

# GLOBAL MARKET UPDATE

15 to 21 August 2016



This week excerpts from hedge fund manager Paul Singer's Q2 letter to investors were quoted across the media. He describes the fixed income market as "broken" and that "the biggest bond bubble in world history," will lead to a breakdown which will "likely to be surprising, sudden, intense, and large." Thus in reference to sub-zero yield debt, investors should "hold such instruments at your own risk; danger of serious injury or death to your capital!"

The general sentiment of Singer's note accords with observations we have made for some time:

**Liquidity conditions** are extreme

- Changes to **bank regulations** mean dealers are now only brokers, unable to commit meaningful balance sheet to facilitate trading. As an example, in November 2015 primary dealers' corporate inventories turned negative for the first time.
- **Quantitative Easing** has taken paper out of the market; central banks now own around a third of outstanding bonds, which has distorted the ability for normal market functioning - over the last 2 years, the benchmark Japanese 10yr has failed to trade, at all, on a number of trading days. In essence, government bonds have become policy tools rather than investment assets.

**Pricing conclusively implies a "new normal"**

- **Negative Yields** require either extreme risk aversion (investors accept a small loss for "safety") or an expectation of no growth and

deflation. Consider the Swiss 30yr government bond trading at a yield of -0.03%. Unless deflation takes hold for the next 3 decades, investors are buying a certain loss.

- **Credit Spread Compression is in full flow** with investors shifting towards emerging markets and moving up the risk-curve, pushing US HY spreads to 12 month tights.

Actually, we think the bond market discussion is more nuanced. Certainly it is illiquid, meaning it is extremely difficult for large players to adjust positioning, which biases large and dysfunctional price moves. Moreover, with such extreme world views painted into the yield curve, **the market is hugely susceptible to growth or inflation shocks**. However, on the other side, there is increasing consensus that the growth potential of the developed world has significantly slowed and, as such, **the neutral rate of interest for the US (fed funds rate that neither stimulates nor restrains growth) is approximately zero**. As précised in San Francisco Fed President Williams recent piece "Monetary Policy in a

## THIS WEEK'S GLOBAL EQUITY MARKET MOVERS (15 TO 21 AUGUST 2016)

DEVELOPED	Top 3:	Denmark <b>1.73%</b> , New Zealand <b>1.42%</b> , Luxembourg <b>1.20%</b>
	Bottom 3:	Italy <b>-2.74%</b> , Spain <b>-1.73%</b> , Norway <b>-1.69%</b>
EMERGING	Top 3:	Colombia <b>4.24%</b> , China "A" <b>1.68%</b> , Dubai <b>1.36%</b>
	Bottom 3:	Taiwan <b>-1.96%</b> , Poland <b>-1.95%</b> , Greece <b>-1.24%</b>
FRONTIER	Top 3:	Qatar <b>3.36%</b> , Bulgaria <b>3.04%</b> , Romania <b>2.97%</b>
	Bottom 3:	Nigeria <b>-8.31%</b> , Mongolia <b>-6.54%</b> , Bosnia <b>-2.36%</b>

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Low R-Star World”, even if the FED move in September, “interest rates are going to stay lower than we’ve come to expect in the past.” Indeed, **this is exactly the subject of this week’s Jackson Hole symposium** – “Designing Resilient Monetary Policy Frameworks for the Future”.

To be clear, our summary view is that we are uncomfortable holding long duration fixed income assets, but cognisant that these policy-induced, artificial conditions can persist for a long time (see Japan). However, **we expect policy innovation** over the next 2 years - potentially helicopter money or shifts in mandates to nominal GDP or higher inflation targets. We don’t think these will be able to spur persistent increases in real growth, but could create inflation that would upset the current equilibrium.

Elsewhere, **oil prices continued their sharp volatility** and have now risen over 16% in 9 days, albeit coming after equally sharp falls.

## UNITED STATES

S&P 2,184 **-0.01%**, 10yr Treasury 0.06% **+12.50bps**, HY Credit Index 381 **-7bps**, Vix 12.05 **-.21Vol**

US equity markets were again in holiday mode, ending little changed. The USD, however, continued recent weakness **as the minutes to the FED’s last meeting confirmed divisions across the committee** – which have been reinforced by last week’s FED speakers (actually Dudley, Williams and Fischer all implied a hike this year). Whilst Esther George voted for a hike in July and members generally saw inter-meeting improvements in the data, several remain concerned about the path of inflation and “many” judged it appropriate to wait for additional information.

*The minutes revealed little; we know the FED is struggling with the fact a strong labour market has not translated into faster growth and inflation. It is instead the acknowledgement of a structural change in growth regime, what committee member James Bullard called a “new narrative”, which is driving yields and the USD. Given the focus of Jackson Hole on this theme, we think Janet Yellen’s speech on Friday will leave the door open to a hike this year (potentially in September contingent on next month’s employment report). However, this will be in the context of a significantly lower terminal rate. Current market pricing gives a 22% chance of a September hike and 51% at or before December.*

## EUROPE

Eurostoxx 2,993 **-1.19%**, German Bund -0.05% **+7.60bps**, Xover Credit Index 310 **-1bps**, EURUSD 1.129 **-1.44%**

As in the US, the minutes to the ECB’s last monetary policy meeting, revealed little new information. In short, **the ECB is biased towards further easing**, just as the FED is considering tightening: “In the current environment of heightened uncertainty, a still high level of economic slack and weak wage and price pressures, future discussions were called for regarding wage trends, inflation expectations, the medium term orientation of monetary policy and the time horizon over which the very accommodative monetary policy stance would remain warranted”. The governing council next meets on the 8th September.

The **ZEW survey confirmed that Germany appears to be doing better than its European peers**; expectations partially reversed their decline in August after the sharp fall in July post Brexit. This week’s broader Ifo survey is expected to confirm this dynamic.

**In Spain, PM Rajoy appears somewhat closer to forming a government**, after eight months of deadlock. The executive committee of the People’s Party have given approval to start discussions with Albert Rivera’s Ciudadanos party. However, even if an agreement can be reached, the combination would be short of the 176 seats needed to form a stable government. Nonetheless, Rivera’s endorsement may unlock the process.

**UK data positively surprised.** Retail sales rose 1.4% in July from June, with sales increases in all categories. Labour market data also showed improvement immediately pre-Brexit, with the number of people claiming unemployment benefit falling and weekly earnings rising modestly. This points towards a more resilient post-vote economy than some have expected; two-thirds of UK GDP is consumption. We believe the hunt for yield may see an equally unexpected rebound in commercial property markets.

## ASIA PACIFIC

HSCEI 9,602 **+0.57%**, Nikkei 1,659.00 **-1.27%**, 10yr JGB **-0.06%** **+Obps**, USD JPY 100.800 **-1.00%**

As reported last week Japanese Q2 GDP disappointed, driven by weak exports. The USDJPY flirted with the 100

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level as the market awaits September's BOJ meeting.

**India's government announced Urjit Patel as the new governor of the RBI on Saturday.** He replaces Raghuram Rajan, the rock star Chicago economist whose achievements include predicting the 2008 global financial crisis, as well as bringing about an unprecedented period of current account and inflation stability in India. Mr Patel has served as Rajan's deputy up to now and is believed to hold similar views on policymaking. He will be seen as a credible candidate by international investors, having previously worked as an economist with the IMF

*With this appointment, the government is telegraphing its intention to maintain inflation targeting as the basis for interest rate setting, a vital piece of continuity for India's economic development. The inflation target will be maintained at 4% +/- 2%. With inflation currently running above 5%, further rate cuts remain unlikely in the short term.*

*We hope that this appointment puts a popular misconception to bed, namely, that Rajan was not offered a second term due to his refusal to bow to pressure to cut rates from the government. The fact that the government have appointed another inflation hawk as his successor, as well as built an FOMC-style monetary policy committee, rather than a marionette governor to cut rates at the whim of the Finance Ministry, should finally dispel this myth. In reality, Raghuram Rajan was not offered a second term due to his track record for speaking out beyond his remit on issues such as religious tolerance and the behaviours of India's business elite. Whether his comments were reasonable or correct is irrelevant. Were the central bank governors of the UK, US or any other developed market to weigh in on contentious political issues far from the scope of their role, they would of course meet a similar fate.*

**The Philippines became one of the world's fastest growing economies in Q2, registering a 7.0% YoY GDP growth rate.** This is the Philippines' fastest rate of economic growth for three years, being driven by an increase in investment and consumption.

*With President Duterte still in his honeymoon period, following his election victory in May, this growth print will add to the feel good factor around the new*

## THE WEEK AHEAD

	Date	Consensus
<b>UNITED STATES</b>		
New home sales, thous saar	Tue/23	575.0
FHFA purchase-only HPI, % m/m (y/y)	Wed/24	0.30
Existing home sales, mn saar	Wed/24	5.55
Durable goods orders, % m/m	Thu/25	3.5
Advance trade balance for goods, \$ bn	Fri/26	-62.3
Real GDP, % q/q saar	Fri/26	1.1
U of Michigan consumer sentiment	Fri/26	90.6
<b>EUROPE</b>		
E19: "Flash" manufacturing PMI, index	Tue/23	52.0
E19: "Flash" services PMI, index	Tue/23	52.8
E19: "Flash" composite PMI, index	Tue/23	53.1
E19: 'Flash' consumer confidence, index	Tue/23	-7.7
Germany: IFO business climate, index	Thu/25	108.5
E19: M3, % y/y	Fri/26	5.0
<b>ASIA PACIFIC</b>		
Services PPI, (% y/y)	Thu/25	0.1
"Nationwide CPI ex-perishables, 2015-based	Mon/15	3.2
Singapore: CPI - headline (% y/y)	Tue/23	-0.5
Taiwan: Industrial production (% y/y)	Tue/23	2.1
Malaysia: CPI (% y/y)	Wed/24	-
Thailand: Customs exports (% y/y)	Wed/24	-
Singapore: Industrial production (% y/y)	Fri/26	-
<b>LATIN AMERICA</b>		
Mexico: Economic activity index, % y/y	Mon/22	-
Mexico: Retail sales, % y/y	Tue/23	-
Mexico: First half bi-weekly CPI, % 2w/2w	Wed/24	-
<b>AFRICA</b>		
South Africa: CPI (% y/y)	Wed/24	-
South Africa: PPI (% y/y)	Thu/25	-
Zambia: CPI (% y/y)	Fri/26	-

*administration (which came as a surprise to many external observers, who questioned the credentials of a 'strong man' candidate to carry out economic reform).*

*Despite his near obsession with bringing drug traffickers to justice by any means necessary (around 300 dealers are reported to have been killed since July), Duterte has been slowly building credibility in his government, with an economic agenda and well regarded cabinet now in place. His next challenge will be addressing the nation's infrastructure crisis.*

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In addition to taking cues from liquidity flowing in to emerging markets and a period of relative calm on **China's economy, China's equities continue to enjoy a boost from expectations over Shenzhen stock connect**. Whilst Shanghai connect had little impact in terms of volume, its rollout did coincide with a rally in A shares of 150%, the largest rally in a decade, which some investors have extrapolated to the potential impact on Shenzhen.

*Regardless of the sentiment effect, this is another example of financial reform from China, on top of the recent clamp down on wealth management products. These developments also represent incremental steps towards MSCI inclusion for China's domestic stock markets.*

**Thailand's Q2 GDP growth rate came in at 3.5% YoY, ahead of expectations. .**

## LATIN AMERICA

MSCI Lat Am 2,484 **-0.75%**

**Several members of the Brazilian economic team highlighted the critical role of pension reform.** Social Security secretary Marcelo Caetano said that it is a "mathematical matter, not ideological, due to the fast aging of the population, if there are no changes in retirement rules, raising taxes and cutting spending in health and education sectors are inevitable". Bringing this reform back under the spotlight is crucial, as the political capital of this administration will be used for structural reforms as soon as Dilma Roussef is definitively impeached.

**Peru plans to sell bonds to take advantage of falling global yields** and also re-optimize their maturity structure via buy backs, according to Finance Minister Alfredo Throne. **The government seeks to unlock private investment projects**, through public-private partnerships worth **US\$18.8 billion**. Most of the investment will go into transport, and the rest in water, sanitation and agriculture sectors, amongst others.

**A long-awaited tax reform will be presented to Colombia's congress in October**, said President Juan Manuel Santos. The tax reform is key to maintaining Colombia investment grade status. It should contain a VAT hike, lower corporate tax rate to foster private investment (big corporations pay up to 70% tax rate) and widen the tax base for individuals (only about 1 Mn people pay income tax in a 50Mn people country).

## AFRICA

MSCI Africa 857 **-0.44%**

**The cities of Johannesburg and Tshwane are set to be run by minority governments** as the DA (democratic alliance) and the EFF (economic freedom fighters) have not struck a coalition deal. The EFF has agreed to be broadly supportive of the DA but Malema has cautioned that any initial support could be withdrawn at short notice. This will not help improve visibility in the SA political landscape.

**Corporate Nigeria is now grappling with an increasing cost of debt, in addition to an already complex foreign exchange situation.** The Naira official rate reached 365 USD/NGN last week (from 200, 3 months ago) and 390 in the parallel market. Short term yields are now reaching 16-21% from 5-8% in January. The Central Bank of Nigeria (CBN) in July, hiked the benchmark interest rate by 200bps to 14% to attract foreign portfolio investments and contain inflation, unsuccessfully in both cases.

**PLEASE CONTINUE FOR  
MARKET DATA**

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## 15 to 21 August 2016

Market Summary

Data: Last Calendar Week

Equities				Return (USD)				YTD	Volume	14d	30d
Name	BGG Code	Country	Price	1 Week	MTD	YTD	1Y	(Local)	1wk/3mo	RSI	Vol
North America											
S&P 500 INDEX	SPX Index	US	2,183.87	-0.01%	0.47%	6.85%	7.28%		85%	58.76	5.40%
RUSSELL 2000 INDEX	RTY Index	US	1,236.77	0.57%	1.38%	8.88%	5.48%		83%	###	9.86%
NASDAQ COMPOSITE INDEX	CCMP Index	US	5,238.38	0.10%	1.48%	4.61%	7.40%		86%	61.92	7.46%
S&P/TSX COMPOSITE INDEX	SPTSX Index	Canada	14,687.46	0.10%	2.20%	21.20%	8.70%		75%	###	6.05%
S&P 500 FINANCIALS INDEX	S5FINL Index	US	323.05	0.51%	1.30%	0.41%	-2.00%		84%	###	8.88%
S&P 500 CONS DISCRET IDX	S5COND Index	US	646.31	-0.70%	-0.23%	4.07%	6.16%		86%	###	7.88%
S&P 500 INFO TECH INDEX	S5INFT Index	US	783.36	0.16%	1.90%	8.58%	14.32%		87%	###	8.07%
S&P 500 HEALTH CARE IDX	S5HLTH Index	US	858.23	-0.67%	-1.33%	3.00%	0.48%		78%	###	6.36%
S&P 500 ENERGY INDEX	S5ENRS Index	US	518.15	1.97%	3.17%	15.55%	8.19%		91%	###	###
S&P 500 ECO SECTORS IDX	SPXL1 Index	US	2,183.87	-0.01%	0.47%	6.85%	7.28%		85%	58.76	5.40%
S&P 500 INDUSTRIALS IDX	S5INDU Index	US	510.37	0.67%	1.30%	10.11%	12.20%		76%	###	7.65%
S&P 500 CONS STAPLES IDX	S5CONS Index	US	561.86	-0.27%	0.33%	8.38%	11.82%		84%	###	7.02%
S&P 500 UTILITIES INDEX	S5UTIL Index	US	254.14	-1.29%	-4.01%	15.52%	10.27%		108%	46.71	12.98%
S&P 500 MATERIALS INDEX	S5MATR Index	US	306.72	1.27%	0.47%	12.09%	10.52%		71%	56.31	8.28%
S&P 500 TELECOM SERV IDX	S5TELS Index	US	172.78	-3.84%	-5.41%	15.26%	15.27%		106%	###	11.76%
Europe											
Euro Stoxx 50 Pr	SX5E Index	Europe	2,993.13	-1.19%	0.70%	-5.37%	-10.49%	-9.16%	52%	###	###
CAC 40 INDEX	CAC Index	France	4,433.14	-0.88%	0.96%	-1.14%	-6.97%	-5.10%	61%	51.21	12.74%
DAX INDEX	DAX Index	Germany	10,630.05	-0.24%	3.49%	1.83%	2.21%	-1.85%	66%	###	14.22%
Athex Composite Share Pr	ASE Index	Greece	562.59	-1.24%	-0.32%	-7.38%	-12.88%	-11.09%	21%	###	17.48%
FTSE MIB INDEX	FTSEMIB Index	Italy	16,487.09	-2.74%	-1.77%	-21.00%	-26.30%	-23.85%	63%	46.12	###
AEX-Index	AEX Index	Netherlands	451.31	0.16%	1.21%	5.81%	-1.18%	1.56%	72%	52.17	11.06%
PSI All-Share Index GR	BVLX Index	Portugal	2,532.86	-1.24%	1.82%	3.57%	1.72%	-0.58%	35%	###	###
MICEX INDEX	INDEXCF Index	Russia	1,957.21	1.21%	4.29%	27.99%	21.59%	11.26%	116%	###	9.81%
IBEX 35 INDEX	IBEX Index	Spain	8,507.10	-1.73%	-0.15%	-7.76%	-19.28%	-11.46%	43%	###	17.33%
OMX STOCKHOLM 30 INDEX	OMX Index	Sweden	1,400.52	-0.74%	2.66%	-3.26%	-7.62%	-3.68%	73%	53.35	12.03%
SWISS MARKET INDEX	SMI Index	Switzerland	8,194.71	-0.59%	1.00%	-4.99%	-10.56%	-7.83%	64%	50.91	11.55%
BIST 100 INDEX	XUI00 Index	Turkey	77,794.50	0.77%	5.55%	8.34%	3.27%	8.95%	82%	51.30	###
FTSE 100 INDEX	UKX Index	UK	6,865.64	0.26%	0.73%	-2.58%	-10.27%	9.88%	68%	###	8.00%
Asia Pacific											
MSCI AC ASIA x JAPAN	MXASJ Index	MSCI Asia Ex	545.83	-0.08%	3.59%	9.18%	8.18%	9.18%	121%	62.91	10.12%
S&P/ASX 200 INDEX	AS51 Index	Australia	5,515.10	-0.60%	-0.25%	9.04%	8.34%	4.36%	95%	57.27	7.82%
DSE 30 Index	DS30 Index	Bangladesh	1,762.91	-0.89%	-0.32%	0.93%	-5.36%	0.88%		52.73	
HANG SENG CHINA ENT INDX	HSCLE Index	China "H"	9,602.65	0.57%	7.30%	-0.61%	-7.67%	-0.57%	132%	62.28	###
SHANGHAI SE COMPOSITE	SHCOMP Index	China "A"	3,084.81	1.68%	4.11%	-14.36%	-18.52%	-12.18%	142%	###	13.17%
HANG SENG INDEX	HSI Index	HK	22,997.91	0.79%	4.85%	4.62%	0.77%	4.67%	126%	63.17	12.63%
Nifty 50	NIFTY Index	India	8,638.05	-0.39%	-0.16%	7.62%	0.97%	9.07%	108%	###	9.62%
JAKARTA COMPOSITE INDEX	JCI Index	Indonesia	5,418.00	0.10%	2.99%	23.98%	28.27%	17.92%	98%	63.10	###
NIKKEI 225	NKY Index	Japan	16,598.19	-1.27%	2.00%	4.64%	1.75%	-13.07%	83%	51.23	21.82%
KOSPI 200 INDEX	KOSPI2 Index	Korea	257.27	-0.19%	2.59%	13.57%	18.68%	7.62%	89%	###	8.75%
Laos Composite Index	LSXC Index	Laos	1,003.41	0.40%	-6.29%	-13.57%	-23.90%	-14.22%	174%	39.18	###
FTSE Bursa Malaysia KLCI	FBMKLCI Index	Malaysia	1,689.27	0.17%	2.80%	6.89%	9.34%	-0.29%	88%	###	6.78%
KARACHI 100 INDEX	KSE100 Index	Pakistan	39,268.88	-1.01%	0.07%	20.57%	9.14%	20.36%	96%	61.01	6.37%
PSEI - PHILIPPINE SE IDX	PCOMP Index	Philippines	7,981.21	0.04%	0.94%	15.30%	9.36%	14.08%	103%	54.10	11.61%
STRAITS TIMES INDEX STI	FSSTI Index	Singapore	2,835.89	-0.88%	-1.13%	3.80%	-1.50%	-3.80%	81%	49.15	10.72%
SRI LANKA COLOMBO ALL SH	CSEALL Index	Sri Lanka	6,595.46	1.09%	3.44%	-5.09%	-18.38%	-4.24%	111%	61.77	6.43%
TAIWAN TAIEX INDEX	TWSE Index	Taiwan	8,981.81	-1.96%	1.21%	12.75%	15.83%	8.35%	99%	###	8.86%
STOCK EXCH OF THAI INDEX	SET Index	Thailand	1,539.54	-0.70%	1.42%	24.40%	15.19%	19.47%	137%	###	###
HO CHI MINH STOCK INDEX	VNINDEX Index	Vietnam	657.68	0.99%	1.50%	15.30%	17.35%	14.38%	100%	58.28	###
Rest of the World											
MSCI ACWI	MXWD Index	MSCI World	420.12	-0.21%	0.97%	5.20%	2.83%	5.20%	123%	###	5.42%
MSCI EM	MXEF Index	MSCI EM	910.34	0.03%	4.22%	14.63%	9.64%	14.63%	136%	64.14	9.11%
MSCI Frontier Market Index	MXFEM Index	MSCI FM	2,596.83	0.22%	1.16%	9.83%	1.94%	9.83%	104%	57.57	4.98%
DFM GENERAL INDEX	DFMGI Index	Dubai	3,542.08	1.36%	2.53%	13.37%	-3.70%	13.37%	118%	###	12.97%
MSCI EM LATIN AMERICA	MXLA Index	Latin America	2,484.21	-0.75%	3.88%	35.76%	18.83%	35.76%	95%	61.57	15.83%
ARGENTINA Merval INDEX	Merval Index	Argentina	15,598.22	1.02%	-0.58%	16.28%	-10.90%	33.60%	97%	###	###
MSCI BRAZIL	MXBR Index	Brazil	1,691.76	-1.12%	3.02%	63.26%	31.09%	63.26%	93%	###	21.43%
CHILE STOCK MKT SELECT	IPSA Index	Chile	4,147.42	-1.80%	0.03%	20.90%	15.12%	12.70%	117%	###	7.04%
IGBC GENERAL INDEX	IGBC Index	Colombia	9,938.13	4.46%	10.42%	28.93%	13.06%	16.27%	###	###	9.35%
MEXICO IPC INDEX	MEXBOL Index	Mexico	48,297.46	-0.15%	6.47%	5.91%	2.50%	12.38%	93%	###	8.05%
Bolsa de Panama General	BVPSBVPS Index	Panama	399.20	0.47%	0.18%	-1.04%	-3.94%	-1.04%	66%	###	6.13%
S&P/BVLPeruGeneralTRPEN	SPBLPGPT Index	Peru	15,590.30	1.17%	3.32%	62.42%	46.35%	58.30%	63%	###	###
VENEZUELA STOCK MKT INDX	IBVC Index	Venezuela	12,257.61	-1.80%	-5.46%	-47.07%	-49.27%	-15.98%	24%	39.75	###
MSCI EFM AFRICA	MXMEAF Index	Africa	896.61	-0.44%	3.47%	24.57%	4.49%	24.57%	106%	###	16.92%
EGYPT HERMES INDEX	HERMES Index	Egypt	745.47	-0.72%	2.30%	3.39%	-0.68%	17.38%	101%	###	###
GSE Composite Index	GGSECI Index	Ghana	1,810.89	0.18%	1.32%	-12.33%	-11.41%	-9.22%	101%	###	5.14%
Nairobi SE 20 Share	KNSMIDX Index	Kenya	3,462.56	0.48%	-0.65%	-13.46%	-20.18%	-14.31%	125%	###	8.38%
MAFI Free Float Index	MOSENEW Index	Morocco	9,951.61	0.95%	1.72%	14.40%	5.78%	11.49%	32%	###	7.57%
NIGERIA STCK EXC ALL SHR	NGSEINDX Index	Nigeria	27,650.32	-8.31%	-8.38%	-44.15%	-46.50%	-3.46%	88%	###	9.68%
FTSE/JSE AFRICA TOP40 IX	TOP40 Index	South Africa	45,941.08	0.37%	2.61%	14.63%	-1.30%	0.17%	95%	###	11.37%
Average				-0.24%	1.29%	7.31%	1.76%	6.28%	90%	55.93	11.87%
Top 25%				0.49%	2.90%	14.94%	9.96%	13.55%	106%	60.71	14.17%
Bottom 25%				-0.81%	0.05%	-0.10%	-6.17%	-3.82%	75%	52.45	7.84%

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# GLOBAL MARKET DATA (CONTD.)

15 to 21 August 2016

FX (vs USD)			Return +ive=USD Stronger			
Name	Country	Price	1 Week	MTD	YTD	1Y
DOLLAR INDEX SPOT	USD Index	94.80	-1.27%	-1.07%	-4.18%	-1.53%
USD-EUR X-RATE	Europe	0.89	-1.44%	-1.32%	-4.10%	-0.73%
Russian Ruble SPOT (TOM)	Russia	64.29	-1.31%	-3.16%	-11.11%	-5.93%
USD-TRY X-RATE	Turkey	2.95	-0.99%	-1.99%	0.40%	0.46%
USD-GBP X-RATE	UK	0.76	-1.20%	1.16%	12.70%	19.99%
Bloomberg JPMorgan Asia Dollar	Asia USD Index	107.13	-0.29%	-0.31%	0.78%	-0.15%
USD-AUD X-RATE	Australia	1.31	0.31%	-0.33%	-4.43%	-3.79%
USD-CNY X-RATE	China	6.66	0.17%	0.21%	2.45%	4.14%
USD-INR X-RATE	India	67.22	0.30%	0.64%	1.39%	2.60%
USD-JPY X-RATE	Japan	100.80	-1.07%	-1.82%	-16.53%	-18.80%
USD-KRW X-RATE	Korea	1,125.86	1.10%	0.26%	-5.13%	-5.81%
USD-TWD X-RATE	Taiwan	31.83	0.55%	-0.72%	-3.75%	-2.99%
USD-ARS X-RATE	Argentina	14.93	1.70%	-0.53%	15.37%	61.14%
USD-BRL X-RATE	Brazil	3.21	0.34%	-1.40%	-19.11%	-7.37%
USD-CLP X-RATE	Chile	662.39	1.70%	1.12%	-6.55%	-3.83%
USD-MXN X-RATE	Mexico	18.31	-0.23%	-2.84%	5.95%	8.50%
USD-EGP X-RATE	Egypt	8.88	-0.02%	-0.04%	13.39%	13.46%
USD-NGN X-RATE	Nigeria	344.50	6.90%	7.74%	72.85%	73.73%
USD-ZAR X-RATE	South Africa	13.62	0.20%	-2.70%	-12.75%	4.38%
Commodities			Return (USD)			
WTI CRUDE FUTURE Sep16	US	47.61	9.06%	16.63%	14.43%	1.17%
BRENT CRUDE FUTR Oct16	UK	49.86	8.32%	16.88%	17.91%	-5.64%
BAL TIC DRY INDEX		683.00	1.79%	4.12%	42.89%	-32.64%
Natural Gas Futures		2.63	-0.08%	-10.15%	10.57%	-6.21%
Gold Spot \$/Oz		1,333.17	0.40%	-0.72%	26.36%	16.41%
Silver Spot \$/Oz		18.97	-2.05%	-5.06%	39.32%	24.00%
LME COPPER 3MO (\$)	#####		0.78%	-2.58%	1.98%	-6.27%
Government Bond Yields %			Change (Bps)			
US Generic Govt 2 Year Yield	US 2yr	0.77	0.04	0.09	-0.30	0.09
US Generic Govt 5 Year Yield	US 5yr	1.19	0.07	0.14	-0.60	-0.30
US Generic Govt 10 Year Yield	US 10yr	1.60	0.06	0.13	-0.69	-0.49
Canadian Govt Bonds 10 Year No	Canada 10yr	1.08	0.07	0.05	-0.32	-0.21
Mexico Generic 10 Year	Mexico 10yr	5.84	-0.01	-0.10	-0.44	-0.18
UK Govt Bonds 10 Year Note Gen	UK 10yr	0.59	0.10	-0.07	-1.34	-1.14
Switzerland Govt Bonds 10 Year	Swiss 10yr	-0.49	0.06	0.08	-0.42	-0.30
German Government Bonds 2 Yr B	German 2yr	-0.62	0.01	0.01	-0.27	-0.36
German Government Bonds 5 Yr O	German 5yr	-0.51	0.05	0.03	-0.45	-0.49
Germany Generic Govt 10Y Yield	German 10yr	-0.05	0.08	0.09	-0.66	-0.61
French Generic Govt 10Y Yield	French 10yr	0.17	0.08	0.09	-0.80	-0.76
Greece Generic Govt 10Y Yield	Greece 10yr	7.96	-0.11	-0.11	-0.11	-1.41
Italy Generic Govt 10Y Yield	Italy 10yr	0.94	0.09	-0.03	-0.41	-0.69
Spain Generic Govt 10Y Yield	Spanish 10yr	0.94	0.03	-0.06	-0.82	-1.04
Portugal Generic Govt 10Y Yield	Portugal 10yr	2.97	0.31	0.07	0.49	0.43
Australia Govt Bonds Generic Y	Aus 10yr	1.91	-0.05	-0.01	-1.02	-0.81
India Govt Bond Generic Bid Yi	India 10yr	7.16	0.00	-0.06	-0.66	-0.64
KCMP South Korea Treasury Bond	Korea 10yr	1.43	0.03	0.04	-0.66	-0.85
Japan Generic Govt 10Y Yield	Japan 10yr	-0.06	0.02	0.11	-0.34	-0.44
South Africa Govt Bonds 10 Yea	SA 10yr	8.51	0.03	-0.17	-1.32	0.20
Corporate Credit Indices			Change (Bps) +ive = Widening			
MARKIT ITRX EUR XOVER 06/21	EUR XOVER	310.09	1.32	-9.31	-5.10	-21.86
MARKIT ITRX EUROPE 06/21	EUR MAIN	67.54	0.80	-0.70	-9.70	-2.98
MARKIT ITRX EUR SNR FIN 06/21	EUR SNR FIN	92.29	4.02	0.02	15.50	12.15
MARKIT ITRX EUR SUB FIN 06/21	EUR SUB FIN	205.14	8.04	0.13	50.85	42.15
MARKIT CDX.NA.IG.26 06/21	US IG	70.64	-1.06	-3.20	-17.62	-9.41
MARKIT CDX.NA.HY.26 06/21	US HY	380.87	-6.63	-20.90	-90.07	-15.70
Implied Volatility (Equity Index)			Change (Volatility Points) +ive = Volatility Rising			
Eurostoxx 3month ATM	Europe	20.20	1.98	0.29	-3.29	-2.02
FTSE 100 500 3month ATM	UK	13.23	1.00	-0.08	-2.97	-2.35
Hang Seng 3month ATM	HK	17.01	0.24	-0.99	-1.01	-4.78
Nikkei 3month ATM	Japan	21.05	4.46	8.16	2.89	2.32
S&P 500 3month ATM	US	11.96	-0.03	-0.06	-4.23	-4.00
Volatility (VIX)	US	12.05	-0.21	-0.53	-6.87	-7.80
Inflation (Long term inflation expectation proxy) %			Change (Bps)			
US 5Y5YF Inflation Swap	USD	1.93	0.00	0.00	-0.25	-0.23
UK 5Y5YF Inflation Swap	GBP	3.09	0.06	0.17	-0.22	-0.25
JPY 5Y5YF Inflation Swap	JPY	0.11	0.01	-0.06	-0.59	-0.78
EUR 5Y5YF Inflation Swap	EUR	1.31	-0.02	-0.03	-0.37	-0.35
Economic Data Surprise (+ive/-ive = above/below expectatio						
Citi Economic Surprise Index	Asia Pacific	12.40				
Citi Economic Surprise Index -	China	-17.00				
Citi Economic Surprise Index -	EM	-1.80				
Citi Economic Surprise Index -	Eurozone	27.60				
Citi Economic Surprise Index -	G10	17.10				
Citi Economic Surprise - Japan	Japan	14.60				
Citi Economic Surprise Index -	Latin America	-15.40				
Citi Economic Surprise - Unite	US	4.60				

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

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