GLOBAL MARKET UPDATE

2 TO 8 JANUARY 2017: FAST AND FURIOUS

THIS WEEK'S GLOBAL EQUITY MARKET MOVERS

DEVELOPED	**Top 3:**	Austria **3.47%**, Singapore **3.46%**, Canada **2.99%**
	Bottom 3:	Portugal **0.54%**, UK **0.58%**, Netherlands **0.82%**
EMERGING	**Top 3:**	Philippines **5.99%**, Egypt **4.41%**, Colombia **4.38%**
	Bottom 3:	Turkey **-4.34%**, Mexico **-2.01%**, India **0.44%**
FRONTIER	**Top 3:**	Laos **20.33%**, Argentina **8.88%**, Morocco **4.62%**
	Bottom 3:	Mongolia **-3.23%**, Tanzania **-2.80%**, Kenya **-2.69%**

Taking 2016 as a whole, growth came in below expectations almost across the board – with the notable exception of China. However, as we start 2017, the global economy is performing better. In particular, after a period of stagnation, manufacturing data has markedly improved; the Markit-JP Morgan global manufacturing PMI rose to 52.7 in December implying the fastest pace of activity since February 2014. Indeed, Greece is currently the only developed nation with a manufacturing PMI below 50 (indicating contraction). This economic strength is relatively broad-based; aggregate economic data "surprise indices" are in positive territory for all regions and headline inflation is also generally rising (and not only because of higher oil prices).

Of course markets have already partly reflected the better data. The MSCI World has gained around 7.5% since the beginning of November, cash holdings for US mutual funds are at 5 year lows and the outperformance of cyclicals over defensives is at extreme levels. But the judgment for investors is not just tactical. There is obvious heightened political risk and great uncertainty as to how markets and the economy will be able to deal with any turn in the interest rate cycle.

As a starter, this Wednesday Donald Trump will hold his first news conference since his election, ahead of his 20th January inauguration.

UNITED STATES

S&P 2,277 +1.70%, 10yr Treasury 2.40% -2.50bps, HY Credit Index 343 -13bps, Vix 11.78 -2.72Vol

Over the last few weeks **US economic data has painted a generally optimistic picture** - consumer confidence for December hit a 13 year high alongside blow-out vehicle sales and much improved manufacturing data. This week's employment report was also positive; headline payrolls were below expectations, but the previous 2 months readings were revised up and **average hourly earnings accelerated at the fastest pace since 2009 (and above the 2% inflation target at 2.9%)**. The unemployment rate ticked up marginally on an increase in the labour force.

Despite the bullish tone, Treasuries were broadly unchanged as the **minutes to the Fed's December meeting were interpreted as dovish**. The key passages included:

Near-term Trump Upside

- "Almost all also indicated that the upside risks to their forecasts for economic growth had increased as a result of prospects for more expansionary

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fiscal policies in coming years."

- "About half of the participants incorporated an assumption of more expansionary fiscal policy in their forecasts."

Versus Trump uncertainty

- "Participants emphasised their considerable uncertainty about the timing, size, and composition of any future fiscal and other economic policy initiatives as well as about how those polices might affect aggregate demand and supply. Several participants pointed out that, depending on the mix of tax, spending, regulatory, and other possible policy changes, economic growth might turn out to be faster or slower than they currently anticipated.
- "Many participants emphasised that the greater uncertainty about these policies made it more challenging to communicate to the public about the likely path of the federal funds rate."

Labour Market and Inflation

- "Almost all participants projected that the unemployment rate would run below their estimates of its longer-run normal level in 2017 and remain below that level through 2019."
- "All participants projected that inflation, as measured by the four-quarter percentage change in the price index for personal consumption expenditures (PCE), would increase over the next two years, and several expected inflation to slightly exceed the Committee's 2 percent objective in 2018 or 2019."

Overall Policy

- "Almost all participants expected that the evolution of economic conditions would warrant only gradual increases in the federal funds rate to achieve and sustain maximum employment and 2 percent inflation."

Our interpretation of the minutes is a little less sanguine. In our opinion there are two factors at play. First, the labour market may finally have exhausted any "slack"; the participation rate appears to have settled lower and wage growth is accelerating. As such, there is a chance of increased core inflation, which the FED will be keen to act upon by raising rates. Second, there is Trump. To the extent he follows through with meaningful fiscal stimulus, the number of FED participants incorporating associated growth upside in their projections will move from "about half" to "almost all". Thus, for the first time in well over a decade, there is a realistic case that the committee could deliver more rate hikes than priced by the market (currently 2 for the calendar year 2017).

However, the other key message from the Fed is uncertainty – and this is a sentiment we very share. Much in the background suggests the US is late cycle, it is not obvious large spending programmes will have a long-term positive effect and nobody knows what Trump will actually deliver. Moreover, he is likely to remain unpredictable throughout his term, also carrying a risk of growth negative polices (particularly relate to trade and immigration).

In keeping with better macro data, analysts start the year with improved expectations for corporate results. **Consensus expect a second consecutive quarter of earnings growth for Q4 2016 (after 5 quarters of declines), with this momentum continuing through 2017.**

Corporate debt issuance for the first week of the year came in at the highest level on record (also at a global level).

EUROPE

Eurostoxx 3,312 +0.96%, German Bund 0.30% +9.00bps, Xover Credit Index 290 -2bps, EURUSD 1.055 -0.14%

For once, **Europe appears to be joining in with better global growth** as the composite PMI touched its highest level since May 2011 (54.4) and Eurozone inflation for December printed at 1.1% YOY (fastest rate since September 2013). The recent acceleration is led by Germany (CPI inflation at 1.7% and unemployment now at 4.1% - the lowest since reunification).

Some of the uptick in inflation stems from the recent reversal in the oil price, but there are also signs of modest price pressures elsewhere. Nonetheless, it is very unlikely that core inflation for the Eurozone as a whole will get near the ECB's 2% target near-term. Actually, the strong tone in Germany (reiterated in survey data and stemming from better global manufacturing) could present a problem for the ECB. Naturally hawkish Germany could experience well-above average inflation and thus pressure for early monetary tightening – the headline on the front-page of the business daily Handelsblatt read "Trapped by Low Interest Rates" this week.

This week there are two potential hurdles in Italy - on Wednesday, the constitutional court will decide whether to allow a referendum on the labour market reform approved under the Renzi government, whilst on Friday rating agency DBRS will announce whether they have cut Italy's sovereign rating. This would lead to increased haircuts on Italian collateral posted at the ECB (from 5.5% to 10.5% for a 10 year government security). Meanwhile, **in France the latest poll for "Les Echos" suggests conservative candidate Fillon has given up ground and now sits only 1-4 points ahead of far-right leader Marine Le Pen.**

Also in Europe **this week, hard data on industrial production (Thursday) should help confirm whether recent positive surveys are following through on the ground.**

UK data continues to defy expectations. The composite PMI rose to 56.7, with a 30 month high in the manufacturing component and construction expanding at the fastest rate in 9 months.

The economic situation in Turkey shows no signs of improvement. The lira again touched record lows against the USD and inflation was higher than expected after the recent terrorist attack in an Istanbul nightclub.

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ASIA PACIFIC

HSCEI 9,602 +2.29%, Nikkei 1,945.00 +1.57%, 10yr JGB 0.06% +0bps, USDJPY 117.140 +0.05%

China's policymakers continue to set their stall out for 2017. The rhetoric so far has focused on economic stability, prudent monetary policy and the avoidance of asset bubbles.

Within a policymaking framework centred around stability, the government have emphasised the need to maintain the value of the RMB in order to avoid triggering panic-driven capital outflows and market volatility. Depending on which government mouthpiece one listens to, this means anywhere from flat to a 5% depreciation against the dollar over 2017. Foreign reserves play an important role in this equation.

China's foreign exchange reserves fell by $41bn in December, in line with expectations.

The December FX data contained no nasty surprises (a larger fall would have been taken negatively by the market and cast doubt on the outlook for the RMB vs the USD, discussed below). January's data are likely to contain more meaningful information about the relationship between recent moves in the RMB and the extent of the role that PBoC intervention has played.

The RMB witnessed its largest 2-day appreciation on record last week, rising as much as 2.6% against the dollar. This was likely driven by two key factors:

- Tighter controls on Chinese citizens transferring capital abroad, including making the application process for transfers more cumbersome and re-framing the misuse of the USD 50k annual quota to buy overseas property and other investments as a form of money laundering with heavier punishments.
- Firm macroeconomic data (manufacturing activity expanded for the fifth straight month in December, with Manufacturing PMI of 51.4, slightly down from 51.7 in November).

Bringing these last two observations together (RMB/USD and foreign reserves) on a forward looking basis, January's data could prove to be pivotal for the outlook for China in 2017. One of two extreme scenarios, or a middle of the road mix, will play out:

1. *January's reserve data reveal that the PBoC was able to instigate a 2.6% appreciation in the RMB without a large amount of intervention, while capital outflows also fell under the new restrictions, suggesting the central bank will have no issues maintaining the strength of the currency during 2017.*
2. *The exact opposite, the central bank was forced into massive intervention in order to stabilise/ strengthen the currency, meaning that the current position is unsustainable and a significant depreciation becomes inevitable.*
3. *Something in between the two.*

We see outcomes 1 and 3 as the most likely, based on the recent stabilisation of capital outflows (though still negative) and the magnitude of the recent appreciation.

Another development around the currency we have seen in January sends out more of a mixed message, in contradiction to all the government talk of stability. **The government increased the number of currencies in the CFETS basket from 13 to 24, reducing the weight of the dollar from 26.4% to 22.2%.** The accompanying statement highlighted that the adjustment was aimed at making the basket more representative.

Sceptics would argue that this deliberately gives the PBoC more room to allow the currency to weaken against the dollar. This is certainly one implication. We would argue, however, that if the central bank wished to devalue the currency significantly and ignore the implications this would have for financial markets, they would be unlikely to bother constructing and publishing an index at all.

In summary, the first week of January has helped guide investors as to which data points to watch for 2017 to gauge the prospects for the Chinese economy. In 2015/16 it was economic activity data (case in point, the market panic in January following the weak PMI print). This year, it will be the RMB and the PBoCs monthly FX reserve moves that captivate investors.

In India, attention began to turn to the prospects for the economy after the dust has settled on demonstration, with the announcement of the state election calendar for a number of key states. The elections will be held across February, with all results being announced simultaneously on 11th March.

These elections will give the clearest indication yet of how ordinary Indian's feel about the government's demonetisation programme announced in November, with wider implications for the Modi government as we head towards 2018's general election.

The arrangement of the election calendar also implies that the upcoming central government budget, to be announced on 1st February, will likely include expansionary measures to put more money in the pockets of voters.

LATIN AMERICA

MSCI Lat Am 2,382 +1.79%

2016 saw a major shift in Latin American policies from the populist left to more pro-market, fiscally-responsible right. It started in Argentina in November 2015 where Macri replaced Kirchner, then PPK took over from Humala in Peru in March 2016 and last but not least Dilma Roussef was impeached in August 2016 and replaced by Temer. The 3 new leaders implemented much needed structural reforms leading equity, fixed-income and currency markets to rally strongly in 2016, helped by a rebound in commodity prices.

The focus of 2017 will be, in addition to the influence of global policies (US rates, Trump, commodity prices…): the consolidation and implementation of those structural reforms (fiscal reform in Colombia, fiscal ceiling in Brazil, price liberalisation in Argentina, PPP and slashing red tape in Peru…), the final stages of remaining reforms (especially the social security reform in Brazil) and adjustment of

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expectations of GDP growth recovery. 2017 will also be a pre-electoral year for Chile (general elections in December 2017), Colombia, Mexico and Brazil (all 3 occurring in 2018), which might create some surprises.

Ford cancelled its investment plans for a new plant in San Luis Potosí, Mexico of USD 1.6bn after coming under criticism by President-elect Donald Trump for shifting small-car production south of the border. Ford decided to invest USD 700Mn in the expansion of the Michigan plant and transfer the construction of Focus cars to an existing plant in Mexico. This is the first concrete consequence of the Trump election for Mexico.

Colombia BanRep cut its benchmark rate by 25bps to 7.5% after a steeper than expected fall in inflation and GDP growth numbers (Q3 16 +1.2% YOY, the lowest level since 2009). This came as a surprise, as market participants expected the easing cycle to start only in Q1 17. It was also a much debated move amongst the monetary policy committee members, as it was decided in a 4-to-3 vote.

The fiscal reform was approved in a plenary session by the Colombian Senate and House of Representatives. It is effective since January 1st 2017. The main points to remember are: increase in VAT from 16% to 19%, cut in corporate tax from 40% in 2016 to 33% in 2019.

This reform was expected for a long time. It will modernise the Colombian tax system that can no longer rely exclusively on oil production to fund government expenditures. This is a relief for large Colombian corporates, who are currently paying a 60-70% tax rate (if we include all kinds of taxes). In the short-term, consumption may slow down due to price increases caused by VAT, but this is positive in the long-run for the fiscal balance and the economy as a whole.

PPK special powers came to an end on January 6th. 75 legislative decrees have been set forth on economic reactivation, water and sanitation, PetroPerú reorganization, security and anti-corruption policies. An expected a 1pp VAT tax reduction will be part of the final tranche of reforms that will target the informal economy, strengthen the justice administration system and bolster growth, according to an official party speaker.

The overall result of this 90-days window of opportunity is rather positive. The administrative simplification, the reorganisation of the infrastructure investment process and simplification of the tax system should enhance the long-term growth of Peru. From now on, new laws will have to be voted by Congress which is controlled by the opposition party. However, we don't expect Keiko Fujimori and her party to hamper major reforms.

Argentina's Finance Minister Alfonso Prat-Gay was removed from his post after failing to pass the tax reform bill in Congress. He was replaced by two new ministers: Luis Caputo as Finance Minister and Nicolas Dujovne as Economy Minister.

AFRICA

MSCI Africa 779 +1.21%

2016 was an eventful year for African economies. The major highlights were the 56% devaluation in Egypt and 37% in Nigeria (60% if we consider the current black market rate), the political unrest in SA and the 15% appreciation of the ZAR. The IMF is still active across the continent trying to shore up commodity-dependent economies facing difficulties paying down USD-denominated debt following poor economic policy decisions. However, the picture is not as bleak as one might think, as there pockets of hope, growth and positive outlook. For most African economies, it seems that the worst is behind us.

The focus in 2017 in African financial markets will be commodity prices, the influence of global factors (US rates, Trump trade policies...), the normalisation of the Egyptian economy following last November's devaluation, the outcome of the South Africa political saga between President Zuma and Finance minister Gordhan and Kenyan general elections.

The Nigerian Senate refused a USD 30Bn external financing plan to fund the 2017 budget proposed by Buhari's administration. How the country will fund its budget and secure external financing remains to be seen. In addition, this 2017 budget is based on the very optimistic assumptions of 280 USD/NGN (parallel market trades at 490) and a production of 2.2 Mn bbl/day (vs. 1.6 currently).

In 2016, the Central Bank of Nigeria (CBN) spent USD 4Bn from the nation's external reserves to defend the local currency with no result (35% official rate devaluation and a persistent 60% gap between official and black market FX rates). Imports were down 76% YOY in December amid a USD liquidity squeeze and shrinking purchasing power.

The FX system is still dysfunctional and the economy is heading for a new recession if nothing is done. Political, institutional, economic and social crises are deepening. The fundamental ingredient of a functioning economic system is broken: trust. Trust in institutions (government, justice system, executive power, central bank, senate, congress...), in the currency and in political leaders.

The struggles of the Nigerian economy is impacting neighbouring countries. In reaction to the current crisis, the government has increased import tariffs on luxury items and some food items such as rice, salt and sugarcane that have local alternatives. The Nigerian economy is closing itself due to USD scarcity and this is drastically impacting smaller neighbouring countries for which Nigeria was a major trade partner/export-destination.

ZAR was the 3rd best performing currency vs USD in 2016 after the Russian RUB and Brazilian BRL. It showed a 16% appreciation on a trade-weighted basis (+13% vs USD). The currency benefitted from declining volatility following "Nenegate" in December 2015 (despite the political unrest during the year) and from the commodity prices rally.

In Egypt, the financial system continues to normalise post-flotation. The CBE ordered private lenders not to take legal measures against companies that have been unable to repay debt due to weakening of the EGP and schedule

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repayments over 1 to 3 years. According to the central bank USD 6.9Bn has flowed through the banking system since the devaluation. The whole financial system now benefits from proper capitalisation and USD liquidity.

Kenya import cover fell to 4.6 months in December from the 5.2 reported last October. The Central Bank is using FX reserves to shore up the currency. Despite that, the KES hit a 15-month low last week at 103.7 USDKES.

Kenyan institutions haven't taken advantage of favourable macro conditions for the past several years to make structural reforms and enhance long-term growth potential. The government have been complacent about financial discipline, bank regulation and macroeconomic stability. As a result, the currency is coming under pressure. The downward pressure on the KES isn't expected to stop as inflows should slow due to political risk ahead of the general elections to be held next August, the deteriorating budget and current account balances and further pressure on trade balance caused by the oil price increase.

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THE WEEK AHEAD

	Date	Consensus
UNITED STATES		
Retail sales (DEC) % MOM	Fri/13	0.5
Michigan consumer sentiment (JAN)	Fri/13	98.6
EUROPE		
Germany industrial production (NOV) % YoY	Mon/09	1.9
Eurozone unemployment (NOV) %	Mon/09	9.8
UK industrial output (NOV) % YoY	Wed/11	0.5
Poland rate decision %	Wed/11	1.5
Eurozone industrial production (NOV) % YoY	Thu/12	1.5
ASIA PACIFIC		
China FX reserves (DEC) USD Bn	Mon/09	3010
China CPI (DEC) % YoY	Tue/10	2.2
China M2 (DEC) % YoY	Tue/10	11.4
India CPI (DEC) % YoY	Thu/12	3.5
Japan M3 (DEC) % YoY	Fri/13	3.5
China trade balance (DEC) USD Bn	Fri/13	47.6
Korea rate decision %	Fri/13	1.25
LATIN AMERICA		
Brazil rate decision %	Wed/11	13.25
Peru rate decision %	Thu/12	4.25
AFRICA		
South Africa manufacturing output (NOV) % YoY	Thu/12	1.2

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GLOBAL MARKET DATA
2 to 8 January 2017

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	2,276.98	1.70%	1.70%	1.70%	17.18%		2.9
RUSSELL 2000 INDEX	RTY Index	US	1,367.28	0.75%	0.75%	0.75%	28.44%		2.3
NASDAQ COMPOSITE INDEX	CCMP Index	US	5,521.06	2.56%	2.56%	2.56%	17.73%		3.7
S&P/TSX COMPOSITE INDEX	SPTSX Index	Canada	15,496.05	2.99%	2.99%	2.99%	32.21%		2.0
S&P 500 FINANCIALS INDEX	S5FINL Index	US	391.15	1.20%	1.20%	1.20%	29.31%		1.3
S&P 500 CONS DISCRET IDX	S5COND Index	US	662.91	2.33%	2.33%	2.33%	12.23%		4.7
S&P 500 INFO TECH INDEX	S5INFT Index	US	827.60	2.43%	2.43%	2.43%	22.38%		4.5
S&P 500 HEALTH CARE IDX	S5HLTH Index	US	820.25	2.93%	2.93%	2.93%	2.75%		3.5
S&P 500 ENERGY INDEX	S5ENRS Index	US	557.57	0.55%	0.55%	0.55%	31.67%		2.1
S&P 500 ECO SECTORS IDX	SPXL1 Index	US	2,276.98	1.70%	1.70%	1.70%	17.18%		2.9
S&P 500 INDUSTRIALS IDX	S5INDU Index	US	545.48	1.38%	1.38%	1.38%	24.38%		4.0
S&P 500 CONS STAPLES IDX	S5CONS Index	US	535.28	0.66%	0.66%	0.66%	5.57%		5.2
S&P 500 UTILITIES INDEX	S5UTIL Index	US	247.96	0.46%	0.46%	0.46%	13.14%		1.9
S&P 500 MATERIALS INDEX	s5MATR Index	US	317.88	1.83%	1.83%	1.83%	24.74%		3.8
S&P 500 TELECOM SERV IDX	S5TELS Index	US	174.57	-1.16%	-1.16%	-1.16%	19.46%		3.0
Europe									
Euro Stoxx 50 Pr	SX5E Index	Europe	3,311.50	0.96%	0.96%	0.96%	4.57%	0.93%	1.6
CAC 40 INDEX	CAC Index	France	4,892.02	1.01%	1.01%	1.01%	8.29%	0.98%	1.5
DAX INDEX	DAX Index	Germany	11,567.44	1.06%	1.06%	1.06%	12.89%	1.03%	1.8
Athex Composite Share Pr	ASE Index	Greece	658.26	3.08%	3.08%	3.08%	9.06%	2.59%	0.6
FTSE MIB INDEX	FTSEMIB Index	Italy	19,657.91	2.38%	2.38%	2.38%	-5.29%	2.36%	1.0
AEX-Index	AEX Index	Netherlands	485.72	0.82%	0.82%	0.82%	12.42%	0.79%	1.7
PSI All-Share Index GR	BVLX Index	Portugal	2,534.17	0.75%	0.75%	0.75%	0.51%	0.72%	1.4
MICEX INDEX	INDEXCF Index	Russia	2,221.55	2.01%	2.01%	2.01%	58.58%	-0.84%	0.9
IBEX 35 INDEX	IBEX Index	Spain	9,498.20	1.78%	1.78%	1.78%	2.02%	1.75%	1.4
OMX STOCKHOLM 30 INDEX	OMX Index	Sweden	1,515.26	1.29%	1.29%	1.29%	6.07%	0.32%	2.3
SWISS MARKET INDEX	SMI Index	Switzerland	8,417.27	2.51%	2.51%	2.51%	-1.85%	2.40%	2.5
BIST 100 INDEX	XU100 Index	Turkey	77,514.01	-4.34%	-4.34%	-4.34%	-11.12%	-1.32%	1.1
FTSE 100 INDEX	UKX Index	UK	7,229.42	0.58%	0.58%	0.58%	2.12%	0.94%	1.9
Asia Pacific									
MSCI AC ASIA x JAPAN	MXASJ Index	MSCI Asia Ex	527.36	2.53%	2.53%	2.53%	13.14%	2.53%	1.4
S&P/ASX 200 INDEX	AS51 Index	Australia	5,807.45	2.81%	2.81%	2.81%	19.44%	1.58%	2.1
DSE 30 Index	DS30 Index	Bangladesh	1,879.12	2.94%	2.94%	2.94%	4.89%	2.94%	-
HANG SENG CHINA ENT INDX	HSCEI Index	China "H"	9,602.32	2.29%	2.29%	2.29%	9.79%	2.30%	1.0
SHANGHAI SE COMPOSITE	SHCOMP Index	China "A"	3,171.24	1.78%	1.78%	1.78%	-3.92%	1.63%	1.8
HANG SENG INDEX	HSI Index	HK	22,558.69	2.27%	2.27%	2.27%	10.67%	2.28%	1.2
Nifty 50	NIFTY Index	India	8,251.75	0.44%	0.44%	0.44%	6.59%	0.71%	2.6
JAKARTA COMPOSITE INDEX	JCI Index	Indonesia	5,313.17	2.36%	2.36%	2.36%	22.93%	0.95%	2.4
NIKKEI 225	NKY Index	Japan	19,454.33	1.57%	1.57%	1.57%	10.52%	1.78%	1.9
KOSPI 200 INDEX	KOSPI2 Index	Korea	263.74	1.76%	1.76%	1.76%	12.81%	1.23%	1.0
Laos Composite Index	LSXC Index	Laos	1,211.44	20.33%	20.33%	20.33%	3.79%	20.30%	1.0
FTSE Bursa Malaysia KLCI	FBMKLCI index	Malaysia	1,670.31	2.25%	2.25%	2.25%	-1.17%	2.06%	1.7
KARACHI 100 INDEX	KSE100 Index	Pakistan	49,254.40	2.11%	2.11%	2.11%	50.08%	2.58%	2.1
PSEi - PHILIPPINE SE IDX	PCOMP Index	Philippines	7,276.34	5.99%	5.99%	5.99%	3.95%	5.96%	2.4
STRAITS TIMES INDEX STI	FSSTI Index	Singapore	2,979.37	3.46%	3.46%	3.46%	7.88%	2.84%	1.2
SRI LANKA COLOMBO ALL SH	CSEALL Index	Sri Lanka	6,154.95	-1.24%	-1.24%	-1.24%	-12.71%	-1.21%	1.4
TAIWAN TAIEX INDEX	TWSE Index	Taiwan	9,342.42	2.44%	2.44%	2.44%	23.88%	1.28%	1.6
STOCK EXCH OF THAI INDEX	SET Index	Thailand	1,564.25	2.21%	2.21%	2.21%	30.13%	1.85%	1.9
HO CHI MINH STOCK INDEX	VNINDEX Index	Vietnam	682.57	2.81%	2.81%	2.81%	19.46%	2.25%	2.0
Rest of the World									
MSCI ACWI	MXWD Index	MSCI World	429.68	1.86%	1.86%	1.86%	13.70%	1.86%	2.1
MSCI EM	MXEF Index	MSCI EM	881.11	2.18%	2.18%	2.18%	19.25%	2.18%	1.5
MSCI Fronter Market Index	MXFEM Index	MSCI FM	2,508.12	3.71%	3.71%	3.71%	10.48%	3.71%	1.8
DFM GENERAL INDEX	DFMGI Index	Dubai	3,705.43	2.74%	2.74%	2.74%	22.29%	2.75%	1.4
MSCI EM LATIN AMERICA	MXLA Index	Latin America	2,382.45	1.79%	1.79%	1.79%	40.47%	1.79%	1.7
ARGENTINA MERVAL INDEX	MERVAL Index	Argentina	18,284.28	8.88%	8.88%	8.88%	40.98%	8.08%	0.6
MSCI BRAZIL	MXBR Index	Brazil	1,734.32	3.74%	3.74%	3.74%	81.35%	3.74%	1.6
CHILE STOCK MKT SELECT	IPSA Index	Chile	4,171.14	0.91%	0.91%	0.91%	26.83%	0.48%	1.4
IGBC GENERAL INDEX	IGBC Index	Colombia	10,276.37	4.40%	4.40%	4.40%	40.94%	1.68%	-
MEXICO IPC INDEX	MEXBOL Index	Mexico	46,071.57	-2.01%	-2.01%	-2.01%	-5.93%	0.94%	2.6
Bolsa de Panama General	BVPSBVPS Index	Panama	414.89	0.31%	0.31%	0.31%	3.25%	0.39%	1.9
S&P/BVLPeruGeneralTRPEN	SPBLPGPT Index	Peru	15,984.81	1.89%	1.89%	1.89%	71.28%	2.68%	1.6
VENEZUELA STOCK MKT INDX	IBVC Index	Venezuela	32,457.08	2.37%	2.37%	2.37%	40.14%	2.37%	2.8
MSCI EFM AFRICA	MXFMEAF Index	Africa	778.72	1.21%	1.21%	1.21%	22.99%	1.21%	2.3
EGYPT HERMES INDEX	HERMES Index	Egypt	1,133.80	4.41%	4.41%	4.41%	-21.30%	4.09%	2.1
GSE Composite Index	GGSECI Index	Ghana	1,699.42	1.08%	1.08%	1.08%	-23.27%	0.61%	1.5
Nairobi SE 20 Share	KNSMIDX Index	Kenya	3,139.21	-2.69%	-2.69%	-2.69%	-22.68%	-1.48%	2.0
MASI Free Float Index	MOSENEW Index	Morocco	12,532.22	7.67%	7.67%	7.67%	38.82%	7.63%	2.9
NIGERIA STCK EXC ALL SHR	NGSEINDX Index	Nigeria	26,251.39	-2.25%	-2.25%	-2.25%	-39.13%	-2.32%	1.2
FTSE/JSE AFRICA TOP40 IX	TOP40 Index	South Africa	44,595.19	1.50%	1.50%	1.50%	19.82%	1.26%	2.0

	1 Week	MTD	YTD	1Y	YTD (Local)	
Average	2.10%	2.10%	2.10%	15.06%	2.16%	
Top 25%	2.55%	2.55%	2.55%	24.13%	2.54%	
Bottom 25%	0.98%	0.98%	0.98%	3.87%	0.94%	

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GLOBAL MARKET DATA (CONTD.)

2 to 8 January 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	102.25	0.01%	0.01%	0.01%	4.07%
USD-EUR X-RATE	USDEUR Curncy	Europe	0.95	-0.14%	-0.14%	-0.14%	3.77%
Russian Ruble SPOT (TOM)	USDRUB Curncy	Russia	59.80	-3.11%	-3.11%	-3.11%	-20.26%
USD-TRY X-RATE	USDTRY Curncy	Turkey	3.70	3.41%	3.41%	3.41%	21.49%
USD-GBP X-RATE	USDGBP Curncy	UK	0.82	0.48%	0.48%	0.48%	18.99%
Bloomberg JPMorgan Asia Dollar	ADXY Index	Asia USD Index	103.10	0.23%	0.23%	0.23%	-1.95%
USD-AUD X-RATE	USDAUD Curncy	Australia	1.37	-1.33%	-1.33%	-1.33%	-3.92%
USD-CNY X-RATE	USDCNY Curncy	China	6.94	-0.30%	-0.30%	-0.30%	5.02%
USD-INR X-RATE	USDINR Curncy	India	68.17	0.06%	0.06%	0.06%	1.55%
USD-JPY X-RATE	USDJPY Curncy	Japan	117.14	0.05%	0.05%	0.05%	-0.55%
USD-KRW X-RATE	USDKRW Curncy	Korea	1,208.30	-1.06%	-1.06%	-1.06%	-0.62%
USD-TWD X-RATE	USDTWD Curncy	Taiwan	32.10	-1.05%	-1.05%	-1.05%	-4.02%
USD-ARS X-RATE	USDARS Curncy	Argentina	15.81	-0.46%	-0.46%	-0.46%	13.85%
USD-BRL X-RATE	USDBRL Curncy	Brazil	3.22	-1.00%	-1.00%	-1.00%	-20.32%
USD-CLP X-RATE	USDCLP Curncy	Chile	668.07	-0.35%	-0.35%	-0.35%	-7.44%
USD-MXN X-RATE	USDMXN Curncy	Mexico	21.29	2.39%	2.39%	2.39%	18.91%
USD-EGP X-RATE	USDEGP Curncy	Egypt	18.23	0.27%	0.27%	0.27%	132.52%
USD-NGN X-RATE	USDNGN Curncy	Nigeria	310.62	0.14%	0.14%	0.14%	58.68%
USD-ZAR X-RATE	USDZAR Curncy	South Africa	13.76	0.14%	0.14%	0.14%	-14.33%
Commodities				Return (USD)			
WTI CRUDE FUTURE Feb17	CLA Comdty	US	53.72	0.50%	0.50%	0.50%	29.16%
BRENT CRUDE FUTR Mar17	COA Comdty	UK	56.82	0.49%	0.49%	0.49%	33.57%
BALTIC DRY INDEX	BDIY Comdty		963.00	0.21%	0.21%	0.21%	116.40%
Natural Gas Futures	NG1 Comdty		3.24	-11.79%	-11.79%	-11.79%	37.91%
Gold Spot $/Oz	XAU Curncy		1,177.75	2.19%	2.19%	2.19%	5.74%
Silver Spot $/Oz	XAG Curncy		16.51	3.54%	3.54%	3.54%	15.26%
LME COPPER 3MO ($)	LMCADS03 Comdty		5,590.00	0.98%	0.98%	0.98%	23.56%
Government Bond Yields %				Change (percentage points)			
US Generic Govt 2 Year Yield	USGG2YR Index	US 2yr	1.21	0.02	0.02	0.02	0.26
US Generic Govt 5 Year Yield	USGG5YR Index	US 5yr	1.92	0.00	0.00	0.00	0.32
US Generic Govt 10 Year Yield	USGG10YR Index	US 10yr	2.41	-0.03	-0.03	-0.03	0.27
Canadian Govt Bonds 10 Year No	GCAN10YR Index	Canada 10yr	1.73	0.01	0.01	0.01	0.41
Mexico Generic 10 Year	GMXN10YR Index	Mexico 10yr	7.66	0.22	0.22	0.22	1.41
UK Govt Bonds 10 Year Note Gen	GUKG10 Index	UK 10yr	1.35	0.14	0.14	0.14	-0.42
Switzerland Govt Bonds 10 Year	GSWISS10 Index	Swiss 10yr	-0.11	0.09	0.09	0.09	-0.04
German Government Bonds 2 Yr B	GDBR2 Index	German 2yr	-0.74	0.04	0.04	0.04	-0.34
German Government Bonds 5 Yr O	GDBR5 Index	German 5yr	-0.48	0.06	0.06	0.06	-0.35
Germany Generic Govt 10Y Yield	GDBR10 Index	German 10yr	0.30	0.09	0.09	0.09	-0.24
French Generic Govt 10Y Yield	GTFRF10Y Govt	French 10yr	0.82	0.15	0.15	0.15	-0.09
Greece Generic Govt 10Y Yield	GTGRD10Y Govt	Greece 10yr	6.72	-0.24	-0.24	-0.24	-1.77
Italy Generic Govt 10Y Yield	GBTPGR10 Index	Italy 10yr	1.92	0.15	0.15	0.15	0.41
Spain Generic Govt 10Y Yield	GSPG10YR Index	Spanish 10yr	1.50	0.16	0.16	0.16	-0.20
Portugal Generic Govt 10Y Yield	GSPT10YR Index	Portugal 10yr	4.00	0.29	0.29	0.29	1.45
Australia Govt Bonds Generic Y	GACGB10 Index	Aus 10yr	2.76	-0.08	-0.08	-0.08	-0.03
India Govt Bond Generic Bid Yi	GIND10YR Index	India 10yr	6.40	-0.13	-0.13	-0.13	-1.35
KCMP South Korea Treasury Bond	GVSK10YR Index	Korea 10yr	2.10	0.01	0.01	0.01	0.09
Japan Generic Govt 10Y Yield	GJGB10 Index	Japan 10yr	0.06	0.01	0.01	0.01	-0.19
South Africa Govt Bonds 10 Yea	GSAB10YR Index	SA 10yr	8.81	-0.12	-0.12	-0.12	-0.80
Corporate Credit Indices				Change (Bps) +ive = Widening			
MARKIT ITRX EUR XOVER 12/21	ITRXEXE CBIL Curncy	EUR XOVER	290.34	-2.28	-2.28	-2.28	-56.03
MARKIT ITRX EUROPE 12/21	ITRXEBE CBIL Curncy	EUR MAIN	69.20	-3.73	-3.73	-3.73	-14.60
MARKIT ITRX EUR SNR FIN 12/21	ITRXESE CBIL Curncy	EUR SNR FIN	87.90	-6.50	-6.50	-6.50	7.89
MARKIT ITRX EUR SUB FIN 12/21	ITRXEUE CBIL Curncy	EUR SUB FIN	204.76	-18.96	-18.96	-18.96	37.87
MARKIT CDX.NA.IG.27 12/21	IBOXUMAE CBIL Curncy	US IG	64.45	-3.21	-3.21	-3.21	-30.51
MARKIT CDX.NA.HY.27 12/21	IBOXHYSE CBIL Curncy	US HY	343.34	-12.72	-12.72	-12.72	-163.80
Implied Volatility (Equity Index)				Change (Volatility Points) +ive = Volatility Rising			
Eurostoxx 3month ATM	SX5E Index	Europe	16.05	-1.79	-1.79	-1.79	-9.63
FTSE 100 500 3month ATM	UKX Index	UK	11.72	-1.26	-1.26	-1.26	-9.37
Hang Seng 3month ATM	HSI Index	HK	15.35	-0.84	-0.84	-0.84	-8.27
Nikkei 3month ATM	NKY Index	Japan	18.49	-0.74	-0.74	-0.74	-5.97
S&P 500 3month ATM	SPX Index	US	11.68	-1.79	-1.79	-1.79	-8.53
Volatility (VIX)	VIX Index	US	11.78	-2.72	-2.72	-2.72	-13.67
Inflation (Long term inflation expectation proxy) %				Change (percentage points)			
US 5Y5YF Inflation Swap		USD	2.40	-0.01	-0.01	-0.01	0.19
UK 5Y5YF Inflation Swap		GBP	3.61	0.07	0.07	0.07	0.36
JPY 5Y5YF Inflation Swap		JPY	0.57	0.01	0.01	0.01	-0.10
EUR 5Y5YF Inflation Swap		EUR	1.76	0.03	0.03	0.03	0.15
Economic Data Surprise (+ive = above expectations)							
Citi Economic Surprise Index	CESIAPAC Index	Asia Pacific	38.60				
Citi Economic Surprise Index -	CESICNY Index	China	42.60				
Citi Economic Surprise Index -	CESIEM Index	EM	26.00				
Citi Economic Surprise Index -	CESIEUR Index	Eurozone	71.10				
Citi Economic Surprise Index -	CESIG10 Index	G10	40.90				
Citi Economic Surprise - Japan	CESIJPY Index	Japan	24.50				
Citi Economic Surprise Index -	CESILTAM Index	Latin America	21.10				
Citi Economic Surprise - Unite	CESIUSD Index	US	27.00				

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