

# GLOBAL MARKET UPDATE

1 to 7 August 2016



The performance of both Japanese (-15%) and European Bank (-28%) shares so far this year is, in our view, testament to the problems facing policymakers. Negative base rates, unprecedented QE and targeted measures to tackle perceived credit market frictions (corporate bond and equity market purchases and bank financing programmes) have all failed to spark a full recovery. As such, we think the current monetary policy set has reached its limits. In the last quarter, this has prompted record flows into emerging market bonds (in the hunt for yield) and renewed talk of fiscal stimulus and the potential for helicopter money.

We think these dynamics are concerning. Neither the ECB or BOJ are in a position to innovate policy effectively. Europe is restricted by bureaucracy - getting 18 countries to agree to pre-emptive and progressive policy is impossible and therefore the single currency zone will also be a follower. Japan, instead, is hamstrung by ineptitude. Indeed, the only major central bank with the ability to make considered policy advances is the FED - but they are, for now, out of the picture.

## UNITED STATES

S&P 2,183 **+0.43%**, 10yr Treasury 1.58% **+13.54bps**, HY Credit Index 392 **-9bps**, Vix 11.39 **-0.48Vol**

In a week of two halves, Friday's strong payrolls release prompted an equity rally and bond market sell-off, which left **all major stock-market indices at record highs and the VIX volatility index at the lowest level in 2 years** - implying a forthcoming summer lull. Considering the job market data in more detail, non-farm payrolls increased by 255k in July, with a further 18k in net upward revisions. This leaves the 3-month average gain at 190k, vs the average during the current

expansion of 201k. Thus job gains are slowing as we approach full employment but remain healthy.

*The FED have a clear focus on the labour market as their best estimate of domestic growth conditions. Given also their generally above consensus optimism, a September rate hike is a possibility. We would look to Janet Yellen's Jackson Hole speech at the end of August and the September payroll data to confirm this intention. However, as has been well highlighted, the labour market has consistently outperformed GDP growth during this cycle. This is to say productivity growth is poor - and*

## THIS WEEK'S GLOBAL EQUITY MARKET MOVERS (1 TO 7 AUGUST 2016)

DEVELOPED	Top 3:	United States <b>0.43%</b> , UK <b>-0.11%</b> , Switzerland <b>-0.15%</b>
	Bottom 3:	Denmark <b>-5.42%</b> , Portugal <b>-2.04%</b> , Italy <b>-1.92%</b>
EMERGING	Top 3:	Poland <b>4.39%</b> , Indonesia <b>3.57%</b> , Brazil <b>2.40%</b>
	Bottom 3:	Czech Republic <b>-4.18%</b> , Greece <b>-2.11%</b> , Hungary <b>-1.51%</b>
FRONTIER	Top 3:	Mauritius <b>3.78%</b> , Kazakhstan <b>3.31%</b> , Bosnia <b>2.65%</b>
	Bottom 3:	Venezuela <b>-4.86%</b> , Vietnam <b>-3.83%</b> , Laos <b>-3.13%</b>

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this will only improve with greater investment, which is unlikely prior to the US elections in November. This explains market positioning; a September hike is still priced with only a 20% probability and there are less than 2 hikes expected over the next 2 years..

## EUROPE

Eurostoxx 2,983 **-1.19%**, German Bund -0.05% **+5.20bps**, Xover Credit Index 313 **-2bps**, EURUSD 1.109 **+0.79%**

**European macro data disappointed** with German factory orders and Italian Industrial Production falling 0.4% for June. The **real market focus, however, was again the banking sector** post the release of the EBA stress test results. Further declines this week put the broader European Bank Index down 28% for the year.

*Whilst the banking sector is certainly better capitalised than at any other time since the financial crisis, there remain significant issues:*

- *Italy: 9 years after the crisis started, Italy still doesn't have a coherent plan to fix the banking system. With no willingness to impair bondholders, Monte Paschi will only get a capital raising after Atlante II (an SPV into which other Italian institutions have been forced to "invest" for certain loss) takes on the mezzanine portion of their loan securitisation. In short, this is not an approach that can be rolled out more broadly and Italy will continue to suffer an inability to effectively pass on ECB policy or support credit growth.*
- *Policy & Profitability: The profitability picture remains bleak. Given negative bond yields and negative base rates, European banks are struggling to deliver returns. Indeed, Commerzbank directly referenced this effect in their results last week. And this has serious implications; the ECB really has genuinely reached the lower bound on interest rates. Any benefits from pushing rates further into negative territory (mostly weaker Euro) are more than offset by the damage to the banking sector.*

In the UK, **the Bank of England:**

- **Cut interest rates** to a record low 0.25%.
- Restarted asset purchases under the **asset purchase facility** (APF) equal to GBP 70bn including GBP 10bn in corporate bonds.
- Announced a **new term funding scheme** (TFS): GBP 100bn of central bank reserves to lenders at "close to the bank rate" to boost the pass through of interest rate cuts and other policy measures.
- Signalled a likely **further interest rate cut towards 0% (but not below)** in the coming months: "majority of members expected to support a further cut in the bank rate... during the course of the year".

The net effect was a beat to expectations, with the 10yr Gilt touching a new low of 0.62% and Sterling weakening. The committee does not, however, expect imminent recession - growth forecasts for 2017 were cut to 0.8% (from 2.3%), and 1.8% for 2018. This appears optimistic.

## ASIA PACIFIC

HSCEI 9,248 **+1.98%**, Nikkei 1,665.00 **-1.34%**, 10yr JGB **-0.06%** **+0bps**, USDJPY 102.150 **-0.20%**

The **Reserve Bank of Australia cut its overnight lending rate from 1.75% to 1.50%** broadly as expected. **New Zealand is likely to follow this week.**

**Indonesia's economy accelerated to a 5.2% YoY growth rate in Q2**, its fastest rate of expansion since 2013, on the back of strong consumption. This was partly due to seasonality, with religious holidays and crop harvesting providing a favourable base effect.

*Private investment remains the missing piece of the puzzle for Indonesia, though this is expected to recovery as we move further through the monetary loosening cycle. Given that inflation is running at 7 year lows, further rate cuts appear inevitable.*

*In our view, the main uncertainty for the economy during the second half of the year concerns the incidence of the new Finance Minister Sri Mulyani Indrawati's \$10bn of cuts to government spending, and whether this hits much needed infrastructure investment.*

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**The changing landscape of monetary policymaking in India took another step, as the government formalised the long term inflation target.** The Reserve Bank of India's policy target is now officially 4% +/- 2% for the next five years.

*Following the surprise announcement that the hugely respected Raghuram Rajan will not be given the customary term extension and be standing down in September, this formalisation was vital. Rajan's achievements in bringing down inflation and reducing India's current account deficit have drastically improved investors' perceptions of India's macroeconomic outlook. Belief that the inflation targeting framework would outlive Rajan was the reason the market did not overly panic when news of his departure was announced.*

*The near term implications for policymaking are that the formalised target bears no mention of the previous interim objective set by Rajan of 5% inflation by March 2017, opening the door slightly wider for renewed easing.*

**India's upper house of parliament passed the transformational Goods and Services Tax Bill.** This legislation essentially unites India as a single tax market for the first time, removing internal barriers to trade and disincentives to investment. The government forecasts that the efficiency savings could be worth up to an additional 2% of GDP growth per year (a potential \$40bn gain, roughly the size of Slovenia's GDP).

*Equally as important as the long term benefits to economic growth, the passage of this bill represents a significant win for the Modi government and will create a renewed sense of belief that the BJP is capable of executing its reform agenda.*

After last week's announcement of new regulations on Wealth Management Products, **China took another step towards equity market reform with the country's first small cap delisting on the Chinext exchange.** Dandong Xintai Electric Co is being delisted due to accusations of fraud during its IPO process. The regulator also issued new rules to prevent financial companies from falsely using the word "bank" in their names, following a series

of investment scams where savers had been misled.

*A few small steps, though together they signal a commitment from China's regulators towards improving disclosure and reducing systemic risk in domestic equity markets, consistent with nationwide objectives to reform, restructure and reduce risk.*

**July's China PMI numbers were mixed,** with the official headline number slipping marginally into contractionary territory (49.9), though the Caixin measure showed an expansion (50.6) for the first time in 16 months.

*These numbers tell us little about the outlook for the Chinese economy. More interestingly, one of the country's top policy planners, The National Development and Reform Commission, published a statement on the need for more stimulus later this year, only to then have comments on the need for interest rates and RRR cuts deleted shortly after they were posted.*

**Thailand held interest rates unchanged at 1.50%.**

## LATIN AMERICA

MSCI Lat Am 2,422 **+1.27%**

**Brazilian unemployment came in at 11.3% in June 2016 vs. 8.1% a year before.** This is the 19th consecutive month of increase in the unemployment rate; it is expected to peak in 4Q16. Real wage growth was also negative (-3.9% YOY). The labor market is still adjusting to the worst recession in Brazil since the 1930s. Consequently, household consumption should remain subdued, with consumers down-trading because of a pressured budget (the most emblematic signs were the revision by Ambev of its 2016 guidance and the **number of retail stores shrinking by 17% in 18 months**).

**Peruvian inflation cooled to 2.96% YOY in July 2016** and came within the target range of the central bank for the first time in 1.5 years. All macroeconomic indicators are in the green, structural reforms are on the agenda of the new President and thus the Peruvian economy may be the fastest growing in the region over the next

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12 months.

## AFRICA

MSCI Africa 827 **-0.16%**

### No clear winner came out of the South African local elections but the ANC appears the biggest loser.

Support to the ANC is at its lowest level since 1994 at 54.3% nationwide, the Democratic alliance seems to have secured the Nelson Mandela Bay (Port Elizabeth province) and is neck and neck with the ANC in provinces of Pretoria (41.3% for the ANC, 43.9% for the DA) and Johannesburg (41.3% ANC, 41.2% DA), but none of the parties secured more than 50% of votes in these provinces. Although Zuma's ANC come out weaker after these elections, it may not be enough to unseat him.

*We reiterate our view that, although the short term outlook for South Africa remains challenging and structural reforms are needed to lift the economy further, the institutional framework is very robust and the peaceful democratic process allows us to remain less negative than consensus on the long-term prospects of the country.*

### The Egyptian VAT bill is being discussed in parliament.

The economic committee wants the base rate to be 14%. Some basic products should benefit from an exemption or a lower rate. This VAT reform is much needed to replenish the government's coffers, modernise the tax system in Egypt and show the IMF and international investors that the government is moving forward. However, the tax will also disincentive merchants to move into the formal economy.

**We are starting to have a better idea of the IMF's conditions to grant a USD 12Bn loan to Egypt.** These include: subsidy cuts, tax reform, a more flexible FX regime (ideally freely floating) and privatisation of state-owned enterprises.

**Ghana is expected to issue a USD 1Bn to fund its yearly budget deficit.** Last October, the Ghanaian government issued a 7-year 1Bn bond yielding 10.75%. As a reminder, Ghanaian inflation is around 25% and even if GDP

growth reaches 4-5%, increasing the debt-burden to fund operational expenses instead of structural investments may prove very expensive for the country in the long-term. The country is also under an IMF program following a rescue loan.

## THE WEEK AHEAD

	Date	Consensus
<b>UNITED STATES</b>		
Retail sales (JUL) % MOM	Fri/12	0.4
Michigan consumer sentiment (AUG)	Fri/12	91.3
<b>EUROPE</b>		
Germany industrial production (JUN) % YOY	Mon/08	0.6
Switzerland CPI (JUL) % YOY	Mon/08	-0.3
France industrial production (JUN) % YOY	Tue/09	-0.8
UK industrial production (JUN) % YOY	Tue/09	1.6
Russia GDP (Q2) % YOY	Thu/11	-0.8
Eurozone industrial production (JUN) % YOY	Fri/12	0.8
Eurozone GDP (Q2) % QOQ	Fri/12	0.3
Poland GDP (Q2) % YOY	Fri/12	3.3
<b>ASIA PACIFIC</b>		
Japan current account (JUN) sa Bn JPY	Mon/08	1,600
China FX reserves (JUL) Bn USD	Sun/07	3,200
China trade balance (JUL) Bn USD	Mon/08	48.0
China CPI (JUL) % YOY	Tue/09	1.7
India rate decision %	Tue/09	-
Singapore GDP (Q2) % YOY	Thu/11	2.2
Philippines rate decision %	Thu/11	3.0
Korea rate decision %	Thu/11	1.25
China industrial production (JUL) % YOY	Fri/12	6.2
China retail sales (JUL) % YOY	Fri/12	10.5
Malaysia GDP (Q2) % YOY	Fri/12	4.0
<b>LATIN AMERICA</b>		
Brazil retail sales (JUN) % YOY	Tue/09	-6.4
Mexico CPI (JUL) % MOM	Tue/09	0.34
Brazil inflation IPCA (JUL) % MOM	Wed/10	0.49
Mexico industrial production (JUN) % YOY	Thu/11	-
Mexico rate decision %	Thu/11	4.25
Peru rate decision	Thu/11	4.25
<b>AFRICA</b>		
Zambia rate decision %	Tue/09	-
South Africa manufacturing output (JUN) % MOM	Thu/11	-
Zambian presidential elections	Thu/11	-
Uganda rate decision %	Fri/12	-

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# GLOBAL MARKET DATA

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Market Summary

Data: Last Calendar Week

Equities				Return (USD)				YTD	Volume	14d	30d
Name	BBG Code	Country	Price	1 Week	MTD	YTD	1Y	(Local)	1wk/3mo	RSI	Vol
North America											
S&P 500 INDEX	SPX Index	US	2,182.87	0.43%	0.43%	6.80%	4.77%		91%	60.24	10.31%
RUSSELL 2000 INDEX	RTY Index	US	1,231.30	0.93%	0.93%	8.40%	1.27%		101%	60.58	15.17%
NASDAQ COMPOSITE INDEX	CCMP Index	US	5,221.12	1.14%	1.14%	4.27%	3.26%		96%	62.99	11.58%
S&P/TSX COMPOSITE INDEX	SPTSX Index	Canada	14,648.77	-0.34%	-0.34%	18.19%	1.35%		88%	61.47	10.28%
S&P 500 FINANCIALS INDEX	S5FINL Index	US	323.41	1.41%	1.41%	0.52%	-4.39%		85%	57.38	15.31%
S&P 500 CONS DISCRET IDX	S5COND Index	US	647.31	-0.08%	-0.08%	4.23%	4.25%		95%	56.45	11.91%
S&P 500 INFO TECH INDEX	S5INFT Index	US	781.24	1.63%	1.63%	8.28%	11.05%		87%	65.04	11.27%
S&P 500 HEALTH CARE IDX	S5HLTH Index	US	869.50	-0.03%	-0.03%	4.35%	-0.28%		96%	61.25	9.86%
S&P 500 ENERGY INDEX	S5ENRS Index	US	501.92	-0.06%	-0.06%	11.93%	0.46%		106%	50.59	21.24%
S&P 500 ECO SECTORS IDX	SPXL1 Index	US	2,182.87	0.43%	0.43%	6.80%	4.77%		91%	60.24	10.31%
S&P 500 INDUSTRIALS IDX	S5INDU Index	US	505.83	0.40%	0.40%	9.13%	8.87%		86%	56.92	13.02%
S&P 500 CONS STAPLES IDX	S5CONS Index	US	559.42	-0.11%	-0.11%	7.91%	8.16%		86%	52.60	10.80%
S&P 500 UTILITIES INDEX	S5UTIL Index	US	257.65	-2.68%	-2.68%	17.11%	15.84%		88%	49.36	14.05%
S&P 500 MATERIALS INDEX	S5MATR Index	US	305.55	0.09%	0.09%	11.66%	6.25%		84%	56.53	13.92%
S&P 500 TELECOM SERV IDX	S5TELS Index	US	179.35	-1.82%	-1.82%	19.64%	19.31%		112%	54.46	12.62%
Europe											
Euro Stoxx 50 Pr	SX5E Index	Europe	2,983.38	-1.19%	-1.19%	-7.13%	-17.73%	-8.99%	105%	51.68	18.58%
CAC 40 INDEX	CAC Index	France	4,419.75	-1.27%	-1.27%	-2.94%	-13.79%	-4.88%	85%	52.60	17.90%
DAX INDEX	DAX Index	Germany	10,417.65	-0.33%	-0.33%	-1.93%	-9.18%	-3.50%	96%	55.98	17.15%
Athex Composite Share Pr	ASE Index	Greece	562.76	-2.11%	-2.11%	-9.04%	-14.33%	-10.86%	58%	47.93	18.91%
FTSE MIB INDEX	FTSEMIB Index	Italy	16,719.34	-1.92%	-1.92%	-21.11%	-29.13%	-22.37%	98%	48.30	26.00%
AEX-Index	AEX Index	Netherlands	449.12	-1.00%	-1.00%	3.50%	-9.23%	1.43%	99%	52.87	16.96%
PSI All-Share Index GR	BVLX Index	Portugal	2,507.80	-0.82%	-0.82%	0.89%	-2.33%	-1.13%	84%	54.89	15.02%
MICEX INDEX	INDEXCF Index	Russia	1,948.51	0.65%	0.65%	23.51%	13.65%	10.39%	67%	54.28	11.66%
IBEX 35 INDEX	IBEX Index	Spain	8,588.30	-1.17%	-1.17%	-8.70%	-22.99%	-10.53%	91%	50.37	23.09%
OMX STOCKHOLM 30 INDEX	OMX Index	Sweden	1,384.99	-0.52%	-0.52%	-6.26%	-13.16%	-4.70%	73%	52.99	16.35%
SWISS MARKET INDEX	SMI Index	Switzerland	8,212.10	-0.15%	-0.15%	-6.08%	-13.30%	-7.07%	89%	53.86	15.37%
BIST 100 INDEX	XU100 Index	Turkey	77,090.65	-0.05%	-0.05%	2.58%	-11.02%	6.05%	106%	48.00	35.70%
FTSE 100 INDEX	UKX Index	UK	6,814.85	-0.11%	-0.11%	-3.40%	-15.22%	8.83%	91%	61.03	15.70%
Asia Pacific											
MSCI AC ASIA x JAPAN	MXASJ Index	MSCI Asia Ex	533.71	1.29%	1.29%	6.75%	-1.28%	6.75%	96%	60.82	13.98%
S&P/ASX 200 INDEX	AS51 Index	Australia	5,537.84	-0.82%	-0.82%	8.42%	1.57%	3.81%	92%	57.38	11.20%
DSE 30 Index	DS30 Index	Bangladesh	1,788.29	1.37%	1.44%	2.71%	-5.52%	2.55%		61.21	
HANG SENG CHINA ENT INDX	HSCEI Index	China "H"	9,248.85	1.98%	1.98%	-5.54%	-17.73%	-5.48%	89%	56.11	17.45%
SHANGHAI SE COMPOSITE	SHCOMP Index	China "A"	3,004.28	-0.33%	-0.33%	-18.01%	-24.14%	-15.89%	85%	50.96	12.59%
HANG SENG INDEX	HSI Index	HK	22,456.19	1.21%	1.21%	0.99%	-9.19%	1.06%	90%	58.93	15.96%
Nifty 50	NIFTY Index	India	8,707.90	0.44%	0.44%	8.26%	-3.66%	9.27%	91%	63.43	10.06%
JAKARTA COMPOSITE INDEX	JCI Index	Indonesia	5,442.46	3.57%	3.57%	24.67%	16.09%	18.01%	133%	68.65	15.15%
NIKKEI 225	NIKY Index	Japan	16,650.57	-1.34%	-1.34%	1.21%	-3.70%	-14.60%	108%	49.50	22.17%
KOSPI 200 INDEX	KOSPI2 Index	Korea	254.11	0.22%	0.22%	10.94%	9.77%	4.98%	85%	57.10	12.43%
Laos Composite Index	LSXC Index	Laos	1,011.87	-3.13%	-3.13%	-10.35%	-21.01%	-10.90%	53%	40.74	34.72%
FTSE Bursa Malaysia KLCI	FBMVKLI Index	Malaysia	1,666.84	0.76%	0.76%	4.76%	-5.00%	-1.68%	83%	52.16	7.27%
KARACHI 100 INDEX	KSE100 Index	Pakistan	39,423.76	-0.08%	-0.08%	20.38%	5.95%	20.03%	94%	64.15	12.43%
PSEI - PHILIPPINE SE IDX	PCOMP Index	Philippines	7,993.58	0.26%	0.26%	14.53%	2.28%	14.65%	70%	56.56	13.10%
STRAITS TIMES INDEX STI	FSSTI Index	Singapore	2,873.92	-1.64%	-1.64%	3.27%	-9.08%	-1.89%	108%	47.99	13.25%
SRI LANKA COLOMBO ALL SH	CSEALL Index	Sri Lanka	6,516.78	2.00%	2.00%	-6.41%	-18.87%	-5.47%	119%	57.36	7.13%
TAIWAN TAIEX INDEX	TWSE Index	Taiwan	9,150.26	2.22%	2.22%	13.87%	8.02%	9.04%	102%	60.90	11.21%
STOCK EXCH OF THAI INDEX	SET Index	Thailand	1,536.63	-1.18%	-1.18%	21.22%	6.29%	17.91%	107%	63.13	10.51%
HO CHI MINH STOCK INDEX	VNINDEX Index	Vietnam	626.42	-3.83%	-3.83%	9.24%	2.11%	8.35%	94%	47.58	16.93%
Rest of the World											
MSCI ACWI	MXWD Index	MSCI World	415.58	-0.12%	-0.12%	4.06%	-1.80%	4.06%	86%	58.11	10.10%
MSCI EM	MXEF Index	MSCI EM	885.52	1.88%	1.88%	11.51%	0.07%	11.51%	82%	61.61	14.08%
MSCI Frontier Market Index	MXFEM Index	MSCI FM	2,564.99	-0.08%	-0.08%	8.48%	-4.69%	8.48%	79%	54.06	6.89%
DFM GENERAL INDEX	DFMGI Index	Dubai	3,508.85	-1.33%	-0.35%	10.19%	-15.78%	10.20%	65%	56.24	16.85%
MSCI EM LATIN AMERICA	MXLA Index	Latin America	2,421.67	1.27%	1.27%	32.35%	9.12%	32.35%	88%	61.13	22.25%
ARGENTINA Merval INDEX	MERVAL Index	Argentina	15,394.31	-1.43%	-1.43%	15.29%	-15.19%	31.86%	9%	57.37	27.10%
MSCI BRAZIL	MXBR Index	Brazil	1,674.25	1.95%	1.95%	61.57%	22.75%	61.57%	95%	65.51	26.73%
CHILE STOCK MKT SELECT	IPSA Index	Chile	4,120.89	0.02%	0.02%	20.90%	10.21%	11.97%	78%	59.31	7.66%
IGBC GENERAL INDEX	IGBC Index	Colombia	9,646.24	1.13%	1.13%	18.07%	-4.88%	12.86%		46.95	9.69%
MEXICO IPC INDEX	MEXBOL Index	Mexico	47,194.15	0.93%	0.93%	0.40%	-8.97%	9.81%	90%	56.98	10.40%
Bolsa de Panama General	BVPSBVPS Index	Panama	397.31	-0.30%	-0.30%	-1.51%	-4.83%	-1.51%	15%	53.78	6.93%
S&P/BVLPeruGeneralTRPEN	SPBLPGPT Index	Peru	15,395.35	1.74%	1.74%	59.93%	26.83%	56.32%	98%	71.72	13.93%
VENEZUELA STOCK MKT INDX	IBVC Index	Venezuela	12,336.35	-4.86%	-4.86%	-46.73%	-49.78%	-15.44%	26%	39.07	31.71%
MSCI EFM AFRICA	MXFMEAF Index	Africa	826.54	-0.16%	-0.16%	20.20%	-6.22%	20.20%	82%	58.22	24.97%
EGYPT HERMES INDEX	HERMES Index	Egypt	735.45	1.87%	2.16%	3.24%	-11.47%	17.15%	135%	62.19	27.55%
GSE Composite Index	GGSECI Index	Ghana	1,801.54	0.48%	0.48%	-13.06%	-19.03%	-9.69%	79%	52.24	4.25%
Nairobi SE 20 Share	KNSMIDX Index	Kenya	3,482.18	-0.14%	-0.14%	-13.02%	-20.04%	-13.82%	93%	31.43	8.88%
MASI Free Float Index	MOSENEW Index	Morocco	9,918.23	-0.13%	-0.13%	12.32%	2.02%	11.12%	50%	57.96	8.10%
NIGERIA STCK EXC ALL SHR	NGSEINDX Index	Nigeria	27,425.86	-1.93%	-1.93%	-40.22%	-45.94%	-4.25%	68%	47.07	12.59%
FTSE/JSE AFRICA TOP40 IX	TOP40 Index	South Africa	45,564.12	-0.17%	-0.17%	11.53%	-10.46%	-0.90%	100%	46.18	14.24%
<b>Average</b>				-0.08%	-0.06%	5.81%	-4.30%	5.13%	87%	55.56	15.19%
<b>Top 25%</b>				0.93%	0.93%	12.12%	4.77%	11.22%	96%	60.70	17.10%
<b>Bottom 25%</b>				-0.91%	-0.82%	-1.72%	-13.23%	-5.03%	83%	51.92	10.58%

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# GLOBAL MARKET DATA (CONTD.)

1 to 7 August 2016

FX (vs USD)			Return +ive=USD Stronger			
Name	Country	Price	1 Week	MTD	YTD	1Y
DOLLAR INDEX SPOT	USD Index	96.31	0.70%	0.70%	-2.47%	-1.68%
USD-EUR X-RATE	Europe	0.90	0.79%	0.79%	-2.05%	-1.45%
Russian Ruble SPOT (TOM)	Russia	65.10	-0.76%	-0.76%	-8.91%	2.40%
USD-TRY X-RATE	Turkey	2.99	0.33%	0.33%	2.78%	8.05%
USD-GBP X-RATE	UK	0.77	1.20%	1.20%	12.75%	18.69%
Bloomberg JPMorgan Asia Dollar	Asia USD Index	107.46	-0.32%	-0.32%	0.76%	-2.58%
USD-AUD X-RATE	Australia	1.31	-0.24%	-0.24%	-4.34%	-3.56%
USD-CNY X-RATE	China	6.66	0.23%	0.23%	2.46%	7.13%
USD-INR X-RATE	India	66.76	0.19%	0.19%	0.93%	4.89%
USD-JPY X-RATE	Japan	102.15	-0.24%	-0.24%	-15.19%	-18.37%
USD-KRW X-RATE	Korea	1,108.04	0.19%	0.19%	-5.20%	-4.18%
USD-TWD X-RATE	Taiwan	31.48	-0.99%	-0.99%	-4.01%	-0.32%
USD-ARS X-RATE	Argentina	14.80	-1.32%	-1.32%	14.45%	60.67%
USD-BRL X-RATE	Brazil	3.16	-2.59%	-2.59%	-20.09%	-10.47%
USD-CLP X-RATE	Chile	656.73	0.16%	0.16%	-7.44%	-3.42%
USD-MXN X-RATE	Mexico	18.68	-0.03%	-0.03%	9.03%	14.90%
USD-EGP X-RATE	Egypt	8.88	-0.05%	-0.05%	13.39%	13.38%
USD-NGN X-RATE	Nigeria	320.25	-0.16%	-0.16%	60.19%	62.06%
USD-ZAR X-RATE	South Africa	13.67	-1.16%	-1.16%	-11.37%	7.85%
Commodities			Return (USD)			
WTI CRUDE FUTURE Sep16	US	42.17	0.48%	0.48%	-1.42%	-18.61%
BRENT CRUDE FUTR Oct16	UK	44.63	1.70%	1.70%	2.60%	-22.73%
BALTIC DRY INDEX		636.00	-3.05%	-3.05%	33.05%	-47.04%
Natural Gas Futures		2.74	-3.62%	-3.62%	18.61%	-1.46%
Gold Spot \$/Oz		1,334.40	-1.14%	-1.14%	25.83%	22.58%
Silver Spot \$/Oz		19.70	-3.10%	-3.10%	42.21%	34.29%
LME COPPER 3MO (\$)		4,789.00	-2.76%	-2.76%	1.79%	-7.64%
Government Bond Yields %			Change (Bps)			
US Generic Govt 2 Year Yield	US 2yr	0.72	0.07	0.07	-0.33	0.02
US Generic Govt 5 Year Yield	US 5yr	1.13	0.11	0.11	-0.62	-0.47
US Generic Govt 10 Year Yield	US 10yr	1.58	0.14	0.14	-0.68	-0.63
Canadian Govt Bonds 10 Year No	Canada 10yr	1.07	0.04	0.04	-0.33	-0.38
Mexico Generic 10 Year	Mexico 10yr	5.97	0.03	0.03	-0.30	-0.09
UK Govt Bonds 10 Year Note Gen	UK 10yr	0.66	-0.01	-0.01	-1.29	-1.25
Switzerland Govt Bonds 10 Year	Swiss 10yr	-0.53	0.03	0.03	-0.47	-0.44
German Government Bonds 2 Yr B	German 2yr	-0.61	0.01	0.01	-0.27	-0.38
German Government Bonds 5 Yr O	German 5yr	-0.51	0.01	0.01	-0.47	-0.58
Germany Generic Govt 10Y Yield	German 10yr	-0.05	0.05	0.05	-0.70	-0.78
French Generic Govt 10Y Yield	French 10yr	0.17	0.05	0.05	-0.83	-0.86
Greece Generic Govt 10Y Yield	Greece 10yr	8.23	0.15	0.15	0.15	-3.36
Italy Generic Govt 10Y Yield	Italy 10yr	0.94	-0.03	-0.03	-0.41	-0.74
Spain Generic Govt 10Y Yield	Spanish 10yr	1.03	0.00	0.00	-0.76	-1.00
Portugal Generic Govt 10Y Yield	Portugal 10yr	2.88	-0.06	-0.06	0.36	0.41
Australia Govt Bonds Generic Y	Aus 10yr	1.95	0.00	0.00	-1.01	-0.95
India Govt Bond Generic Bid Yi	India 10yr	7.18	0.00	0.00	-0.59	-0.64
KCMP South Korea Treasury Bond	Korea 10yr	1.39	0.01	0.01	-0.69	-1.02
Japan Generic Govt 10Y Yield	Japan 10yr	-0.06	0.10	0.10	-0.36	-0.52
South Africa Govt Bonds 10 Yea	SA 10yr	8.57	-0.06	-0.06	-1.21	0.37
Corporate Credit Indices			Change (Bps) +ive = Widening			
MARKIT ITRX EUR XOVER 06/21	EUR XOVER	312.85	-2.42	-2.42	1.80	17.97
MARKIT ITRX EUROPE 06/21	EUR MAIN	65.91	-1.35	-1.35	-10.35	2.71
MARKIT ITRX EUR SNR FIN 06/21	EUR SNR FIN	87.80	-3.48	-3.48	12.01	14.20
MARKIT ITRX EUR SUB FIN 06/21	EUR SUB FIN	192.08	-10.03	-10.03	40.69	39.22
MARKIT CDX.NA.IG.26 06/21	US IG	70.77	-2.67	-2.67	-17.09	-3.45
MARKIT CDX.NA.HY.26 06/21	US HY	391.93	-9.16	-9.16	-78.34	28.76
Implied Volatility (Equity Index)			Change (Volatility Points) +ive = Volatility Rising			
Eurostoxx 3month ATM	Europe	19.22	-0.68	-0.68	-4.26	1.44
FTSE 100 500 3month ATM	UK	12.63	-0.69	-0.69	-3.58	0.89
Hang Seng 3month ATM	HK	17.56	-0.45	-0.45	-0.46	-0.92
Nikkei 3month ATM	Japan	18.63	5.74	5.74	0.47	1.80
S&P 500 3month ATM	US	11.73	-0.29	-0.29	-4.46	-1.76
Volatility (VIX)	US	11.39	-0.48	-0.48	-6.82	-2.38
Inflation (Long term inflation expectation proxy) %			Change (Bps)			
US 5Y5YF Inflation Swap	USD	1.93	0.02	0.02	-0.24	-0.27
UK 5Y5YF Inflation Swap	GBP	3.06	0.12	0.12	-0.27	-0.34
JPY 5Y5YF Inflation Swap	JPY	0.10	-0.07	-0.07	-0.60	-1.05
EUR 5Y5YF Inflation Swap	EUR	1.33	0.00	0.00	-0.35	-0.41
Economic Data Surprise (+ive/-ive = above/below expectations)						
Citi Economic Surprise Index	Asia Pacific	16.10				
Citi Economic Surprise Index -	China	-1.20				
Citi Economic Surprise Index -	EM	0.10				
Citi Economic Surprise Index -	Eurozone	28.20				
Citi Economic Surprise Index -	G10	25.30				
Citi Economic Surprise - Japan	Japan	28.90				
Citi Economic Surprise Index -	Latin America	-23.30				
Citi Economic Surprise - Unite	US	20.90				

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

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