GLOBAL MARKET UPDATE

28 NOVEMBER TO 5 DECEMBER: POLITICALLY INCORRECT

THIS WEEK'S GLOBAL EQUITY MARKET MOVERS

DEVELOPED	**Top 3:**	Italy **4.26%**, Singapore **2.67%**, Norway **1.97%**
	Bottom 3:	Belgium **-1.11%**, Netherlands **-1.07%**, Germany **-0.98%**
EMERGING	**Top 3:**	Colombia **3.64%**, Indonesia **3.12%**, Russia **3.07%**
	Bottom 3:	Brazil **-3.40%**, Turkey **-3.36%**, Mexico **-1.53%**
FRONTIER	**Top 3:**	Venezuela **37.40%**, Saudi Arabia **4.38%**, Serbia **2.62%**
	Bottom 3:	Ghana **-6.86%**, Argentina **-3.65%**, Cyprus **-2.08%**

After a long period in which monetary policy has led markets, the baton has (at least in part) passed back to politicians over the last few months. After the surprise Trump election, yesterday saw the constitutional reform vote in Italy fail. Although expected, the margin of victory and strong turnout underscored a resounding loss for Prime Minister Renzi.

Moving 6,500km east, last week saw the first data release since India's "demonetisation" (see details below). It is still too early to judge the impact of this measure and opinion is firmly split. On the one side, a number of economists have taken a negative view. They highlight:

- **Short-term disruption** of removing 86% of paper currency in an economy where 98% of transactions by volume and 68% of transactions by value are in cash.
- Potential **ineffective and temporary effect on the black economy** of removing relatively low denomination notes (values are roughly USD 7.5 and USD 15 respectively).
- Risk that increased **tax revenues are spent inefficiently.**
- Monetary tightening as a consequence of a **"negative helicopter drop"** whereby any notes not deposited with the RBI are cancelled.
- **Threat to credibility** of government and the currency of such a blunt and sizeable move.

Certainly, we agree demonetisation stands out as bold reform, carrying not insignificant risk. However, we believe much of the criticism fails to take account of the broader context – demonetisation is not occurring in a vacuum:

- Banking penetration has historically been low, but over the last 2 years the government opened 220 million accounts and made some benefits available only through this channel. Although most of these accounts remained otherwise dormant, over the past 3 weeks many have been activated. Therefore, the implementation of demonetisation as a "big bang" has meant that much of the informal sector has had no choice but to go digital. In this way, the process will create **permanent change to business practices.**

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- The starting point is extreme; according to the country's first release of income tax data for 16 years, **only 2.5% of Indian's filed a tax return and only 1% ultimately made a tax payment.** Given such a low tax take, and the evidence of a government focused on transparency and reform, we would argue the multipliers from government spending are likely to be positive.

- Inflation is falling and will fall further, allowing the **RBI to cut rates** (starting this week). Moreover, it is not clear there will be a large reduction in the money supply. In theory, any notes not deposited with the central bank will ultimately be cancelled, thus reducing the cash in circulation. However, according to Credit Suisse, 56% of notes had been deposited 10 days ago, and some 75% may be exchanged over time. Thus, any reduction will be small. In addition, rather than cancelling the liability, the bank may choose to rebate the gain to the government to be spent on fiscal measures.

And this last point hints towards the principal risk. Such large-scale reform and management of currency walks a tightrope of positive change against faith in government. Just as we have spoken about in the past with respect to "helicopter money", credibility is all important. If there is any sign of government acting nefariously or in self-interest, the process will unravel.

In conclusion, whilst the India story carries risk, we remain extremely positive. **History teaches us that to unlock the underlying growth drivers of demographics, urbanisation and structural transformation, requires inclusive and quality institutions and government. The potential for such a combination in India is, in our view, unparalleled.**

Last week, **OPEC agreed its first price cut in 8 years** (amounting to around 1% of global production and prompting a 16%+ rally in the oil price). We remain somewhat sceptical as almost all major oil producers are playing weak hands – they require any and all revenue and are therefore unlikely to stick to production targets. Former Saudi oil minister Ali Al-Naimi summarised it aptly on Friday commenting "Unfortunately, we tend to cheat".

This week, the RBI in India meets on Wednesday, followed by the ECB on Thursday.

UNITED STATES

S&P 2,192 -0.97%, 10yr Treasury 2.38% +2.59bps, HY Credit Index 388 -4bps, Vix 14.12 +1.78Vol

Although equities ended their three-week winning streak, **the underlying "reflation" trend remained in place:** cyclical sectors outperformed and bond yields continued to rise (17-month high on the US 10-year on Thursday at 2.49%).

The move in bonds was supported by most economic data releases including a 9-year high in consumer confidence, the best Chicago PMI since January 2015 and a strong ISM manufacturing. The November employment report was, however, more mixed. Although the unemployment rate fell to 4.6% (lowest since August 2007) and the headline payrolls number was in line with consensus (178k jobs created), average hourly earnings and the labour force participation rate both fell (earnings by 0.1% MOM, participation to 62.7% from 62.8%). Nonetheless, the aggregate numbers reinforced the likelihood of a FED rate hike and **markets now price a 93% probability of a 25bps increase on the 14th December**. This outcome was supported by Cleveland FED governor Mester saying a hike would be "prudent" and Dallas FED governor Kaplan stating he would "advocate action to remove accommodation".

We note again that there is no upward trend in the participation rate; there now appears to be a structurally lower proportion of the population in the labour force (peak at 67.3% in 2000, current levels around the lowest since the 1970s).

EUROPE

Eurostoxx 3,015 -0.33%, German Bund 0.31% +4.10bps, Xover Credit Index 336 -7bps, EURUSD 1.060 -0.69%

HICP **Inflation data for the Eurozone ticked up to 0.6% YOY in November** (highest level since April 2014), but "core-inflation" (excluding food, alcohol, tobacco and energy) remained stuck at 0.8%, well below the ECB's 2% target. **This week (Thursday 8th December) there is an ECB meeting at which the governing council is expected to announce a six-month extension to its EUR 80bn asset purchase programme (currently due to end in March 2017).** Assuming this occurs, the market reaction will depend on 2 factors:

1) **Buying Criteria** – The programme contains strict rules over what the ECB can buy. As such, the eligible universe is limited and, without change, national central banks (particularly in Germany, Finland and Portugal) could run out of securities for purchase. If the ECB extends the programme, then it will also change one or more of:

- **Yield Floor**, the bank cannot buy bonds yielding less than the deposit rate at -0.4%. This restricts the

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universe of eligible securities (approximately 25% of Eurozone bonds trade below -0.4% including all German bonds up to 5-year maturity).

- **Issue and issuer share**, in order to ensure the ECB does not obtain a blocking minority in a debt restructuring, there are ownership limits of 33% at both issue and issuer level. This is because so called "collective-action clauses" mean that a majority (issue level) or 66% (aggregate issuer level) can force a change in terms on all bondholders for all Eurozone bonds issued since 2013. For those bonds issued prior, with no such terms, the ECB could relax their purchase limit.

- **Duration**, the range of eligible bonds is those with a maturity between 2 and 31 years.

- **Capital Key**, sovereign-bond purchases must be split according each country's share of the total population and GDP of the Eurozone. Any change in this regard would be hugely controversial.

We think changes to the yield floor and issue/issuer share for no-CAC bonds are the most likely alterations.

2) **Tapering** – Not least for technical reasons, the current programme cannot continue indefinitely.

We think the ECB will extend purchases at the full EUR 80bn. Inflation remains far below target, most recent growth forecasts have been revised downwards and there is considerable political risk. However, the council are likely to include firm "forward guidance" as part of a process to reduce the pace of purchases over time.

On Sunday, **Prime Minister Matteo Renzi offered his resignation after suffering a heavy defeat (59% to 41%), with a high turnout (69%) in the Italian constitutional reform referendum.** Attention will now turn to the political fallout and the ability of the country to complete a recapitalisation of its banking system (20% of loans, equating to EUR 360bn, are non-performing vs. an equity base of EUR 225bn). In particular, bankers will need to decide imminently whether the EUR 5bn recapitalisation of Monte Paschi (the poster child for bad banking) can still go ahead.

*As a reminder, **real GDP in Italy is unchanged over the last 16 years**. Some of this is self-inflicted; a country with a once thriving industry, has failed to innovate. Therefore globalisation has shifted production of lower-value added products elsewhere and left Italy with a focus on luxury, which is too small to support the broader economy. However, we believe this is also testament to the fundamental failings of the Euro project. In a normalised environment, Italy would have weakened its currency to gain competiveness and may even have restructured its debt. Within the Eurozone, there is a Germanic style focus on "internal adjustment" - but as Greece has shown (the Greek Depression is more severe than US Great Depression on any metric), this doesn't work.*

On a more positive note for European integration, **Austria voted against far-right candidate Norbert Hofer in the Presidential election,** with Alexander Van der Bellen prevailing by 53.3% vs. 46.7%.

In the UK, economic data showed some signs of the long-awaited "post-Brexit chill"; consumer confidence for November falling sharply alongside a decline in the Manufacturing PMI from 54.2 to 53.4. Elsewhere, **"British Influence", a think-tank, claimed that in order to leave the single market the UK would need to trigger Article 127 (relating to membership of the European Economic Area)** in addition to Article 50 (relating to membership of the European Union). This was taken positively since parliament is not likely to agree to an exit from the EEA. In practice, this argument comes down to 2 legal judgements. First, the outcome of the Supreme Court's hearing on whether Brexit requires parliamentary approval (this week with judgment in January). Second, whether membership of the EEA is considered implied by exit from the EU, or requires a separate ruling. In any case, the mood music in the UK is turning in favour of a "soft-Brexit". This saw the GBP rally.

Israel left rates on hold for the 21st consecutive month as expected. The country has been in deflation for over 2 years.

ASIA PACIFIC

HSCEI 9,689 -0.09%, Nikkei 1,827.00 -0.19%,10yr JGB 0.04% 0bps, USDJPY 113.900 +0.25%

India continues to adjust to life after demonetisation. The first data points covering assessment periods post the announcement are beginning to trickle through. The November PMI index came in at 52.3, down from October's 22-month high of 54.4.

The index for New Orders fell the sharpest (from 57.7 to 53.3), which we believe is the most relevant sub-index for assessing how demonetisation is impacting India's manufacturing sector. However, this is still far from a representative figure.

The manufacturing companies featured are more likely to belong to the 'white' economy and rely less on cash transactions than the smaller players of the un-organised sector. Conversely, the forward looking nature of the PMI index (which asks purchasing managers about, among other things, their expectations for future output) suggests that within the data are implicit analyses from companies about how demonetisation is impacting end-buyers of manufactured goods in the informal sector. On balance, there are two points to note for context on this data point:

We are still a long way from being able to assess the true impact of demonetisation on the Indian economy.

- *Sensationalist reports that the economy ground to a screeching halt on the day of the announcement and that activity has been frozen ever since, are almost certainly an exaggeration.*

- *We maintain our expectations (which are now aligned with consensus) for an interest rate cut from the Reserve Bank of India next week.*

FY17-Q2 (three months September 2016) GDP growth accelerated to 7.3% in India, from 7.1% in Q1, though this was below expectations (7.5%). Agricultural output began

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to pick up following the good monsoon rains, while private consumption growth also accelerated. The market attached little weight to this data point, with demonetisation the only game in town for watchers of India's economy at present.

China's official manufacturing PMI printed the highest for two years at 51.7, ahead of expectations of 51.0. The Caixin PMI (unofficial) moderated slightly from a two-year high in October, but remained expansionary. The strong activity was fairly broad across the economy, with manufacturing, retail, logistics and transport all posting good numbers.

Both the official and unofficial PMI data for China have been trending upwards for most of 2016. We attribute this in large part to policy support, both fiscal and monetary.

We maintain our view that for 2017 the government will have to rely more heavily on fiscal than monetary stimulus to promote growth. This is due to the implications that relaxed monetary policy has for RMB depreciation and for encouraging capital outflows. Our conviction here has strengthened given the now increased likelihood of more aggressive tightening from the Federal Reserve, following the Presidential election and the inflationary environment that Trump's fiscal stimulus will likely create. In summary, our view on Chinese economic policy for 2017 is that there will be a segregation of duties between fiscal and monetary policy, which will be made separately responsible for growth and foreign exchange stability respectively. This creates a possible scenario next year of tightening monetary conditions combined with higher fiscal spending, each decreasing the effectiveness of the other.

Donald Trump continues to make a stamp on US foreign policy in Asia, speaking this week with Taiwan President Tsai Ing-Wen. While only a 10-minute congratulatory phone call, this goes against the agreement that all countries wishing to hold diplomatic relations with China must abstain from official contact with Taiwan's leaders, in recognition of China's 'sovereignty' over the territory.

At this early stage, we read little in to these developments or their implications for US-China relations. Given that it was Ms Tai that made the call to Donald Trump rather than the US-Presiential elect actively seeking contact with Taiwan's leader, his accepting the call may have been a matter of ignorance rather than a calculated move to antagonise Beijing.

LATIN AMERICA

MSCI Lat Am 2,248 -2.09%

Brazilian equities (-3.88% IBovespa), fixed income and currency (-2.5%) markets sold off last Thursday, following the announcement that lawmakers tried (but failed) to pass a bill aimed at protecting themselves from corruption probes. Investors were already nervous as approval of fiscal adjustment measures are taking longer than and the political drama continues with some construction companies still plea bargaining with the justice system.

This major conflict between lawmakers and the judicial powers could have led Brazil into a constitutional crisis. However, the bill was rejected, hinting at a significant number of lawmaker acknowledging the need for structural strengthening of institutions and change of the political system to support a sustainable recovery.

Brazil's central bank cut the SELIC rate 25bps to 13.75%, as inflation and inflation expectations are coming down gradually. The BCB mentioned global uncertainties (US policies, global interest rates direction...) as a justification for not speeding up the pace of easing to 50bps per meeting.

Brazil 3Q16 GDP came in at -0.8% QoQ (-2.9% YoY). GDP revisions are now to the downside.

As we mentioned in past issues, Brazil's recovery path will not be smooth and easy. Market participants' expectations are ahead of all indicators. This week's political event and economic numbers reinforce our view of a gradual recovery and implementation of structural reforms but a need for the market to come back to the reality of a bumpy transition and cyclical recovery.

Peru annual inflation decreased to 3.35% in November from 4.61% in January. Inflation is closing in on the central bank target of 2% +/-1% and will support a stability of benchmark interest rate (4.25%) over the next meetings.

AFRICA

MSCI Africa 726 -1.75%

Morocco's rainy season should help famers put last year's drought behind them and support the cyclical recovery next year. Last year's drought was the worst in more than 30 years, but Morocco's granary (western plains) received up to 70mm of rain this year, which should be enough for a good agricultural season. Although Morocco is modernising its agriculture to be less sensitive to weather conditions, a good rainy season is meaningful for the sector and consumption. Agriculture still has far-reaching direct and indirect implications for the kingdom's economy.

South Africa kept its investment grade rating at S&P (BBB-), Fitch (BBB-) and Moody's (Baa2), although Fitch downgraded its outlook to negative. Despite the reprieve, all voice deep concern over political infighting and the impact it is having on SA's growth and macroeconomic balances. This news also increases the likelihood of P. Gordhan remaining Finance minister. He is the last defence of the investment grade status and last guarantor of fiscal discipline. The ZAR strengthened 1.68% last week as a consequence.

International investors are pouring money into Egypt as they are attracted by high nominal yield (14.75%) and see low downside risk on the currency after the massive 45% devaluation. Foreign investment in treasuries has reached USD500mn as of 20/11/2016. Finance minister A Garhy is targeting a total of USD10-12bn in Fixed income and Equity Portfolio flows, helped by high liquidity in global markets.

Egyptian financial markets are normalising. During this transition, the massive capital movements and adaptation of local and foreign investors to a new FX regime is creating a lot of volatility (in Equities, Bonds and FX) and imbalances but the IMF loans and net inflows provide a buffer.

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Kenya's private sector borrowing has slowed down to its lowest point in more than a decade, highlighting the reluctance by Kenyan banks to lend under the new regime of capped interest rates. According to the treasury, lending to businesses and homes grew just 4.8% in the year to September, down from 20.6% in a similar period last year.

Kenya is facing many imbalances, structural reforms are being postponed, banking regulation is weak and government policies are worsening the situation. Kenya will be lucky only to go through a negative credit cycle. If oil and other hard commodities prices start to increase, the country could face strong headwinds and the economy will be too weak to weather such a storm. Kenya is all the more vulnerable given that its debt repayment is expected to reach 40% of tax revenue next year.

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THE WEEK AHEAD

	Date	Consensus
UNITED STATES		
Trade balance (OCT) Bn USD	Tue/06	-41.6
Michigan consumer sentiment (DEC)	Fri/09	94.1
EUROPE		
Italy constitutional referendum	Sun/04	-
Austria presidential elections	Sun/04	0.2
UK PMI (NOV)	Mon/05	54.6
Eurozone PMI (NOV)	Mon/05	54.1
Eurozone retail sales (OCT) % YOY	Mon/05	1.7
Eurozone GDP(3Q) % QOQ	Tue/06	0.3
UK industrial production (OCT) % YOY	Wed/07	0.4
Germany industrial production (OCT) % YOY	Wed/07	1.5
Poland rate decision %	Wed/07	1.5
ECB rate decision %	Thu/08	0.0
ASIA PACIFIC		
Australia rate decision %	Tue/06	1.5
Australia GDP (3Q) % YOY	Wed/07	2.5
India rate decision %	Wed/07	6.0
China FX reserves (NOV) Bn USD	Wed/07	3,100
Japan GDP (3Q) % QOQ saar	Thu/08	2.3
Japan M3 (NOV) % YOY	Fri/09	3.2
China CPI (NOV) % YOY	Fri/09	2.2
LATIN AMERICA		
Colombia inflation (NOV) % MOM	Mon/05	0.13
Mexico inflation (NOV)% MOM	Thu/08	0.82
Brazil inflation (NOV) % MOM	Fri/09	0.31
AFRICA		
South Africa GDP (3Q) % YOY	Tue/06	0.7
Namibia rate decision %	Wed/07	7.0

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Date: 28 NOVEMBER TO 5 DECEMBER

Market Summary — Data: Last Calendar Week

Equities				Return (USD)				YTD	Price/
Name	BBG Code	Country	Price	1 Week	MTD	YTD	1Y	(Local)	Book
North America									
S&P 500 INDEX	SPX Index	US	2,191.95	-0.97%	-0.31%	7.24%	6.94%		2.8
RUSSELL 2000 INDEX	RTY Index	US	1,314.25	-2.45%	-0.61%	15.70%	12.28%		2.2
NASDAQ COMPOSITE INDEX	CCMP Index	US	5,255.65	-2.65%	-1.28%	4.96%	4.33%		3.5
S&P/TSX COMPOSITE INDEX	SPTSX Index	Canada	15,052.52	1.61%	0.73%	20.43%	13.75%		1.9
S&P 500 FINANCIALS INDEX	S5FINL Index	US	375.15	0.86%	0.70%	16.60%	15.70%		1.3
S&P 500 CONS DISCRET IDX	S5COND Index	US	645.47	-1.99%	-0.47%	3.94%	2.30%		4.6
S&P 500 INFO TECH INDEX	S5INFT Index	US	781.07	-2.92%	-1.86%	8.26%	6.63%		4.3
S&P 500 HEALTH CARE IDX	S5HLTH Index	US	788.57	-1.60%	-0.45%	-5.36%	-2.45%		3.4
S&P 500 ENERGY INDEX	S5ENRS Index	US	546.74	2.64%	0.38%	21.92%	14.76%		2.1
S&P 500 ECO SECTORS IDX	SPXL1 Index	US	2,191.95	-0.97%	-0.31%	7.24%	6.94%		2.8
S&P 500 INDUSTRIALS IDX	S5INDU Index	US	540.16	-0.01%	0.71%	16.53%	15.75%		4.3
S&P 500 CONS STAPLES IDX	S5CONS Index	US	516.93	-1.44%	0.02%	-0.29%	2.59%		5.0
S&P 500 UTILITIES INDEX	S5UTIL Index	US	235.90	-0.94%	0.01%	7.23%	11.77%		1.8
S&P 500 MATERIALS INDEX	s5MATR Index	US	312.64	0.69%	0.03%	14.25%	10.85%		3.8
S&P 500 TELECOM SERV IDX	S5TELS Index	US	163.30	-1.69%	-0.06%	8.93%	12.70%		2.8
Europe									
Euro Stoxx 50 Pr	SX5E Index	Europe	3,015.13	-0.33%	-0.49%	-9.35%	-11.69%	-7.72%	1.5
CAC 40 INDEX	CAC Index	France	4,528.82	0.30%	-0.37%	-4.05%	-6.25%	-2.33%	1.4
DAX INDEX	DAX Index	Germany	10,513.35	-0.98%	-0.48%	-4.25%	-4.59%	-2.14%	1.7
Athex Composite Share Pr	ASE Index	Greece	613.95	-0.75%	-1.65%	-4.47%	-2.63%	-2.76%	0.5
FTSE MIB INDEX	FTSEMIB Index	Italy	17,086.85	4.26%	1.65%	-21.95%	-23.93%	-20.22%	0.9
AEX-Index	AEX Index	Netherlands	449.60	-1.07%	-0.96%	-0.03%	-2.15%	1.76%	1.6
PSI All-Share Index GR	BVLX Index	Portugal	2,376.53	-0.37%	-0.45%	-7.51%	-5.48%	-5.86%	1.3
MICEX INDEX	INDEXCF Index	Russia	2,134.14	3.07%	1.57%	39.07%	26.58%	20.87%	0.9
IBEX 35 INDEX	IBEX Index	Spain	8,607.10	-0.01%	-0.22%	-11.40%	-16.50%	-9.82%	1.2
OMX STOCKHOLM 30 INDEX	OMX Index	Sweden	1,470.08	-0.91%	-0.38%	-6.87%	-9.50%	1.61%	2.2
SWISS MARKET INDEX	SMI Index	Switzerland	7,784.01	-0.85%	-0.36%	-13.46%	-13.09%	-11.73%	2.3
BIST 100 INDEX	XU100 Index	Turkey	73,348.93	-3.36%	-3.11%	-15.15%	-20.16%	2.32%	1.1
FTSE 100 INDEX	UKX Index	UK	6,730.72	0.21%	0.71%	-7.16%	-9.89%	7.82%	1.8
Asia Pacific									
MSCI AC ASIA x JAPAN	MXASJ Index	MSCI Asia Ex	521.66	-0.04%	-0.91%	4.34%	2.58%	4.34%	1.4
S&P/ASX 200 INDEX	AS51 Index	Australia	5,400.44	-0.81%	0.86%	5.08%	5.81%	2.80%	1.9
DSE 30 Index	DS30 Index	Bangladesh	1,784.62	0.89%	0.68%	1.70%	1.29%	2.12%	-
HANG SENG CHINA ENT INDX	HSCEI Index	China "H"	9,689.96	-0.09%	-0.56%	1.18%	-2.13%	1.24%	0.9
SHANGHAI SE COMPOSITE	SHCOMP Index	China "A"	3,204.71	-0.03%	0.10%	-13.53%	-15.98%	-8.34%	1.7
HANG SENG INDEX	HSI Index	HK	22,486.73	-0.69%	-0.97%	2.90%	0.60%	2.97%	1.1
Nifty 50	NIFTY Index	India	8,077.45	0.52%	-0.90%	-0.91%	1.03%	1.77%	2.6
JAKARTA COMPOSITE INDEX	JCI Index	Indonesia	5,271.83	3.12%	2.91%	17.67%	19.03%	14.22%	2.4
NIKKEI 225	NKY Index	Japan	18,274.99	-0.19%	1.04%	2.71%	-0.21%	-3.19%	1.8
KOSPI 200 INDEX	KOSPI2 Index	Korea	252.14	0.98%	0.35%	6.18%	3.02%	5.20%	0.9
Laos Composite Index	LSXC Index	Laos	1,028.48	1.44%	0.10%	-12.67%	-16.76%	-12.37%	0.9
FTSE Bursa Malaysia KLCI	FBMKLCI index	Malaysia	1,628.87	0.22%	0.83%	-7.05%	-7.86%	-3.75%	1.7
KARACHI 100 INDEX	KSE100 Index	Pakistan	43,505.99	0.74%	1.52%	31.95%	33.76%	31.86%	1.9
PSEi - PHILIPPINE SE IDX	PCOMP Index	Philippines	6,776.41	0.34%	1.80%	-6.34%	-6.64%	-0.94%	2.2
STRAITS TIMES INDEX STI	FSSTI Index	Singapore	2,929.07	2.67%	1.36%	1.01%	-0.37%	1.27%	1.1
SRI LANKA COLOMBO ALL SH	CSEALL Index	Sri Lanka	6,359.66	1.14%	1.39%	-10.97%	-11.41%	-8.25%	1.4
TAIWAN TAIEX INDEX	TWSE Index	Taiwan	9,160.66	0.18%	-0.45%	13.74%	11.49%	10.21%	1.6
STOCK EXCH OF THAI INDEX	SET Index	Thailand	1,501.66	0.13%	-0.27%	18.10%	12.79%	16.59%	1.8
HO CHI MINH STOCK INDEX	VNINDEX Index	Vietnam	660.42	-1.31%	-0.07%	13.83%	14.76%	14.87%	1.9
Rest of the World									
MSCI ACWI	MXWD Index	MSCI World	412.25	-0.65%	-0.29%	3.23%	2.06%	3.23%	2.0
MSCI EM	MXEF Index	MSCI EM	853.07	-0.32%	-1.13%	7.42%	4.13%	7.42%	1.4
MSCI Fronter Market Index	MXFEM Index	MSCI FM	2,372.54	0.43%	0.78%	0.53%	0.36%	0.53%	1.6
DFM GENERAL INDEX	DFMGI Index	Dubai	3,414.11	1.11%	0.00%	6.65%	4.89%	6.66%	1.3
MSCI EM LATIN AMERICA	MXLA Index	Latin America	2,248.27	-2.09%	-3.51%	22.87%	14.45%	22.87%	1.6
ARGENTINA MERVAL INDEX	MERVAL Index	Argentina	16,947.76	-3.65%	-3.19%	18.27%	-19.97%	45.16%	0.6
MSCI BRAZIL	MXBR Index	Brazil	1,583.54	-3.48%	-5.05%	52.82%	34.96%	52.82%	1.5
CHILE STOCK MKT SELECT	IPSA Index	Chile	4,202.99	1.07%	0.40%	20.73%	21.84%	14.21%	1.5
IGBC GENERAL INDEX	IGBC Index	Colombia	9,725.55	3.84%	1.16%	17.00%	21.77%	13.78%	-
MEXICO IPC INDEX	MEXBOL Index	Mexico	44,555.26	-1.53%	-2.20%	-13.30%	-16.04%	3.67%	2.5
Bolsa de Panama General	BVPSBVPS Index	Panama	419.08	0.45%	0.07%	3.84%	3.93%	3.88%	2.0
S&P/BVLPeruGeneralTRPEN	SPBLPGPT Index	Peru	15,484.85	0.77%	0.53%	57.23%	50.83%	57.23%	1.6
VENEZUELA STOCK MKT INDX	IBVC Index	Venezuela	38,483.35	37.40%	15.91%	66.19%	88.23%	163.80%	3.4
MSCI EFM AFRICA	MXFMEAF Index	Africa	726.09	-1.75%	-1.56%	4.69%	-2.42%	4.69%	2.1
EGYPT HERMES INDEX	HERMES Index	Egypt	1,034.06	0.37%	0.89%	-28.73%	-26.55%	62.71%	1.9
GSE Composite Index	GGSECI Index	Ghana	1,559.27	-6.86%	0.17%	-30.18%	-29.49%	-21.84%	1.4
Nairobi SE 20 Share	KNSMIDX Index	Kenya	3,248.02	-0.46%	0.09%	-19.27%	-18.42%	-19.62%	2.0
MASI Free Float Index	MOSENEW Index	Morocco	10,621.99	0.26%	-0.05%	17.57%	15.51%	19.00%	2.5
NIGERIA STCK EXC ALL SHR	NGSEINDX Index	Nigeria	25,740.83	1.29%	1.75%	-43.27%	-41.18%	-10.13%	1.2
FTSE/JSE AFRICA TOP40 IX	TOP40 Index	South Africa	42,754.88	-1.05%	-0.21%	4.77%	-2.05%	-6.50%	1.9

	1 Week	MTD	YTD	1Y	YTD (Local)	Price/Book
Average	0.32%	0.09%	4.76%	2.79%	9.00%	
Top 25%	0.76%	0.71%	14.98%	12.49%	13.89%	
Bottom 25%	-1.01%	-0.49%	-6.61%	-7.25%	-3.33%	

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GLOBAL MARKET DATA (CONTD.)

Date: 28 NOVEMBER TO 5 DECEMBER

FX (vs USD)				Return +ive=USD Stronger			
Name	BBG Code	Country	Price	1 Week	MTD	YTD	1Y
DOLLAR INDEX SPOT	DXY Index	USD Index	101.15	-0.71%	-0.72%	2.17%	3.23%
USD-EUR X-RATE	USDEUR Curncy	Europe	0.94	-0.69%	-0.73%	1.79%	2.55%
Russian Ruble SPOT (TOM)	USDRUB Curncy	Russia	63.95	-1.60%	-0.49%	-12.03%	-5.49%
USD-TRY X-RATE	USDTRY Curncy	Turkey	3.55	2.02%	2.43%	20.70%	22.05%
USD-GBP X-RATE	USDGBP Curncy	UK	0.79	-1.96%	-1.75%	15.77%	18.98%
Bloomberg JPMorgan Asia Dollar	ADXY Index	Asia USD Index	103.78	0.31%	0.38%	-2.40%	-3.46%
USD-AUD X-RATE	USDAUD Curncy	Australia	1.34	-0.28%	-1.04%	-2.34%	-1.62%
USD-CNY X-RATE	USDCNY Curncy	China	6.89	-0.56%	-0.14%	5.95%	7.53%
USD-INR X-RATE	USDINR Curncy	India	68.23	-0.36%	-0.24%	3.13%	2.35%
USD-JPY X-RATE	USDJPY Curncy	Japan	113.90	0.26%	-0.83%	-5.58%	-7.42%
USD-KRW X-RATE	USDKRW Curncy	Korea	1,174.69	-0.40%	0.31%	-0.21%	0.69%
USD-TWD X-RATE	USDTWD Curncy	Taiwan	32.03	-0.05%	0.07%	-2.95%	-2.71%
USD-ARS X-RATE	USDARS Curncy	Argentina	15.93	2.44%	0.36%	23.19%	63.90%
USD-BRL X-RATE	USDBRL Curncy	Brazil	3.48	1.84%	2.69%	-12.22%	-7.51%
USD-CLP X-RATE	USDCLP Curncy	Chile	671.02	-1.27%	-0.48%	-5.30%	-4.33%
USD-MXN X-RATE	USDMXN Curncy	Mexico	20.69	-0.12%	0.26%	19.88%	23.44%
USD-EGP X-RATE	USDEGP Curncy	Egypt	17.75	0.54%	-1.50%	125.83%	126.05%
USD-NGN X-RATE	USDNGN Curncy	Nigeria	316.64	1.16%	0.46%	58.81%	59.01%
USD-ZAR X-RATE	USDZAR Curncy	South Africa	13.88	-2.18%	-2.07%	-10.77%	-3.90%
Commodities				Return (USD)			
WTI CRUDE FUTURE Jan17	CLA Comdty	US	51.19	12.20%	4.53%	16.90%	6.47%
BRENT CRUDE FUTR Feb17	COA Comdty	UK	53.99	12.89%	5.05%	19.67%	5.18%
BALTIC DRY INDEX	BDIY Comdty		1,198.00	1.44%	-0.50%	150.63%	108.71%
Natural Gas Futures	NG1 Comdty		3.48	11.38%	2.51%	47.03%	57.54%
Gold Spot $/Oz	XAU Curncy		1,172.34	-0.52%	0.36%	10.96%	10.86%
Silver Spot $/Oz	XAG Curncy		16.64	1.27%	1.40%	20.90%	18.68%
LME COPPER 3MO ($)	LMCADS03 Comdty		5,760.00	-2.02%	-1.12%	22.42%	26.43%
Government Bond Yields %				Change (percentage points)			
US Generic Govt 2 Year Yield	USGG2YR Index	US 2yr	1.10	-0.02	-0.02	0.05	0.15
US Generic Govt 5 Year Yield	USGG5YR Index	US 5yr	1.83	-0.01	-0.02	0.06	0.09
US Generic Govt 10 Year Yield	USGG10YR Index	US 10yr	2.39	0.03	0.00	0.11	0.07
Canadian Govt Bonds 10 Year No	GCAN10YR Index	Canada 10yr	1.62	0.06	0.03	0.23	0.00
Mexico Generic 10 Year	GMXN10YR Index	Mexico 10yr	7.35	-0.09	0.09	1.07	1.03
UK Govt Bonds 10 Year Note Gen	GUKG10 Index	UK 10yr	1.38	-0.04	-0.04	-0.58	-0.50
Switzerland Govt Bonds 10 Year	GSWISS10 Index	Swiss 10yr	-0.13	0.03	-0.01	-0.07	0.09
German Government Bonds 2 Yr B	GDBR2 Index	German 2yr	-0.73	0.01	-0.01	-0.39	-0.43
German Government Bonds 5 Yr O	GDBR5 Index	German 5yr	-0.41	0.01	0.01	-0.38	-0.39
Germany Generic Govt 10Y Yield	GDBR10 Index	German 10yr	0.31	0.04	0.01	-0.35	-0.39
French Generic Govt 10Y Yield	GTFRF10Y Govt	French 10yr	0.77	-0.07	-0.03	-0.27	-0.27
Greece Generic Govt 10Y Yield	GTGRD10Y Govt	Greece 10yr	6.42	-0.44	-0.08	-1.63	-1.35
Italy Generic Govt 10Y Yield	GBTPGR10 Index	Italy 10yr	2.00	-0.19	-0.09	0.31	0.26
Spain Generic Govt 10Y Yield	GSPG10YR Index	Spanish 10yr	1.59	-0.03	-0.01	-0.23	-0.19
Portugal Generic Govt 10Y Yield	GSPT10YR Index	Portugal 10yr	3.77	0.10	-0.01	1.18	1.21
Australia Govt Bonds Generic Y	GACGB10 Index	Aus 10yr	2.79	0.10	0.14	-0.02	0.02
India Govt Bond Generic Bid Yi	GIND10YR Index	India 10yr	6.21	0.01	0.00	-1.52	-1.47
KCMP South Korea Treasury Bond	GVSK10YR Index	Korea 10yr	2.26	0.07	0.11	0.18	-0.01
Japan Generic Govt 10Y Yield	GJGB10 Index	Japan 10yr	0.04	0.00	0.02	-0.23	-0.28
South Africa Govt Bonds 10 Yea	GSAB10YR Index	SA 10yr	8.95	-0.06	0.00	-0.77	0.40
Corporate Credit Indices				Change (Bps) +ive = Widening			
MARKIT ITRX EUR XOVER 12/21	ITRXEXE CBIL Curncy	EUR XOVER	335.70	-6.87	-5.17	18.53	37.26
MARKIT ITRX EUROPE 12/21	ITRXEBE CBIL Curncy	EUR MAIN	79.34	-2.62	-1.15	1.16	6.50
MARKIT ITRX EUR SNR FIN 12/21	ITRXESE CBIL Curncy	EUR SNR FIN	107.79	-3.61	-2.01	28.40	35.44
MARKIT ITRX EUR SUB FIN 12/21	ITRXEUE CBIL Curncy	EUR SUB FIN	244.67	-4.07	-4.73	86.09	95.86
MARKIT CDX.NA.IG.27 12/21	IBOXUMAE CBIL Curncy	US IG	72.98	-0.31	0.19	-15.52	-10.56
MARKIT CDX.NA.HY.27 12/21	IBOXHYSE CBIL Curncy	US HY	388.16	-4.20	0.11	-83.96	-56.22
Implied Volatility (Equity Index)				Change (Volatility Points) +ive = Volatility Rising			
Eurostoxx 3month ATM	SX5E Index	Europe	19.81	0.87	0.63	-3.67	-0.83
FTSE 100 500 3month ATM	UKX Index	UK	15.28	0.66	0.16	-0.92	0.20
Hang Seng 3month ATM	HSI Index	HK	16.47	0.17	-0.10	-1.55	-3.13
Nikkei 3month ATM	NKY Index	Japan	19.17	0.06	0.60	1.01	0.37
S&P 500 3month ATM	SPX Index	US	13.13	1.00	0.43	-3.06	-3.07
Volatility (VIX)	VIX Index	US	14.12	1.78	0.79	-4.09	-3.99
Inflation (Long term inflation expectation proxy) %				Change (percentage points)			
US 5Y5YF Inflation Swap		USD	2.44	0.04	0.08	0.31	0.32
UK 5Y5YF Inflation Swap		GBP	3.52	-0.01	0.02	0.15	0.17
JPY 5Y5YF Inflation Swap		JPY	0.48	-0.11	-0.12	-0.57	-0.72
EUR 5Y5YF Inflation Swap		EUR	1.66	0.05	0.05	-0.03	-0.14
Economic Data Surprise (+ive = above expectations)							
Citi Economic Surprise Index	CESIAPAC Index	Asia Pacific	5.60				
Citi Economic Surprise Index -	CESICNY Index	China	13.70				
Citi Economic Surprise Index -	CESIEM Index	EM	1.50				
Citi Economic Surprise Index -	CESIEUR Index	Eurozone	61.40				
Citi Economic Surprise Index -	CESIG10 Index	G10	35.50				
Citi Economic Surprise - Japan	CESIJPY Index	Japan	26.40				
Citi Economic Surprise Index -	CESILTAM Index	Latin America	11.80				
Citi Economic Surprise - Unite	CESIUSD Index	US	24.70				

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

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