GLOBAL MARKET UPDATE

3 TO 9 OCTOBER: YIELD TO PRESSURE

Government bond yields pushed higher last week as investors were given a plethora of reasons to question the "no growth, no inflation, QE forever" dogma.

First, a Bloomberg article suggested the ECB could announce a tapering of its monthly asset purchases (currently EUR 80bn), following the expiry of the current programme in March 2017. Taken in the context of Japan's recent decision to start tailoring purchases to manage the shape and level of the yield curve, this rumour solidified concerns that the cost/benefit of central bank asset purchases might be shifting against further stimulus. In particular, the sheer size of quantitative easing has turned government bonds into a policy instrument (rather than an investment asset) and is putting very obvious pressure on bank profitability.

The ECB has quickly denied the report and our base case remains that QE will be extended for at least a further 6 month period (to September 2017).This is not to say we think it is an effective policy. Rather we cannot see the economy sufficiently strong for the ECB to reduce stimulus and believe the fragmented, 19 state currency union will only ever be a follower on policy innovation. With respect to the next steps for developed market monetary easing, we reiterate our belief that we are reaching its upper limits. Ultimately, money is a medium of exchange and going deeper into negative interest rate territory, or embarking on helicopter money, has to challenge credibility. Related, we expect whatever form monetary policy takes going forward, it is likely to be less favourable for bond markets.

Elsewhere, tough talking by cabinet members markedly shifted the market's pricing of a "hard Brexit" in which the UK's stance on immigration and political sovereignty will be inconsistent with access to the single market. This resulted in a sharp repricing of GBP (including a Friday flash-crash) and a sell-off in Gilts, as currency depreciation shifted long-term inflation expectations (measured by the 5 year-5-year forward) to as high as 3.62%. Last, on Friday, the US employment report showed enough resilience to support a December rate hike from the FED (probability up to 65%). This saw the US 10 year briefly test June highs in yield. Indeed, this followed a positive tone to global data for the week.

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UNITED STATES

S&P 2,154 -0.67%, 10yr Treasury 1.71% +12.37bps, HY Credit Index 401 +3bps, Vix 13.48 +0.19Vol

US equities again correlated positively with bonds - high dividend yielding sectors in particular under-performing. In terms of data, both the ISM manufacturing (back into expansionary territory) and ISM non-manufacturing (highest level in a year) came in better than expected, albeit most attention was focused on September's jobs numbers. The **headline payrolls number missed expectations (156k vs. 178k YTD average for 2016 and 229k average for 2015) and the unemployment rate rose back to 5% for the first time since April. However, more positively, average hourly earnings grew at a strong 2.6% YOY.**

The jobs report was pretty much a "nothing done". In our view, the US is on reasonable ground, with fiscal stimulus likely post-election, but is also late cycle. We do not therefore expect the FED to be able to move much higher on rates. This said, to the extent the FED have already decided to move in December, last week's numbers will not have dissuaded them – Cleveland President Mester said as much in a CNBC interview..

EUROPE

Eurostoxx 3,006 -0.59%, German Bund 0.03% +13.90bps, Xover Credit Index 335 -1bps, EURUSD 1.117 +0.38%

Following the ECB taper rumours, **European government bonds fell last week, with the German 10 year bund yield returning to positive territory.** This included an under-performance of Portugal (yields at highest level since February) as risks rise that the country could lose its only investment-grade credit rating (DBRS), which would make it ineligible for the ECB's government bond-buying program. The broader negative tone for bonds did not dampen demand for Italy's first 50 year bond. A yield of 2.8% attracted EUR 16.5bn of orders. European economic releases were decently positive – manufacturing PMI rebounding alongside German and French industrial production.

In the UK, most data continued to show resilience (the PMIs all solidly in expansionary territory). This continues the sharp divergence between economic indicators and the currency - **the pound slumped to a 31-year low against the dollar last week.**

Our view is that there is an element of over-shooting on both sides. From a domestic perspective, we think a resilient consumer will come under pressure as uncertainty limits business and foreign investment – the UK economy will slow. From a relative and longer-term perspective, we think a hard Brexit is unlikely and continue to prefer the long-term prospects of the UK (with independent monetary and fiscal policy) to a divided, bureaucratic and ineffective Eurozone. In addition, the MPC may delay a second rate cut given the rising inflation outlook and until the data deteriorates.

In Spain, **the likelihood of acting PM Mariano Rajoy being able to form a government (after 9 months of stalemate) improved**, after socialist party leader Pedro Sanchez resigned and his replacement signalled a willingness to form a coalition.

ASIA PACIFIC

HSCEI 9,923 +3.53%, Nikkei 1,686.00 +0.88%, 10yr JGB -0.06% +0bps, USDJPY 103.210 +1.61%

Following weak inflation data, **the Tankan report in Japan disappointed** as business sentiment fell to its lowest level in over 3 years. This **may push the BOJ to cut interest rates at its 1st November meeting** – specifically the deposit rate from -0.10% to -0.30%.

At Philip Lowe's first meeting as Governor, **the RBA**

THIS WEEK'S GLOBAL EQUITY MARKET MOVERS (3 TO 9 OCTOBER 2016)

DEVELOPED	**Top 3:**	Japan **0.88%**, Luxembourg 0.01%, Sweden **0.00%**
	Bottom 3:	New Zealand **-4.59%**, Ireland **-3.76%**, Portugal **-2.75%**
EMERGING	**Top 3:**	Egypt **5.43%**, Brazil **5.36%**, Hungary **3.73%**
	Bottom 3:	Dubai **-3.45%**, Abu Dhabi **-1.94%**, South Africa **-1.93%**
FRONTIER	**Top 3:**	Iceland **4.89%**, Ukraine **4.07%**, Venezuela **3.52%**
	Bottom 3:	Peru **-2.12%**, Oman **-2.04%**, Nigeria **-1.84%**

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in Australia left interest rates on hold at 1.50% as expected. The bank is trying to manage contrasting conditions in mining (large decline) with a booming property market and resilient consumer spending.

To our surprise, the Reserve Bank of India cut interest rates by 25bps last week. Both implicitly within the policy decision and explicitly through the accompanying statement, we believe the RBI is trying to usher in a new flavour to policy making, within a broader inflation targeting framework laid out by the last Governor.

This was the first meeting under new central bank governor Urjit Patel, as well as being the first meeting for which the new FOMC-style monetary policy committee was in place. To put this in appropriate context, Governor Patel and the other FOMC members assumed their new posts in the aftermath of the controversial departure of Governor Rajan. A combination of factors led to Rajan's departure - his celebrity status, his abrasive personality (for example, keeping government ministers waiting for an hour or more before meeting them) and his tendency to speak out on issues beyond his remit (such as religious tolerance and his famous "one eyed man" remarks). Note we do not include in this list his refusal to cut interest rates to the extent desired by the Finance Ministry - though many observers would.

This last point is key. To many, it looked as though the government fired Rajan to replace him with more malleable policy makers that would cut rates at the government's instruction, while maintaining the facade of inflation targeting. This is not our view. Given that the government's nominees to the monetary policy committee were credible, academic inflation hawks, while Urjit Patel himself played a critical role in setting up the RBI's inflation targeting framework in his previous role.

It is safe to assume that Governor Patel and the other policy making committee members were well aware of how widely held this view is, both domestically and by global investors. Why then, with inflation above the target level, no firm indication as to how the monsoon will translate in to lower food prices and a more likely than not Fed rate hike before the end of the year, should they have cut interest rates now? We see this rate cut as a risk to the credibility of the RBI's independence, and believe that policy over the next 6-12 months will define the central bank's reputation. For better or worse.

Not only did the RBI cut interest rates , they also talked down the neutral real interest rate (implicitly doveish), as well as re-framing the inflation target as 4% +/- 2% for the medium term, versus Rajan's glide path target of 5% by March 2017 and 4% by March 2018.

In summary, we view this interest rate cut as positive for economic growth in the short run, but potentially the start of a deterioration in central bank credibility over the long term. It is of course, far too soon to judge the new administration at the RBI on this second front, which could yet turn out to be just as credible, as well as having better longevity, than Governor Rajan's.

China's PMI data remained broadly in expansionary territory for September, in line with our long held view, (which continues to spread) that the Chinese economy is in fact in a stabilisation and acceleration phase, rather than on the verge of a hard landing. This is of course a medium term development, and our base case remains that on a +5 year view, China's economic growth rate will continue to slow.

Chinese property continues to grab headlines with a number of first and second tier cities announcing cooling measures in response to rapid increases in average selling prices in a number of cities. Inevitably, commentators have been shouting "bubble", "mania", "it's the US in 2007". While the current rate of price increases (+50% YoY in some cities) are of course unsustainable, to say that the property sector is on the brink of overheating and collapsing is wrong.

Taking the US in the mid 2000s as a comparison:

- Chinese households, after decades of high savings rates, have a relatively low level of indebtedness.
- Affordability has actually improved in recent years, with the ratio of average house prices to household income falling fairly steadily since 2010.
- The minimum legal down payment for a mortgage is 20% in most cities for an owner-occupier, and as high as 60%-70% for investors in some areas. Compare this to the US where already leveraged households took on more and more debt to buy properties they could never afford, with <5% down payments meaning that equity was wiped out by the slightest of price corrections.

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- Couple this with the fact that China's urban population is likely to increase by 200 million over the next five years, meaning there is a wave of incremental demand coming up unimaginable in the US.

Lastly, we would add that the Chinese government are well aware of the importance of the property sector for the wider economy. For well over a decade (urban housing was only meaningfully privatised at the end of the 1990's) the government have tinkered with mortgage interest rates, down payment requirements, land sales, selling permits and planning permissions to stabilise the market. We see no reason for the government to suddenly lose conviction in these tools and allow the market to overheat.

LATIN AMERICA

MSCI Lat Am 2,455 +3.10%

Peruvian Congress granted the government special legislative powers for 90 days. The cabinet will pass a package of reforms related to:

- Strengthening of fiscal framework to support consumption and increase collection (VAT reduction by 1pp to 17% in 2017, an increase in the profit tax by 2pp to 30%, and repatriating tax revenue from funds held abroad by Peruvian residents).
- Reduction of red-tape to boost private investments.
- Fight against crime and corruption.
- Improvement of water and sanitation coverage.
- Restructuring of PetroPeru.

Peru's total debt at 25% of GDP means the Andean country has room to fund this ambitious plan and reignite Public-Private Partnerships. Last week, the investment-grade country issued USD 3bn of sol-denominated bonds maturing in 2028 which yield 6.375%.Following the news, the World Bank has revised upwards Peru's 2016 economic growth forecast to 3.7% from 3.5% and 2017's from 3.5% to 4.2%.

Peru is set to be one of the most exciting growth stories in emerging markets in the next several years. The country's economic indicators are sound and the structural reforms that the new President Kuczynski is about to implement will boost GDP growth back to its long-term potential of 5%+. In the first phase, investments will support the economic boom while creating jobs and increasing productivity thanks to better infrastructures. In the second phase, the middle class will emerge and grow; GDP growth will be consumption-led.

Colombians rejected the landmark peace accord, 6 days after the deal was signed in front of regional heads of state. This setback was decided by a razor-thin margin, with 50.2% voting against. Despite wanting to end more than 5 decades of violence (that has left more than 200,000 dead), many baulked at the idea of rebel leaders receiving lenient treatment with very little jail-time for the culprits, seats in Congress and a monthly payment from the government. President Juan Manuel Santos had said there was no "Plan B" in case of defeat. Ironically, last week, President Juan Manuel Santos was awarded the Peace Nobel Prize for this accord.

This should not impact too much the Colombian economy, as the FARCs are now weak and may still accept a new deal, a bit less lenient towards them. The focus for Colombian markets is more on the upcoming tax reform, its content and the ability of the government to pass it in congress after the referendum setback which cut its already-low political capital.

Colombia's annual inflation rate came in at 7.27% continuing its sharp drop toward the central bank's target as food supplies improve following a drought/El Nino strong decline in food prices (-0.91% m/m) and a stronger peso cools the rise in import costs.

The first round of Brazilian regional elections strengthened the government's position. The PSDB, the main ally of the government now has control over around 800 municipalities, including the city of São Paulo. The PT, Dilma Roussef and Lula's party, lost nearly 400 cities.

Brazilian President Michel Temer's proposal to cap real government spending for the next 20 years and fix the nation's public finances cleared its first hurdle in Congress on Thursday. A special lower house committee voted 23 in favour, 7 against the constitutional reform and rejected 8 amendments aiming at watering down this crucial reform. Brazil's equity market (+3.98% in USD) and FX (the BRL strengthened 1.31% vs USD) rallied on the back of this

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result and a rise in raw-material prices.

Mexico consumer confidence tumbled to its lowest level since 2010 to 84.1 from 86.5 the month before. Sentiment plunged as the MXN slumped to a record low of almost 20 per USD, a widening current-account gap and deteriorating public finances.

AFRICA

MSCI Africa 796 -1.24%

Egypt Foreign reserves jumped to USD 19.6bn in September. These additional USD 3bn are part of the Central Bank and IMF plan to build a buffer before devaluing the currency. Other sources in the near future include the IMF's loan first tranche (USD 3.5bn), issuance of a Eurobond (USD 2-3bn) and second instalments of loans from World Bank and African Development Bank (USD 1.5bn).

South Africa PMI (Standard Bank) rose above 50 in September to 50.7 from August's 49.8, following 14 consecutive months below 50.

This first print in expansionary territory is too early to call the bottom of the economic cycle, but it is encouraging. A better signal would be an increase in private investments as businesses are sitting on ZAR 600bn in cash and awaiting the right signs from the government before investing the money into the economy.

THE WEEK AHEAD

	Date	Consensus
UNITED STATES		
Retail sales (SEP) % MOM	Fri/14	0.6
Michigan consumer confidence (OCT)	Fri/14	92.0
EUROPE		
Eurozone industrial production (AUG) % YOY	Wed/12	0.8
France CPI (SEP) % YOY	Wed/12	0.4
Germany CPI (SEP) % YOY	Thu/13	0.7
Eurozone trade balance (AUG) sa Bn €	Fri/14	20.4
ASIA PACIFIC		
India industrial production (AUG) % YOY	Mon/10	-0.3
China M2 (SEP) % YOY	Mon/10	11.6
India CPI (SEP) % YOY	Thu/13	4.7
Korean rate decision %	Thu/13	1.25
China trade balance (SEP) Bn USD	Thu/13	54.3
Japan M2/M3 (SEP) % YOY	Fri/14	3,4/2,9
China CPI (SEP) % YOY	Fri/14	1.6
LATIN AMERICA		
Mexico industrial production (AUG) % YOY	Wed/12	-
Peru rate decision %	Thu/13	-
AFRICA		
Nigeria CPI (SEP) % YOY	Fri/14	-
Uganda rate decision	Fri/14	-

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GLOBAL MARKET DATA

3 to 9 October 2016

Equities				Return (USD)				YTD	Price/			
Name	BBG Code	Country	Price	1 Week	MTD	YTD	1Y	(Local)	Book	Volume 1wk/3mo	14d RSI	30d Vol
North America												
S&P 500 INDEX	SPX Index	US	2,153.74	-0.67%	-0.67%	5.37%	6.97%		2.8	101%	50.19	13.00%
RUSSELL 2000 INDEX	RTY Index	US	1,236.56	-1.21%	-1.21%	8.86%	6.30%		2.1	94%	52.18	17.16%
NASDAQ COMPOSITE INDEX	CCMP Index	US	5,292.41	-0.37%	-0.37%	5.69%	10.01%		3.6	97%	55.77	13.70%
S&P/TSX COMPOSITE INDEX	SPTSX Index	Canada	14,566.26	-2.28%	-2.28%	16.61%	2.20%		1.9	112%	50.59	11.83%
S&P 500 FINANCIALS INDEX	S5FINL Index	US	325.70	1.52%	1.52%	1.23%	3.46%		1.1	92%	54.07	14.61%
S&P 500 CONS DISCRET IDX	S5COND Index	US	633.60	-0.37%	-0.37%	2.03%	2.90%		4.7	96%	49.46	12.88%
S&P 500 INFO TECH INDEX	S5INFT Index	US	800.80	-0.11%	-0.11%	10.99%	15.50%		4.5	89%	58.61	13.46%
S&P 500 HEALTH CARE IDX	S5HLTH Index	US	831.56	-0.27%	-0.27%	-0.20%	5.60%		3.7	88%	47.04	13.68%
S&P 500 ENERGY INDEX	S5ENRS Index	US	520.28	-0.01%	-0.01%	16.02%	2.04%		2.0	89%	54.43	23.74%
S&P 500 ECO SECTORS IDX	SPXL1 Index	US	2,153.74	-0.67%	-0.67%	5.37%	6.97%		2.8	101%	50.19	13.00%
S&P 500 INDUSTRIALS IDX	S5INDU Index	US	497.63	-1.43%	-1.43%	7.36%	7.88%		4.1	91%	48.47	14.34%
S&P 500 CONS STAPLES IDX	S5CONS Index	US	537.03	-1.74%	-1.74%	3.59%	5.98%		5.3	154%	42.38	14.27%
S&P 500 UTILITIES INDEX	S5UTIL Index	US	239.31	-3.81%	-3.81%	8.78%	7.12%		1.8	131%	39.00	19.93%
S&P 500 MATERIALS INDEX	s5MATR Index	US	294.22	-1.88%	-1.88%	7.52%	6.06%		3.4	111%	45.97	16.06%
S&P 500 TELECOM SERV IDX	S5TELS Index	US	164.03	-3.84%	-3.84%	9.42%	13.43%		2.8	117%	37.85	17.95%
Europe												
Euro Stoxx 50 Pr	SX5E Index	Europe	3,006.03	-0.59%	-0.59%	-5.62%	-7.90%	-8.17%	1.5	80%	50.51	15.00%
CAC 40 INDEX	CAC Index	France	4,459.99	-0.50%	-0.50%	-1.37%	-5.79%	-4.04%	1.4	107%	51.31	15.05%
DAX INDEX	DAX Index	Germany	10,516.63	-0.73%	-0.73%	-0.05%	3.92%	-2.35%	1.7	149%	51.62	15.24%
Athex Composite Share Pr	ASE Index	Greece	577.30	1.54%	1.54%	-6.02%	-15.72%	-8.56%	0.5	76%	52.88	15.82%
FTSE MIB INDEX	FTSEMIB Index	Italy	16,385.42	-0.51%	-0.51%	-21.60%	-26.71%	-23.41%	0.9	97%	47.63	17.50%
AEX-Index	AEX Index	Netherlands	451.60	-1.03%	-1.03%	4.70%	0.78%	1.87%	1.6	109%	50.33	14.50%
PSI All-Share Index GR	BVLX Index	Portugal	2,431.23	-2.55%	-2.55%	-1.03%	-4.63%	-3.71%	1.4	45%	46.15	15.47%
MICEX INDEX	INDEXCF Index	Russia	1,980.03	1.16%	1.16%	32.67%	16.58%	12.41%	0.8	60%	50.85	11.26%
IBEX 35 INDEX	IBEX Index	Spain	8,629.30	-2.29%	-2.29%	-7.13%	-16.15%	-9.64%	1.3	96%	48.39	15.60%
OMX STOCKHOLM 30 INDEX	OMX Index	Sweden	1,452.90	0.00%	0.00%	-2.35%	-5.62%	0.33%	2.3	110%	57.68	10.72%
SWISS MARKET INDEX	SMI Index	Switzerland	8,124.66	-0.95%	-0.95%	-6.89%	-7.56%	-7.86%	2.5	93%	48.21	10.41%
BIST 100 INDEX	XU100 Index	Turkey	78,326.15	0.24%	0.24%	3.92%	-5.46%	8.71%	1.2	110%	51.24	19.73%
FTSE 100 INDEX	UKX Index	UK	7,069.38	-1.91%	-1.91%	-4.57%	-10.16%	12.85%	1.8	132%	60.22	13.85%
Asia Pacific												
MSCI AC ASIA x JAPAN	MXASJ Index	MSCI Asia Ex	557.06	1.11%	1.11%	11.43%	8.38%	11.43%	1.5	80%	57.72	14.10%
S&P/ASX 200 INDEX	AS51 Index	Australia	5,475.43	-0.62%	-0.62%	7.23%	9.91%	3.24%	1.9	95%	53.54	12.06%
DSE 30 Index	DS30 Index	Bangladesh	1,761.37	0.33%	0.33%	2.04%	-2.48%	1.94%	-		49.94	5.45%
HANG SENG CHINA ENT INDX	HSCEI Index	China "H"	9,923.82	3.53%	3.53%	2.61%	-3.64%	2.72%	1.0	65%	58.32	19.89%
SHANGHAI SE COMPOSITE	SHCOMP Index	China "A"	3,048.14	0.00%	0.00%	-17.38%	-8.89%	-15.10%	1.7	71%	48.11	10.99%
HANG SENG INDEX	HSI Index	HK	23,851.82	2.34%	2.34%	8.72%	6.58%	8.84%	1.2	71%	59.65	16.39%
Nifty 50	NIFTY Index	India	8,727.95	0.97%	0.97%	8.76%	4.25%	9.45%	2.9	87%	52.42	13.15%
JAKARTA COMPOSITE INDEX	JCI Index	Indonesia	5,372.03	0.61%	0.61%	25.14%	26.80%	17.07%	2.5	113%	53.80	14.76%
NIKKEI 225	NKY Index	Japan	16,860.09	0.88%	0.88%	3.67%	8.14%	-11.42%	1.6	83%	52.81	16.06%
KOSPI 200 INDEX	KOSPI2 Index	Korea	260.31	-0.63%	-0.63%	14.07%	9.37%	8.19%	1.0	99%	56.13	12.76%
Laos Composite Index	LSXC Index	Laos	998.73	0.13%	0.13%	-14.65%	-18.59%	-15.02%	0.9	94%	46.56	30.45%
FTSE Bursa Malaysia KLCI	FBMKLCI index	Malaysia	1,667.58	0.23%	0.23%	2.02%	-0.58%	-1.60%	1.7	128%	49.29	6.53%
KARACHI 100 INDEX	KSE100 Index	Pakistan	41,336.56	1.46%	1.46%	25.85%	22.91%	25.55%	1.9	136%	64.68	9.66%
PSEi - PHILIPPINE SE IDX	PCOMP Index	Philippines	7,534.71	-0.76%	-0.76%	5.87%	1.59%	9.01%	2.5	76%	45.53	15.27%
STRAITS TIMES INDEX STI	FSSTI Index	Singapore	2,870.19	-0.56%	-0.56%	2.88%	0.08%	-0.26%	1.1	76%	52.57	11.13%
SRI LANKA COLOMBO ALL SH	CSEALL Index	Sri Lanka	6,584.72	0.63%	0.63%	-6.28%	-11.12%	-4.53%	1.5	91%	58.27	3.96%
TAIWAN TAIEX INDEX	TWSE Index	Taiwan	9,265.81	0.49%	0.49%	16.22%	13.18%	11.13%	1.7	78%	56.36	14.10%
STOCK EXCH OF THAI INDEX	SET Index	Thailand	1,459.65	0.49%	0.49%	20.59%	10.90%	16.79%	1.8	79%	52.36	19.70%
HO CHI MINH STOCK INDEX	VNINDEX Index	Vietnam	678.63	-0.29%	-0.29%	19.07%	16.09%	18.12%	1.9	107%	60.33	9.49%
Rest of the World												
MSCI ACWI	MXWD Index	MSCI World	416.14	-0.55%	-0.55%	4.20%	3.50%	4.20%	2.1	75%	51.16	10.69%
MSCI EM	MXEF Index	MSCI EM	914.81	1.26%	1.26%	15.20%	7.83%	15.20%	1.6	68%	56.51	15.17%
MSCI Fronter Market Index	MXFEM Index	MSCI FM	2,530.03	-0.06%	-0.06%	7.00%	-0.18%	7.00%	1.7	82%	47.55	9.37%
DFM GENERAL INDEX	DFMGI Index	Dubai	3,338.76	-3.45%	-3.45%	6.45%	-9.49%	6.46%	1.2	77%	41.05	12.03%
MSCI EM LATIN AMERICA	MXLA Index	Latin America	2,454.56	3.10%	3.10%	34.14%	18.19%	34.14%	1.8	76%	55.48	24.26%
ARGENTINA MERVAL INDEX	MERVAL Index	Argentina	17,136.22	3.05%	3.05%	25.19%	-6.46%	46.77%	0.6	253%	63.88	21.81%
MSCI BRAZIL	MXBR Index	Brazil	1,739.78	5.08%	5.08%	67.90%	42.25%	67.90%	1.6	109%	59.22	29.63%
CHILE STOCK MKT SELECT	IPSA Index	Chile	4,075.68	-0.41%	-0.41%	17.28%	8.77%	10.75%	1.4	51%	49.53	6.91%
IGBC GENERAL INDEX	IGBC Index	Colombia	9,964.37	-0.38%	-0.38%	26.34%	0.06%	16.58%	-		50.87	13.08%
MEXICO IPC INDEX	MEXBOL Index	Mexico	47,596.60	0.96%	0.96%	-1.14%	-7.56%	10.75%	2.8	71%	52.43	14.29%
Bolsa de Panama General	BVPSBVPS Index	Panama	407.20	-0.03%	-0.03%	0.90%	-0.47%	0.94%	2.1	17%	66.94	4.28%
S&P/BVLPeruGeneralTRPEN	SPBLPGPT Index	Peru	15,060.60	-2.12%	-2.12%	52.99%	34.51%	52.92%	1.7	80%	50.86	12.56%
VENEZUELA STOCK MKT INDX	IBVC Index	Venezuela	13,417.42	3.52%	3.52%	-42.06%	-27.96%	-8.03%	1.3	22%	58.01	30.31%
MSCI EFM AFRICA	MXFMEAF Index	Africa	796.00	-1.24%	-1.24%	15.76%	-4.54%	15.76%	2.4	76%	48.84	26.11%
EGYPT HERMES INDEX	HERMES Index	Egypt	745.55	5.43%	5.43%	3.70%	-1.18%	17.69%	1.4	112%	58.47	16.02%
GSE Composite Index	GGSECI Index	Ghana	1,768.04	-0.30%	-0.30%	-15.08%	-16.33%	-11.37%	1.6	41%	39.55	4.14%
Nairobi SE 20 Share	KNSMIDX Index	Kenya	3,261.34	0.56%	0.56%	-18.47%	-17.80%	-19.29%	2.0	44%	42.96	11.67%
MASI Free Float Index	MOSENEW Index	Morocco	10,209.05	1.31%	1.31%	16.35%	13.08%	14.38%	2.4	210%	66.68	4.75%
NIGERIA STCK EXC ALL SHR	NGSEINDX Index	Nigeria	27,835.22	-1.84%	-1.84%	-38.56%	-41.66%	-2.82%	1.4	91%	49.77	13.53%
FTSE/JSE AFRICA TOP40 IX	TOP40 Index	South Africa	45,083.74	-1.93%	-1.93%	9.71%	-8.15%	-1.50%	2.0	93%	46.66	16.43%

Average	-0.04%	-0.04%	6.25%	1.45%	6.59%	94%	52.06	14.52%
Top 25%	0.75%	0.75%	14.63%	8.26%	13.23%	109%	56.24	16.06%
Bottom 25%	-0.85%	-0.85%	-0.61%	-6.13%	-3.79%	76%	48.43	11.75%

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GLOBAL MARKET DATA (CONTD.)

3 to 9 October 2016

FX (vs USD)				Return +ive=USD Stronger			
Name	**BBG Code**	**Country**	**Price**	**1 Week**	**MTD**	**YTD**	**1Y**
DOLLAR INDEX SPOT	DXY Index	USD Index	96.72	1.22%	1.22%	-2.03%	1.38%
USD-EUR X-RATE	USDEUR Curncy	Europe	0.90	0.38%	0.38%	-3.05%	0.67%
Russian Ruble SPOT (TOM)	USDRUB Curncy	Russia	62.41	-0.94%	-0.94%	-13.38%	1.41%
USD-TRY X-RATE	USDTRY Curncy	Turkey	3.05	1.75%	1.75%	4.57%	5.44%
USD-GBP X-RATE	USDGBP Curncy	UK	0.81	4.37%	4.37%	18.51%	23.44%
Bloomberg JPMorgan Asia Dollar	ADXY Index	Asia USD Index	106.91	-0.46%	-0.46%	0.37%	-1.37%
USD-AUD X-RATE	USDAUD Curncy	Australia	1.32	0.95%	0.95%	-3.94%	-4.34%
USD-CNY X-RATE	USDCNY Curncy	China	6.70	0.49%	0.49%	3.12%	5.41%
USD-INR X-RATE	USDINR Curncy	India	66.59	0.07%	0.07%	0.58%	2.76%
USD-JPY X-RATE	USDJPY Curncy	Japan	103.21	1.62%	1.62%	-14.23%	-14.14%
USD-KRW X-RATE	USDKRW Curncy	Korea	1,109.32	1.23%	1.23%	-5.18%	-3.25%
USD-TWD X-RATE	USDTWD Curncy	Taiwan	31.44	0.59%	0.59%	-4.15%	-2.84%
USD-ARS X-RATE	USDARS Curncy	Argentina	15.19	-1.10%	-1.10%	17.47%	61.45%
USD-BRL X-RATE	USDBRL Curncy	Brazil	3.22	-1.22%	-1.22%	-18.66%	-14.86%
USD-CLP X-RATE	USDCLP Curncy	Chile	669.49	1.84%	1.84%	-5.50%	-1.15%
USD-MXN X-RATE	USDMXN Curncy	Mexico	19.00	-0.46%	-0.46%	12.19%	17.26%
USD-EGP X-RATE	USDEGP Curncy	Egypt	8.88	-0.06%	-0.06%	13.36%	13.37%
USD-NGN X-RATE	USDNGN Curncy	Nigeria	315.25	-2.86%	-2.86%	53.54%	53.73%
USD-ZAR X-RATE	USDZAR Curncy	South Africa	13.79	1.07%	1.07%	-10.36%	4.24%
Commodities				**Return (USD)**			
WTI CRUDE FUTURE Nov16	CLA Comdty	US	49.47	3.25%	3.25%	14.93%	-7.07%
BRENT CRUDE FUTR Dec16	COA Comdty	UK	51.62	3.47%	3.47%	16.96%	-11.56%
BALTIC DRY INDEX	BDIY Comdty		921.00	5.26%	5.26%	92.68%	12.73%
Natural Gas Futures	NG1 Comdty		3.16	9.88%	9.88%	36.63%	27.82%
Gold Spot $/Oz	XAU Curncy		1,262.30	-4.47%	-4.47%	18.42%	10.35%
Silver Spot $/Oz	XAG Curncy		17.66	-8.51%	-8.51%	26.60%	11.78%
LME COPPER 3MO ($)	LMCADS03 Comdty		4,778.00	-1.79%	-1.79%	1.55%	-6.95%
Government Bond Yields %				**Change (Bps)**			
US Generic Govt 2 Year Yield	USGG2YR Index	US 2yr	0.83	0.07	0.07	-0.22	0.20
US Generic Govt 5 Year Yield	USGG5YR Index	US 5yr	1.26	0.11	0.11	-0.50	-0.14
US Generic Govt 10 Year Yield	USGG10YR Index	US 10yr	1.72	0.12	0.12	-0.55	-0.39
Canadian Govt Bonds 10 Year No	GCAN10YR Index	Canada 10yr	1.17	0.18	0.18	-0.22	-0.33
Mexico Generic 10 Year	GMXN10YR Index	Mexico 10yr	6.11	0.05	0.05	-0.17	0.20
UK Govt Bonds 10 Year Note Gen	GUKG10 Index	UK 10yr	0.99	0.22	0.22	-0.99	-0.85
Switzerland Govt Bonds 10 Year	GSWISS10 Index	Swiss 10yr	-0.48	0.07	0.07	-0.41	-0.29
German Government Bonds 2 Yr B	GDBR2 Index	German 2yr	-0.66	0.02	0.02	-0.32	-0.42
German Government Bonds 5 Yr O	GDBR5 Index	German 5yr	-0.49	0.08	0.08	-0.45	-0.49
Germany Generic Govt 10Y Yield	GDBR10 Index	German 10yr	0.03	0.14	0.14	-0.61	-0.57
French Generic Govt 10Y Yield	GTFRF10Y Govt	French 10yr	0.32	0.13	0.13	-0.67	-0.64
Greece Generic Govt 10Y Yield	GTGRD10Y Govt	Greece 10yr	8.24	0.04	0.04	0.16	0.58
Italy Generic Govt 10Y Yield	GBTP10YR Index	Italy 10yr	1.18	0.19	0.19	-0.17	-0.31
Spain Generic Govt 10Y Yield	GSPG10YR Index	Spanish 10yr	1.02	0.14	0.14	-0.76	-0.82
Portugal Generic Govt 10Y Yield	GSPT10YR Index	Portugal 10yr	3.52	0.25	0.25	1.06	1.22
Australia Govt Bonds Generic Y	GACGB10 Index	Aus 10yr	2.19	0.26	0.26	-0.71	-0.45
India Govt Bond Generic Bid Yi	GIND10YR Index	India 10yr	6.70	-0.08	-0.08	-1.03	-0.80
KCMP South Korea Treasury Bond	GVSK10YR Index	Korea 10yr	1.53	0.11	0.11	-0.56	-0.56
Japan Generic Govt 10Y Yield	GJGB10 Index	Japan 10yr	-0.06	0.03	0.03	-0.32	-0.39
South Africa Govt Bonds 10 Yea	GSAB10YR Index	SA 10yr	8.68	0.03	0.03	-1.10	0.48
Corporate Credit Indices				**Change (Bps) +ive = Widening**			
MARKIT ITRX EUR XOVER 12/21	ITRXEXE CBIL Curncy	EUR XOVER	335.32	0.61	0.61	18.49	-7.45
MARKIT ITRX EUROPE 12/21	ITRXEBE CBIL Curncy	EUR MAIN	74.09	1.25	1.25	-3.43	-9.38
MARKIT ITRX EUR SNR FIN 12/21	ITRXESE CBIL Curncy	EUR SNR FIN	100.36	-2.53	-2.53	22.42	16.77
MARKIT ITRX EUR SUB FIN 12/21	ITRXEUE CBIL Curncy	EUR SUB FIN	233.00	-10.89	-10.89	76.68	58.63
MARKIT CDX.NA.IG.27 12/21	IBOXUMAE CBIL Curncy	US IG	74.36	-0.35	-0.35	-13.56	-8.96
MARKIT CDX.NA.HY.27 12/21	IBOXHYSE CBIL Curncy	US HY	401.07	2.57	2.57	-67.47	-49.74
Implied Volatility (Equity Index)				**Change (Volatility Points) +ive = Volatility Rising**			
Eurostoxx 3month ATM	SX5E Index	Europe	20.22	0.16	0.16	-3.26	-2.52
FTSE 100 500 3month ATM	UKX Index	UK	14.66	0.74	0.74	-1.54	-2.38
Hang Seng 3month ATM	HSI Index	HK	17.24	-1.13	-1.13	-0.78	-5.09
Nikkei 3month ATM	NKY Index	Japan	18.53	-0.82	-0.82	0.37	-0.64
S&P 500 3month ATM	SPX Index	US	13.31	0.30	0.30	-2.88	-2.59
Volatility (VIX)	VIX Index	US	13.48	0.19	0.19	-4.73	-3.94
Inflation (Long term inflation expectation proxy) %				**Change (Bps)**			
US 5Y5YF Inflation Swap		USD	2.06	0.04	0.04	-0.13	-0.13
UK 5Y5YF Inflation Swap		GBP	3.61	0.28	0.28	0.28	0.29
JPY 5Y5YF Inflation Swap		JPY	0.04	-0.01	-0.01	-0.66	-0.77
EUR 5Y5YF Inflation Swap		EUR	1.38	0.02	0.02	-0.31	-0.25
Economic Data Surprise (+ive = above expectations)							
Citi Economic Surprise Index	CESIAPAC Index	Asia Pacific	2.40				
Citi Economic Surprise Index -	CESICNY Index	China	16.20				
Citi Economic Surprise Index -	CESIEM Index	EM	-11.60				
Citi Economic Surprise Index -	CESIEUR Index	Eurozone	13.20				
Citi Economic Surprise Index -	CESIG10 Index	G10	8.50				
Citi Economic Surprise - Japan	CESIJPY Index	Japan	5.50				
Citi Economic Surprise Index -	CESILTAM Index	Latin America	-18.90				
Citi Economic Surprise - Unite	CESIUSD Index	US	-2.00				

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

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