

# GLOBAL MARKET UPDATE

18 to 24 July 2016



For all the short-term market machinations, the global economic outlook isn't really budging. The US continues to outperform (and therefore the FED still wants to reign back easing), whilst the rest of the developed world oscillates between incremental easing and periods of pause to gauge effectiveness from the data.

As we have discussed in recent weeks, we think the current tool kit is running dry and innovation will be necessary. However, the coming stimulus round (Bank of Japan this week, Bank of England next week and European Central Bank in September) will likely be only more of the same.

## UNITED STATES

S&P 2,175 **+0.61%**, 10yr Treasury 1.57% **+1.54bps**, HY Credit Index 387 **-4bps**, Vix 12.64 **-0.65Vol**

**US equities delivered another week of gains** (4th consecutive) ahead of the FOMC meeting this Wednesday. This came after corporate earnings releases continued to beat expectations (albeit still declining QOQ) and economic data was mostly supportive (existing home sales, for example, at the highest level since 2007). In bond space, **yields rose modestly, with the 10yr treasury briefly breaching 1.60%** for the first time since the Brexit vote.

*US markets are pricing a "goldilocks" outcome, in which weak global growth holds back the FED (futures price less than 2 hikes over the next 2 years), but domestic strength supports equities. In this context, the FED's July meeting is important in as much as a hawkish tone could bring a September move back into play. We think*

*there is scope for a more optimistic FED statement than the market expects - although there is unlikely to be any firm guidance until Jackson Hole in late August. By this point the FED will have more information on the Brexit fallout and potential policy action from the UK and Japan.*

## EUROPE

Eurostoxx 2,982 **-0.40%**, German Bund **-0.02%** **-3.60bps**, Xover Credit Index 318 **-6bps**, EURUSD 1.097 **+0.53%**

As was widely expected, **the ECB left policy unchanged last week** whilst cutting its growth forecasts for 2017 and 2018. Indeed, the accompanying statement and Q&A also delivered little of surprise. This said, Mario Draghi acknowledged that risks to the outlook remained biased to the downside.

*We view it as almost certain that the September*

### THIS WEEK'S GLOBAL EQUITY MARKET MOVERS (18 TO 24 JULY 2016)

|           |           |   |
|-----------|-----------|---|
| DEVELOPED | Top 3:    | Portugal <b>1.07%</b> , United States <b>0.61%</b> , Denmark <b>0.60%</b> |
|           | Bottom 3: | Sweden <b>-0.92%</b> , Norway <b>-0.71%</b> , Canada <b>-0.70%</b>        |
| EMERGING  | Top 3:    | Hungary <b>2.63%</b> , Poland <b>2.47%</b> , Czech Republic <b>2.34%</b>  |
|           | Bottom 3: | Turkey <b>-18.31%</b> , Russia <b>-2.94%</b> , Malaysia <b>-2.92%</b>     |
| FRONTIER  | Top 3:    | Lithuania <b>3.32%</b> , Venezuela <b>2.90%</b> , Tanzania <b>2.60%</b>   |
|           | Bottom 3: | Nigeria <b>-11.13%</b> , Kenya <b>-2.23%</b> , Vietnam <b>-2.21%</b>      |

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meeting will deliver an extension to the timing of QE beyond March 2017 for between 6-9 months. At this time, the council may also change the parameters of QE to ensure there are sufficient eligible assets for purchase. The choice here could be important. A neutral (and the most likely) amendment, would be to drop the yield floor. Alternatively, if the ECB were to deviate from the so called "capital key" (share of each country in Eurozone GDP), by buying a greater share of peripheral debt, then this would be seen as dovish. Given the political implications, we think this latter strategy is improbable.

From a fundamental perspective, **European survey data last week showed a decline in business confidence** – the German ZEW plunging on Brexit uncertainty and the composite Eurozone PMI falling from 53.1 to 52.9. However, this pales into insignificance when compared to **the UK release, where output fell by 4.7pts to 47.7 and new orders fell by 6.8pts to 46.2, the steepest falls on record.**

*We would caution that the initial UK data reflects kneejerk reactions. Certainly, we think a near-term recession is likely, which is particularly unhelpful in the current context of a global stagnation. Moreover, there is considerable risk in implementation. However, the new government was formed quickly and French and German leaders have struck a conciliatory tone. As such, the potential for a longer term net benefit from the "leave" vote, is reasonable.*

Elsewhere in the UK, Jeremy Corbyn, current Labour party leader, will face off against Owen Smith in a leadership race. Recent polls put Corbyn ahead and, given a lack of parliamentary support, his victory could see a split in the party.

**This week, the EBA bank stress test results will be released (Friday).** The results will not contain a pass/fail – rather bank balance sheets will be stressed under 2 different scenarios over 3 year periods. There will be a particular focus on Italy, where 8% of bank loans are non-performing and the ongoing attempt at recapitalisation has been a textbook example of European bureaucracy and inability to properly address a problem. Indeed, at the G20 meeting of finance ministers this weekend, Italian finance chief Pier Carlo Padoan continued to deny a systemic banking problem in his country.

The **fallout from the attempted coup in Turkey continued**, with Moody's putting the country rating on review for downgrade and S&P downgrading the country from BB+ to BB outlook negative. The Central Bank cut rates by 25bps as expected.

## ASIA PACIFIC

HSCEI 9,013 **-0.23%**, Nikkei 1,662.00 **+0.04%**, 10yr JGB **-0.24%** **+0bps**, USDJPY 106.220 **+1.19%**

**The BOJ meets this week, with investor expectations heightened.** The market expects coordinated monetary and fiscal easing, and hopes for innovation in the form of "helicopter money".

*Although we stress that the BOJ is the world's least predictable major central bank, we think that a permanent expansion of the monetary base is very unlikely (this time) – Governor Kuroda said there is "no need and no possibility of helicopter money" in an interview with the BBC last week, and it is currently illegal under Article 5 of the public finance law. Instead, there is likely to be an increase in asset purchases, cut to the IOER rate and a more modest fiscal stimulus package. We think this would both disappoint the market and have no meaningful long-term impact.*

**The Chinese RMB has now bounced 1% off its low for the year (having been down 6% YTD versus the trade weighted index).**

The People's Bank of China strengthened the daily fixing on two occasions last week, after the RMB had breached 6.7 against the dollar, its weakest level since November 2010. The market has now begun to price in 6.7/USD as the medium term policy support level.

This follows an estimated \$15bn worth of FX reserve sales by the PBoC in June (almost double the \$8bn intervention in May), in an attempt to support the RMB.

Among the longstanding reasons for supporting the RMB and preventing disorderly devaluation, such as avoiding a rush of capital outflows and panicking global markets (as occurred in January 2016 and August 2015) the PBoC have two additional motivations to provide support at the present time. Firstly, the meeting of G20 finance ministers in Chengdu this weekend, where the group will likely advise against any one country

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engaging in competitive devaluations and, looking further out, the RMB's inclusion in the IMF's reserve basket beginning in October this year.

The market also took some confidence this week from comments by PBoC Monetary Policy Committee Member Fan Gang. Mr Gang reiterated the importance of SOE reform and cutting excess capacity within the government's current policy framework.

**Bank Indonesia held interest rates unchanged at 5.25% at the July monetary policy meeting, versus the market's expectation for a 25bps cut.** Policymakers commented that the transmission of earlier rate cuts through to the real economy is beginning to occur more effectively. The accompanying statement was cautiously optimistic on economic growth for the second half of the year.

**India remains on track for its first 'normal' monsoon (non-drought conditions) in the last three years,** vital for both the rural economy and for short term investor sentiment. The transformational Goods and Services Tax, having been rumbling around parliament for over a decade, continues to move closer to being passed in the Upper House.

## LATIN AMERICA

MSCI Lat Am 2,392 +1.62%

Peruvian GDP grew 4.9% YOY in May, driven by the primary sector (8.4% YOY) especially mining (+27.8%, copper +64%, gold +13%). Peru should be the fastest growing economy in Latin America in 2016, equity markets already rallied 54% YTD in USD but there might be more to come following the election of pro-market and reformist PPK.

**Brazil's Central Bank maintained its benchmark short-term interest rate at 14.25%**, in line with consensus. Inflation, although decreasing, is still significantly above the target range of 3-6%; Ilan Godfajn confirmed expectations of inflation settling around 6.5% for 2017.

**Retail sales fell 0.5% YOY in Colombia during May.** This shouldn't come as a surprise given weaker labour markets, lower disposable income, higher interest rates, and low levels of consumer confidence in the last few months.

## AFRICA

MSCI Africa 806 +1.07%

**The Nigerian central bank is moving towards a fully market driven FX regime.** After a first attempt in June, the CBN finally intervened to keep the NGN below the psychological threshold of 300 (NGN for 1 USD). International investors put pressure on Nigeria to truly let the currency float and it seems that Nigeria is not intervening anymore on the market. Last week the Naira touched 375 on the black market and 310 on the interbank market, exacerbated by the lack of US Dollars in absence of the CBN to provide liquidity. The transition period we are in is painful but hopefully it is short-term pain for long-term gain.

**East African Central banks have agreed to increase their foreign reserves.** This move, if implemented is more than welcome to match the increase in foreign currency borrowings by those countries and could help smooth out FX volatility.

**South African consumer inflation accelerated to 6.3% YOY in June,** from May's 6.1%, in line with consensus but above the central bank's target range (3-6%).

**PLEASE CONTINUE FOR DATA CALENDAR & MARKET DATA**

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## THE WEEK AHEAD

|   | Date              | Consensus |
|---|-------------------|-----------|
| <b>UNITED STATES</b>                    |                   |           |
| Case-Shiller HPI (MAY) % YOY            | Tue/26            | 5.6       |
| Consumer confidence index (JUN)         | Tue/26            | 95.5      |
| FOMC rate decision                      | Wed/27            | 0.25      |
| GDP (Q2) saar % QOQ                     | Fri/29            | 2.6       |
| Chicago PMI index                       | Fri/29            | 53.8      |
| Michigan consumer sentiment (JUL)       | Fri/29            | 90.5      |
| <b>EUROPE</b>                           |                   |           |
| Israel rate decision %                  | 25/7 <sup>2</sup> | 0.1       |
| Eurozone M3 (JUN) % YOY                 | Wed/27            | 5.0       |
| UK GDP (Q2) % YOY                       | Wed/27            | 2.1       |
| Hungary rate decision %                 | Wed/27            | 0.9       |
| Eurozone Industrial confidence (JUL)    | Thu/28            | -3.4      |
| Eurozone consumer confidence (JUL)      | Thu/28            | -7.9      |
| Eurozone core HICP (JUL) % YOY          | Fri/29            | 0.1       |
| Eurozone unemployment rate (JUN) %      | Fri/29            | 10.1      |
| Eurozone GDP (Q2) % QOQ                 | Fri/29            | 0.3       |
| Russia rate decision %                  | Fri/29            | 10.5      |
| <b>ASIA PACIFIC</b>                     |                   |           |
| Japan CPI (JUN) % YOY                   | Fri/29            | -0.4      |
| Japan unemployment rate (JUN) %         | Fri/29            | 3.2       |
| Japan industrial production (JUN) % MOM | Fri/29            | 0.5       |
| Korea GDP (Q2) % YOY                    | Tue/26            | 2.8       |
| Taiwan GDP (Q2) % YOY                   | Thu/28            | 0.7       |
| <b>LATIN AMERICA</b>                    |                   |           |
| Mexico retail sales (MAY) % YOY         | Mon/25            | -         |
| Brazil central government budget Bn BRL | Thu/28            | -         |
| Colombia rate decision                  | Fri/29            | 7.75      |
| Mexico GDP (Q2) % YOY                   | Fri/29            | -         |
| <b>AFRICA</b>                           |                   |           |
| Kenya rate decision                     | Mon/25            | -         |
| Nigeria rate decision                   | Tue/26            | -         |
| Egypt rate decision                     | Thu/28            | 11.75     |
| Angola rate decision                    | Fri/29            | -         |

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| 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            | 2,175.03  | 0.61%        | 3.63%   | 6.41%   | 3.47%   |         | 83%     | 60.52 | 17.22% |
| RUSSELL 2000 INDEX         | RTY Index      | US            | 1,212.89  | 0.63%        | 5.29%   | 6.78%   | -2.58%  |         | 75%     | 59.39 | 23.13% |
| NASDAQ COMPOSITE INDEX     | CCMP Index     | US            | 5,100.16  | 1.40%        | 5.32%   | 1.85%   | -0.90%  |         | 81%     | 59.53 | 20.52% |
| S&P/TSX COMPOSITE INDEX    | SPTSX Index    | Canada        | 14,600.66 | -0.70%       | 2.31%   | 17.83%  | 1.25%   |         | 68%     | 62.57 | 11.86% |
| S&P 500 FINANCIALS INDEX   | S5FINL Index   | US            | 319.30    | 0.72%        | 3.54%   | -0.76%  | -6.54%  |         | 86%     | 55.60 | 25.73% |
| S&P 500 CONS DISCRET IDX   | S5COND Index   | US            | 648.13    | 0.75%        | 4.47%   | 4.37%   | 3.67%   |         | 83%     | 58.20 | 17.55% |
| S&P 500 INFO TECH INDEX    | S5INFT Index   | US            | 757.01    | 2.02%        | 6.17%   | 4.92%   | 5.98%   |         | 91%     | 60.41 | 20.58% |
| S&P 500 HEALTH CARE IDX    | S5HLTH Index   | US            | 866.91    | 1.24%        | 4.52%   | 4.04%   | -2.31%  |         | 72%     | 62.42 | 15.62% |
| S&P 500 ENERGY INDEX       | S5ENRS Index   | US            | 512.82    | -1.31%       | 0.08%   | 14.36%  | -1.49%  |         | 87%     | 54.36 | 22.01% |
| S&P 500 ECO SECTORS IDX    | SPXL Index     | US            | 2,175.03  | 0.61%        | 3.63%   | 6.41%   | 3.47%   |         | 83%     | 60.52 | 17.22% |
| S&P 500 INDUSTRIALS INDEX  | S5INDU Index   | US            | 506.49    | -0.80%       | 3.89%   | 9.27%   | 4.71%   |         | 92%     | 58.71 | 19.88% |
| S&P 500 CONS STAPLES IDX   | S5CONS Index   | US            | 568.30    | -0.58%       | 0.59%   | 9.62%   | 10.91%  |         | 71%     | 59.36 | 11.43% |
| S&P 500 UTILITIES INDEX    | S5UTIL Index   | US            | 267.92    | 1.46%        | 0.46%   | 21.78%  | 24.70%  |         | 71%     | 62.23 | 13.62% |
| S&P 500 MATERIALS INDEX    | S5MATR Index   | US            | 304.93    | -0.27%       | 4.92%   | 11.43%  | 5.48%   |         | 75%     | 57.06 | 23.41% |
| S&P 500 TELECOM SERV IDX   | S5TELS Index   | US            | 183.78    | 0.43%        | 0.62%   | 22.59%  | 22.66%  |         | 79%     | 64.65 | 11.29% |
| Europe                     |                |               |           |              |         |         |         |         |         |       |        |
| Euro Stoxx 50 Pr           | SX5E Index     | Europe        | 2,981.76  | -0.40%       | 2.76%   | -8.19%  | -18.42% | -9.04%  | 91%     | 51.87 | 36.11% |
| CAC 40 INDEX               | CAC Index      | France        | 4,396.35  | -0.66%       | 2.40%   | -4.64%  | -14.08% | -5.52%  | 72%     | 52.06 | 34.90% |
| DAX INDEX                  | DAX Index      | Germany       | 10,180.67 | -0.07%       | 3.82%   | -5.06%  | -12.06% | -5.54%  | 78%     | 53.70 | 31.44% |
| Athex Composite Share Pr   | ASE Index      | Greece        | 571.57    | 1.67%        | 4.42%   | -8.63%  | -29.55% | -9.47%  | 43%     | 49.04 | 54.83% |
| FTSE MIB INDEX             | FTSEMIB Index  | Italy         | 16,807.15 | -0.68%       | 2.59%   | -21.26% | -29.17% | -21.66% | 90%     | 48.50 | 51.65% |
| AEX-Index                  | AEX Index      | Netherlands   | 455.07    | 0.43%        | 3.01%   | 3.56%   | -8.88%  | 2.61%   | 82%     | 55.64 | 28.35% |
| PSI All-Share Index GR     | BVLX Index     | Portugal      | 2,463.45  | 0.61%        | 2.50%   | -1.95%  | -8.35%  | -2.85%  | 37%     | 52.63 | 28.04% |
| MICEX INDEX                | INDEXCF Index  | Russia        | 1,938.80  | -2.94%       | 0.46%   | 23.87%  | 6.31%   | 9.40%   | 62%     | 53.18 | 14.70% |
| IBEX 35 INDEX              | IBEX Index     | Spain         | 8,624.70  | -0.06%       | 4.34%   | -9.06%  | -25.02% | -9.89%  | 94%     | 51.13 | 47.47% |
| OMX STOCKHOLM 30 INDEX     | OMX Index      | Sweden        | 1,386.84  | -0.92%       | 1.85%   | -7.44%  | -15.77% | -4.79%  | 107%    | 53.50 | 35.19% |
| SWISS MARKET INDEX         | SMI Index      | Switzerland   | 8,204.35  | 0.01%        | 1.05%   | -6.90%  | -15.43% | -7.07%  | 80%     | 54.53 | 19.91% |
| BIST 100 INDEX             | XU100 Index    | Turkey        | 73,521.69 | -18.31%      | -12.52% | -4.91%  | -18.41% | 0.02%   | 156%    | 39.42 | 34.80% |
| FTSE 100 INDEX             | UKX Index      | UK            | 6,737.56  | 0.37%        | 2.23%   | -4.08%  | -14.54% | 7.82%   | 82%     | 61.05 | 22.95% |
| Asia Pacific               |                |               |           |              |         |         |         |         |         |       |        |
| MSCI AC ASIA x JAPAN       | MXASJ Index    | MSCI Asia Ex  | 525.63    | 0.40%        | 4.36%   | 5.14%   | -6.70%  | 5.14%   | 100%    | 60.98 | 16.50% |
| S&P/ASX 200 INDEX          | AS5I Index     | Australia     | 5,533.56  | -0.55%       | 5.14%   | 6.14%   | -0.51%  | 3.82%   | 88%     | 60.17 | 15.73% |
| DSE 30 Index               | DS30 Index     | Bangladesh    | 1,772.60  | -0.01%       | 0.38%   | 1.70%   | -6.56%  | 1.64%   |         | 61.05 | 7.27%  |
| HANG SENG CHINA ENT INDX   | HSCEI Index    | China "H"     | 9,013.71  | -0.23%       | 3.69%   | -6.60%  | -23.74% | -6.51%  | 77%     | 55.68 | 19.64% |
| SHANGHAI SE COMPOSITE      | SHCOMP Index   | China "A"     | 3,015.83  | -1.15%       | 2.51%   | -17.28% | -31.99% | -14.87% | 101%    | 54.65 | 12.61% |
| HANG SENG INDEX            | HSI Index      | HK            | 21,964.21 | 1.37%        | 5.65%   | 0.13%   | -13.59% | 0.23%   | 82%     | 60.03 | 18.50% |
| Nifty 50                   | NIFTY Index    | India         | 8,582.25  | -0.12%       | 3.57%   | 5.95%   | -5.53%  | 7.49%   | 83%     | 62.69 | 11.87% |
| JAKARTA COMPOSITE INDEX    | JCI Index      | Indonesia     | 5,217.08  | 1.65%        | 4.01%   | 19.52%  | 8.52%   | 13.16%  | 121%    | 64.64 | 12.85% |
| NIKKEI 225                 | NKY Index      | Japan         | 16,620.29 | 0.04%        | 3.73%   | -0.78%  | -6.29%  | -12.64% | 94%     | 53.04 | 34.68% |
| KOSPI 200 INDEX            | KOSPI2 Index   | Korea         | 250.65    | -0.43%       | 2.67%   | 7.67%   | 3.14%   | 4.02%   | 70%     | 56.34 | 14.63% |
| Laos Composite Index       | LSXC Index     | Laos          | 1,087.89  | -2.08%       | -2.69%  | -6.77%  | -16.75% | -7.29%  | 35%     | 39.15 | 11.30% |
| FTSE Bursa Malaysia KLCI   | FBMVKLI Index  | Malaysia      | 1,662.86  | -2.92%       | -1.74%  | 3.53%   | -9.75%  | -2.07%  | 74%     | 50.98 | 7.43%  |
| KARACHI 100 INDEX          | KS100 Index    | Pakistan      | 39,119.68 | -0.14%       | 3.57%   | 19.39%  | 5.94%   | 19.31%  | 98%     | 65.87 | 15.73% |
| PSEI - PHILIPPINE SE IDX   | PCOMP Index    | Philippines   | 8,049.13  | -0.74%       | 2.99%   | 15.00%  | 0.95%   | 15.44%  | 79%     | 62.04 | 12.40% |
| STRAITS TIMES INDEX STI    | FSSTI Index    | Singapore     | 2,938.29  | -0.16%       | 2.95%   | 6.57%   | -11.63% | 2.17%   | 103%    | 60.73 | 12.53% |
| SRI LANKA COLOMB ALL SH    | CSEALL Index   | Sri Lanka     | 6,404.22  | 0.09%        | 2.18%   | -7.78%  | -18.20% | -6.76%  | 121%    | 50.78 | 6.50%  |
| TAIWAN TAIEX INDEX         | TWSE Index     | Taiwan        | 8,991.67  | 0.56%        | 4.65%   | 11.16%  | 0.15%   | 8.10%   | 133%    | 60.89 | 13.68% |
| STOCK EXCH OF THAI INDEX   | SET Index      | Thailand      | 1,513.92  | 1.21%        | 5.02%   | 20.93%  | 4.08%   | 17.17%  | 109%    | 65.84 | 10.95% |
| HO CHI MINH STOCK INDEX    | VNINDEX Index  | Vietnam       | 651.19    | -2.21%       | 2.79%   | 13.17%  | 0.59%   | 12.23%  | 108%    | 56.53 | 16.72% |
| Rest of the World          |                |               |           |              |         |         |         |         |         |       |        |
| MSCI ACWI                  | MXWD Index     | MSCI World    | 412.67    | 0.35%        | 3.35%   | 3.33%   | -3.40%  | 3.33%   | 81%     | 57.40 | 21.32% |
| MSCI EM                    | MXEF Index     | MSCI EM       | 869.30    | 0.17%        | 4.22%   | 9.46%   | -5.88%  | 9.46%   | 81%     | 60.10 | 19.67% |
| MSCI Frontier Market Index | MXFEM Index    | MSCI FM       | 2,567.89  | -0.58%       | 1.68%   | 8.60%   | -6.50%  | 8.60%   | 78%     | 55.46 | 11.37% |
| DFM GENERAL INDEX          | DFMGI Index    | Dubai         | 3,539.35  | 2.08%        | 7.04%   | 12.47%  | -15.64% | 12.48%  | 127%    | 59.55 | 15.33% |
| MSCI EM LATIN AMERICA      | MXLA Index     | Latin America | 2,392.21  | 1.62%        | 5.41%   | 30.74%  | 2.85%   | 30.74%  | 105%    | 61.29 | 28.51% |
| ARGENTINA Merval INDEX     | Merval Index   | Argentina     | 15,846.54 | 1.17%        | 7.81%   | 17.80%  | -16.47% | 35.73%  | 17%     | 65.30 | 29.31% |
| MSCI BRAZIL                | MXBR Index     | Brazil        | 1,609.67  | 2.17%        | 7.64%   | 55.34%  | 9.96%   | 55.34%  | 93%     | 63.81 | 32.47% |
| CHILE STOCK MKT SELECT     | IPSA Index     | Chile         | 4,143.81  | 1.32%        | 5.17%   | 22.73%  | 8.06%   | 12.60%  | 143%    | 63.56 | 8.97%  |
| IGBC GENERAL INDEX         | IGBC Index     | Colombia      | 9,873.03  | -1.77%       | -0.09%  | 24.33%  | -5.79%  | 15.51%  |         | 53.23 | 9.84%  |
| MEXICO IPC INDEX           | MEXBOL Index   | Mexico        | 47,537.28 | 1.05%        | 2.63%   | 2.40%   | -8.14%  | 10.61%  | 81%     | 60.11 | 14.53% |
| Bolsa de Panama General    | BVPSBVP Index  | Panama        | 400.37    | 1.38%        | 0.55%   | -0.75%  | -5.25%  | -0.75%  | 29%     | 64.01 | 6.91%  |
| S&P/BVLPeruGeneralTRPEN    | SPBLPGPT Index | Peru          | 14,762.87 | 1.02%        | 5.40%   | 53.92%  | 17.62%  | 49.90%  | 74%     | 67.27 | 16.17% |
| VENEZUELA STOCK MKT INDX   | IBVC Index     | Venezuela     | 12,483.27 | 2.90%        | -2.86%  | -46.09% | -47.53% | -14.43% | 6%      | 36.14 | 30.25% |
| MSCI EFM AFRICA            | MXFMEAF Index  | Africa        | 806.03    | 1.07%        | 5.32%   | 17.22%  | -11.78% | 17.22%  | 79%     | 57.19 | 40.56% |
| EGYPT HERMES INDEX         | HERMES Index   | Egypt         | 683.30    | -1.82%       | 6.60%   | -4.74%  | -16.44% | 8.17%   | 90%     | 52.43 | 27.06% |
| GSE Composite Index        | GGSECI Index   | Ghana         | 1,780.45  | 0.25%        | -0.14%  | -13.80% | -32.52% | -10.75% | 87%     | 41.32 | 3.91%  |
| Nairobi SE 20 Share        | KNSMIDX Index  | Kenya         | 3,524.59  | -2.23%       | -3.71%  | -12.22% | -23.08% | -12.77% | 139%    | 28.89 | 9.07%  |
| MASI Free Float Index      | MOSENEW Index  | Morocco       | 9,814.73  | -0.24%       | 2.77%   | 10.63%  | 1.03%   | 9.96%   | 126%    | 55.65 | 8.70%  |
| NIGERIA STCK EXC ALL SHR   | NGSEINDX Index | Nigeria       | 27,659.44 | -11.13%      | -13.51% | -36.95% | -42.16% | -3.43%  | 82%     | 48.77 | 24.38% |
| FTSE/JSE AFRICA TOP40 IX   | TOP40 Index    | South Africa  | 46,462.78 | -0.35%       | 3.08%   | 9.10%   | -13.93% | 1.07%   | 79%     | 50.50 | 22.83% |
| <b>Average</b>             |                |               |           | -0.32%       | 2.58%   | 5.17%   | -7.00%  | 4.66%   | 85%     | 56.36 | 20.35% |
| <b>Top 25%</b>             |                |               |           | 1.04%        | 4.49%   | 12.82%  | 2.99%   | 11.02%  | 94%     | 61.01 | 26.39% |
| <b>Bottom 25%</b>          |                |               |           | -0.62%       | 1.77%   | -4.69%  | -15.53% | -5.79%  | 75%     | 53.11 | 12.46% |

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# GLOBAL MARKET DATA (CONTD.)

18 to 24 July 2016

| FX (vs USD)   |                |          | Return +ive=USD Stronger                            |        |         |         |
|---|----------------|----------|---|--------|---------|---------|
| Name  | Country        | Price    | 1 Week  | MTD    | YTD     | 1Y      |
| DOLLAR INDEX SPOT   | USD Index      | 97.42    | 0.92%   | 1.38%  | -1.18%  | 0.36%   |
| USD-EUR X-RATE  | Europe         | 0.91     | 0.53%   | 1.18%  | -1.09%  | 0.04%   |
| Russian Ruble SPOT (TOM)                                      | Russia         | 64.96    | 1.75%   | 1.45%  | -10.65% | 11.94%  |
| USD-TRY X-RATE  | Turkey         | 3.03     | 1.67%   | 6.54%  | 5.10%   | 12.15%  |
| USD-GBP X-RATE  | UK             | 0.76     | 0.61%   | 1.56%  | 12.42%  | 18.35%  |
| Bloomberg JPMorgan Asia Dollar                                | Asia USD Index | 106.63   | -0.01%  | -0.10% | 0.21%   | -3.42%  |
| USD-AUD X-RATE  | Australia      | 1.34     | 1.45%   | -0.24% | -2.43%  | -1.50%  |
| USD-CNY X-RATE  | China          | 6.68     | -0.21%  | 0.47%  | 2.86%   | 7.57%   |
| USD-INR X-RATE  | India          | 67.29    | 0.02%   | -0.66% | 1.40%   | 5.20%   |
| USD-JPY X-RATE  | Japan          | 106.22   | 1.19%   | 2.84%  | -11.72% | -14.36% |
| USD-KRW X-RATE  | Korea          | 1,136.78 | 0.07%   | -1.51% | -3.46%  | -2.60%  |
| USD-TWD X-RATE  | Taiwan         | 32.13    | 0.52%   | -0.74% | -2.57%  | 2.47%   |
| USD-ARS X-RATE  | Argentina      | 14.91    | -0.19%  | -0.90% | 15.30%  | 62.70%  |
| USD-BRL X-RATE  | Brazil         | 3.26     | -0.72%  | 1.35%  | -17.78% | -0.89%  |
| USD-CLP X-RATE  | Chile          | 650.46   | -0.28%  | -1.93% | -8.20%  | -0.89%  |
| USD-MXN X-RATE  | Mexico         | 18.59    | -0.31%  | 1.45%  | 7.78%   | 14.40%  |
| USD-EGP X-RATE  | Egypt          | 8.88     | 0.04%   | -0.04% | 13.49%  | 13.48%  |
| USD-NGN X-RATE  | Nigeria        | 299.75   | 7.39%   | 8.82%  | 53.16%  | 53.20%  |
| USD-ZAR X-RATE  | South Africa   | 14.34    | -1.93%  | -2.95% | -7.60%  | 14.79%  |
| Commodities   |                |          | Return (USD)  |        |         |         |
| WTI CRUDE FUTURE Sep16  | US             | 44.12    | -5.27%  | -9.83% | 4.22%   | -18.32% |
| BRENT CRUDE FUTR Sep16  | UK             | 45.64    | -4.03%  | -8.09% | 7.48%   | -24.63% |
| BALTIC DRY INDEX  |                | 718.00   | -3.62%  | 8.79%  | 50.21%  | -34.85% |
| Natural Gas Futures   |                | 2.80     | 0.76%   | -5.03% | 18.83%  | -1.38%  |
| Gold Spot \$/Oz   |                | 1,317.03 | -1.10%  | 0.06%  | 24.66%  | 21.27%  |
| Silver Spot \$/Oz   |                | 19.51    | -2.97%  | 4.90%  | 41.77%  | 33.86%  |
| LME COPPER 3MO (\$)   |                | 4,920.00 | 0.04%   | 1.55%  | 4.57%   | -6.69%  |
| Government Bond Yields %                                      |                |          | Change (Bps)  |        |         |         |
| US Generic Govt 2 Year Yield                                  | US 2yr         | 0.72     | 0.04  | 0.12   | -0.35   | 0.01    |
| US Generic Govt 5 Year Yield                                  | US 5yr         | 1.13     | 0.01  | 0.12   | -0.64   | -0.52   |
| US Generic Govt 10 Year Yield                                 | US 10yr        | 1.58     | 0.02  | 0.10   | -0.70   | -0.70   |
| Canadian Govt Bonds 10 Year No                                | Canada 10yr    | 1.10     | 0.02  | 0.04   | -0.29   | -0.40   |
| Mexico Generic 10 Year  | Mexico 10yr    | 5.92     | -0.08   | 0.02   | -0.36   | -0.17   |
| UK Govt Bonds 10 Year Note Gen                                | UK 10yr        | 0.83     | -0.04   | -0.07  | -1.16   | -1.21   |
| Switzerland Govt Bonds 10 Year                                | Swiss 10yr     | -0.51    | 0.04  | 0.07   | -0.44   | -0.52   |
| German Government Bonds 2 Yr B                                | German 2yr     | -0.61    | 0.04  | 0.05   | -0.27   | -0.39   |
| German Government Bonds 5 Yr O                                | German 5yr     | -0.48    | 0.06  | 0.08   | -0.44   | -0.58   |
| Germany Generic Govt 10Y Yield                                | German 10yr    | -0.02    | -0.04   | 0.10   | -0.66   | -0.77   |
| French Generic Govt 10Y Yield                                 | French 10yr    | 0.22     | -0.02   | 0.03   | -0.78   | -0.82   |
| Greece Generic Govt 10Y Yield                                 | Greece 10yr    | 7.90     | 0.17  | -0.27  | -0.16   | -3.23   |
| Italy Generic Govt 10Y Yield                                  | Italy 10yr     | 1.04     | -0.02   | -0.02  | -0.31   | -0.67   |
| Spain Generic Govt 10Y Yield                                  | Spanish 10yr   | 1.12     | -0.11   | -0.05  | -0.66   | -0.83   |
| Portugal Generic Govt 10Y Yield                               | Portugal 10yr  | 3.06     | -0.08   | 0.05   | 0.54    | 0.48    |
| Australia Govt Bonds Generic Y                                | Aus 10yr       | 1.91     | -0.07   | -0.07  | -0.97   | -0.95   |
| India Govt Bond Generic Bid Yi                                | India 10yr     | 7.24     | -0.02   | -0.20  | -0.51   | -0.55   |
| KCMP South Korea Treasury Bond                                | Korea 10yr     | 1.42     | 0.02  | -0.05  | -0.67   | -0.95   |
| Japan Generic Govt 10Y Yield                                  | Japan 10yr     | -0.24    | 0.01  | 0.00   | -0.49   | -0.64   |
| South Africa Govt Bonds 10 Yea                                | SA 10yr        | 8.81     | 0.07  | -0.03  | -0.99   | 0.70    |
| Corporate Credit Indices                                      |                |          | Change (Bps) +ive = Widening                        |        |         |         |
| MARKIT ITRX EUR XOVER 06/21                                   | EUR XOVER      | 317.96   | -5.61   | -46.73 | 3.98    | 38.64   |
| MARKIT ITRX EUROPE 06/21                                      | EUR MAIN       | 68.06    | -2.60   | -15.14 | -8.73   | 7.32    |
| MARKIT ITRX EUR SNR FIN 06/21                                 | EUR SNR FIN    | 92.05    | -4.85   | -19.58 | 15.48   | 23.09   |
| MARKIT ITRX EUR SUB FIN 06/21                                 | EUR SUB FIN    | 206.26   | -15.48  | -25.53 | 52.01   | 61.95   |
| MARKIT CDX.NA.IG.26 06/21                                     | US IG          | 70.47    | -0.78   | -7.96  | -17.35  | 1.78    |
| MARKIT CDX.NA.HY.26 06/21                                     | US HY          | 386.90   | -3.71   | -39.73 | -83.13  | 32.30   |
| Implied Volatility (Equity Index)                             |                |          | Change (Volatility Points) +ive = Volatility Rising |        |         |         |
| Eurostoxx 3month ATM  | Europe         | 19.76    | -1.25   | -4.15  | -3.72   | 1.66    |
| FTSE 100 500 3month ATM                                       | UK             | 13.64    | -0.41   | -4.31  | -2.56   | 1.00    |
| Hang Seng 3month ATM  | HK             | 16.13    | -2.03   | -3.67  | -1.89   | -0.74   |
| Nikkei 3month ATM   | Japan          | 24.63    | 0.38  | -0.91  | 6.47    | 8.15    |
| S&P 500 3month ATM  | US             | 12.27    | -0.01   | -1.98  | -3.93   | -0.30   |
| Volatility (VIX)  | US             | 12.64    | -0.65   | -3.61  | -6.19   | -0.62   |
| Inflation (Long term inflation expectation proxy) %           |                |          | Change (Bps)  |        |         |         |
| US 5Y5YF Inflation Swap                                       | USD            | 1.91     | 0.01  | 0.10   | -0.24   | -0.41   |
| UK 5Y5YF Inflation Swap                                       | GBP            | 3.00     | -0.07   | -0.17  | -0.37   | -0.42   |
| JPY 5Y5YF Inflation Swap                                      | JPY            | 0.15     | 0.18  | 0.06   | -0.55   | -1.06   |
| EUR 5Y5YF Inflation Swap                                      | EUR            | 1.32     | -0.03   | 0.00   | -0.37   | -0.46   |
| Economic Data Surprise (+ive/-ive = above/below expectations) |                |          |   |        |         |         |
| Citi Economic Surprise Index                                  | Asia Pacific   | -5.70    |   |        |         |         |
| Citi Economic Surprise Index -                                | China          | -36.30   |   |        |         |         |
| Citi Economic Surprise Index -                                | EM             | -11.00   |   |        |         |         |
| Citi Economic Surprise Index -                                | Eurozone       | 8.00     |   |        |         |         |
| Citi Economic Surprise Index -                                | G10            | 24.70    |   |        |         |         |
| Citi Economic Surprise - Japan                                | Japan          | 10.20    |   |        |         |         |
| Citi Economic Surprise Index -                                | Latin America  | -23.00   |   |        |         |         |
| Citi Economic Surprise - Unite                                | US             | 36.70    |   |        |         |         |

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

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