-1.13%	-2.44%	-5.41%	-3.33%
USD-CNY X-RATE	USDCNY Curncy	China	6.82	0.09%	-0.31%	-2.19%	3.19%
USD-INR X-RATE	USDINR Curncy	India	64.40	0.17%	0.01%	-5.14%	-4.23%
USD-JPY X-RATE	USDJPY Curncy	Japan	111.18	0.49%	0.09%	-5.23%	6.35%
USD-KRW X-RATE	USDKRW Curncy	Korea	1,135.00	0.67%	1.19%	-6.16%	-3.37%
USD-TWD X-RATE	USD TWD Curncy	Taiwan	30.36	0.86%	0.88%	-6.23%	-6.08%
USD-ARS X-RATE	USDARS Curncy	Argentina	16.02	0.70%	-0.43%	0.98%	15.20%
USD-BRL X-RATE	USDBRL Curncy	Brazil	3.29	-0.10%	2.06%	1.18%	-4.99%
USD-CLP X-RATE	USDCLP Curncy	Chile	665.50	0.28%	-1.14%	-0.79%	-3.34%
USD-MXN X-RATE	USDMXN Curncy	Mexico	17.93	-1.40%	-3.76%	-13.55%	-5.39%
USD-EGP X-RATE	USDEGP Curncy	Egypt	18.11	0.06%	0.28%	0.09%	104.34%
USD-NGN X-RATE	USDNGN Curncy	Nigeria	314.55	3.10%	0.83%	3.02%	63.48%
USD-ZAR X-RATE	USDZAR Curncy	South Africa	12.82	-0.97%	-2.08%	-6.62%	-16.47%
Commodities				Return (USD)			
WTI CRUDE FUTURE Jul17	CLA Comdty	US	44.54	-2.38%	-7.41%	-21.18%	-9.41%
BRENT CRUDE FUTR Aug17	COA Comdty	UK	47.22	-1.62%	-6.68%	-19.47%	-6.51%
BALTIC DRY INDEX	BDIY Comdty		851.00	0.24%	-3.08%	-11.45%	42.31%
Natural Gas Futures	NGI Comdty		2.95	-0.07%	-1.11%	-18.45%	17.71%
Gold Spot \$/Oz	XAU Curncy		1,250.13	-1.02%	-1.21%	8.80%	-1.94%
Silver Spot \$/Oz	XAG Curncy		16.63	-2.96%	-3.70%	4.87%	-2.91%
LME COPPER 3MO (\$)	LMCADS03 Comdty		5,663.00	-2.43%	-0.33%	2.30%	24.87%
Government Bond Yields %				Change (percentage points)			
US Generic Govt 2 Year Yield	USGG2YR Index	US 2yr	1.32	-0.02	0.03	0.13	0.63
US Generic Govt 5 Year Yield	USGG5YR Index	US 5yr	1.75	-0.02	-0.01	-0.18	0.65
US Generic Govt 10 Year Yield	USGG10YR Index	US 10yr	2.16	-0.05	-0.05	-0.29	0.57
Canadian Govt Bonds 10 Year No	GCAN10YR Index	Canada 10yr	1.52	0.10	0.11	-0.20	0.42
Mexico Generic 10 Year	GMXN10YR Index	Mexico 10yr	6.87	-0.23	-0.47	-0.56	0.77
UK Govt Bonds 10 Year Note Gen	GUKG10 Index	UK 10yr	1.04	0.01	-0.03	-0.22	-0.09
Switzerland Govt Bonds 10 Year	GSWISS10 Index	Swiss 10yr	-0.14	0.02	0.02	0.04	0.36
German Government Bonds 2 Yr B	GDBR2 Index	German 2yr	-0.65	0.07	0.05	0.11	-0.06
German Government Bonds 5 Yr O	GDBR5 Index	German 5yr	-0.40	0.05	0.03	0.13	0.10
Germany Generic Govt 10Y Yield	GDBR10 Index	German 10yr	0.28	0.01	-0.03	0.07	0.30
French Generic Govt 10Y Yield	GTFRF10Y Govt	French 10yr	0.63	-0.01	-0.10	-0.05	0.23
Greece Generic Govt 10Y Yield	GTGRD10Y Govt	Greece 10yr	5.61	-0.32	-0.41	-1.41	-2.59
Italy Generic Govt 10Y Yield	GBTGPR10 Index	Italy 10yr	1.95	-0.10	-0.22	0.17	0.44
Spain Generic Govt 10Y Yield	GSPG10YR Index	Spanish 10yr	1.43	0.01	-0.10	0.07	-0.14
Portugal Generic Govt 10Y Yield	GSPT10YR Index	Portugal 10yr	2.88	-0.10	-0.14	-0.85	-0.50
Australia Govt Bonds Generic Y	GACGB10 Index	Aus 10yr	2.41	0.01	0.02	-0.36	0.40
India Govt Bond Generic Bid Yi	GIND10YR Index	India 10yr	6.48	-0.01	-0.17	-0.03	-1.02
KCMP South Korea Treasury Bond	GVSK10YR Index	Korea 10yr	2.16	-0.01	-0.08	0.07	0.58
Japan Generic Govt 10Y Yield	GJGB10 Index	Japan 10yr	0.06	0.00	0.01	0.01	0.25
South Africa Govt Bonds 10 Yea	GSAB10YR Index	SA 10yr	8.47	0.00	-0.11	-0.44	-0.64
Corporate Credit Indices				Change (Bps) +ive = Widening			
MARKIT ITRX EUR XOVER 06/22	ITRXEXE CBIL Curncy	EUR XOVER	235.87	-3.10	-14.53	-50.47	-140.95
MARKIT ITRX EUROPE 06/22	ITRXEBE CBIL Curncy	EUR MAIN	56.83	-1.76	-4.96	-14.66	-29.92
MARKIT ITRX EUR SNR FIN 06/22	ITRXESE CBIL Curncy	EUR SNR FIN	60.85	-3.66	-8.20	-32.06	-53.95
MARKIT ITRX EUR SUB FIN 06/22	ITRXEUE CBIL Curncy	EUR SUB FIN	148.36	-5.64	-7.90	-72.00	-94.84
MARKIT CDX.NA.IG.28 06/22	IBOXUMAE CBIL Curncy	US IG	61.51	1.39	-0.90	-6.16	-23.79
MARKIT CDX.NA.HY.28 06/22	IBOXHYSE CBIL Curncy	US HY	333.47	8.70	3.03	-23.25	-123.98
Implied Volatility (Equity Index)				Change (Volatility Points) +ive = Volatility Rising			
Eurostoxx 3month ATM	SX5E Index	Europe	13.49	0.30	-0.34	-4.36	-16.48
FTSE 100 500 3month ATM	UKX Index	UK	10.21	-0.24	-0.82	-2.77	-13.65
Hang Seng 3month ATM	HSI Index	HK	12.38	0.36	0.04	-3.81	-9.68
Nikkei 3month ATM	NKY Index	Japan	13.36	-0.75	0.39	-5.87	-15.73
S&P 500 3month ATM	SPX Index	US	9.79	-0.15	-0.12	-3.67	-6.36
Volatility (VIX)	VIX Index	US	10.53	-0.32	-0.03	-3.66	-8.99
Inflation (Long term inflation expectation proxy) %				Change (percentage points)			
US 5Y5YF Inflation Swap		USD	2.12	-0.09	-0.12	-0.31	0.28
UK 5Y5YF Inflation Swap		GBP	3.29	-0.06	-0.11	-0.28	0.28
JPY 5Y5YF Inflation Swap		JPY	0.38	-0.01	-0.04	-0.19	0.03
EUR 5Y5YF Inflation Swap		EUR	1.53	-0.03	-0.03	-0.21	0.19
Economic Data Surprise (+ive = above expectations)							
Citi Economic Surprise Index	CESIAPAC Index	Asia Pacific	-1.20				
Citi Economic Surprise Index -	CESICNY Index	China	14.50				
Citi Economic Surprise Index -	CESIEM Index	EM	9.60				
Citi Economic Surprise Index -	CESIEUR Index	Eurozone	30.40				
Citi Economic Surprise Index -	CESIG10 Index	G10	-19.70				
Citi Economic Surprise - Japan	CESIJPY Index	Japan	18.60				
Citi Economic Surprise Index -	CESILTAM Index	Latin America	27.00				
Citi Economic Surprise - Unite	CESIUSD Index	US	-78.60				

Chris Wehbe

CEO

christopher.wehbe@alquity.com

Twitter: @cswehbe

Aaron Armstrong

Investment Analyst (Asia)

aaron.armstrong@alquity.com

Florian Gueritte

Investment Analyst (Africa & LatAm)

florian.gueritte@alquity.com

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

This document has been issued and approved by Alquity Investment Management Limited which is authorised and regulated by the Financial Conduct Authority. This document is a marketing communication and is intended solely for distribution to investment professionals as defined in Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion Order) 2005. If you are an individual who would like more information about Alquity's Funds, please go to www.alquity.com.

The Alquity Africa Fund, the Alquity Asia Fund, the Alquity Future World Fund, the Alquity Indian Subcontinent Fund and the Alquity Latin American Fund are all sub-funds of the Alquity SICAV ("the Fund") which is a UCITS Fund and is a recognised collective investment scheme for the purposes of the Financial Services and Markets Act 2000 of the United Kingdom (the "FSMA"). This does not mean the product is suitable for all investors and as the Fund is invested in emerging market equities, investors may not get back the full amount invested.

This document has been provided for information purposes only and does not constitute an offer or solicitation to purchase or sell interests in the Fund. The information contained in this document shall not under any circumstances be construed as an offering of securities in any jurisdiction where such an offer or invitation is unlawful. The Fund is currently registered for sale in a limited number of countries and the Prospectus should be referred to before promoting a share class of a sub-fund as promotion of the Fund where it is not registered may constitute a criminal offence. The current prospectus and simplified prospectus are available free of charge from Alquity Investment Management Limited, 3 Waterhouse Square, 138-142 Holborn, London, EC1N 2SW or by going to www.alquity.com.

SWISS INVESTORS:

The prospectus, the Articles of Association, the Key Investor Information Document "KIIDs" as well as the annual and semi-annual report of the Fund is available only to Qualified Investors free of charge from the Representative. In respect of the units distributed in Switzerland to Qualified Investors, place of performance and jurisdiction is at the registered office of the Representative. Funds other than the Luxembourg domiciled Alquity SICAV mentioned in this document may not be admitted for distribution in Switzerland.

Swiss Representative: FIRST INDEPENDENT FUND SERVICES LTD., Klausstrasse 33, 8008 Zurich.

Swiss Paying Agent: Neue Helvetische Bank AG, Seefeldstrasse 215, CH-8008 Zurich.

Chris Wehbé
CEO
christopher.wehbe@alquity.com
Twitter: [@cswehbe](https://twitter.com/cswehbe)

Aaron Armstrong
Investment Analyst (Asia)
aaron.armstrong@alquity.com

Florian Gueritte
Investment Analyst (Africa & LatAm)
florian.gueritte@alquity.com