

GLOBAL MARKET UPDATE

23 to 29 May 2016



Last week was relatively light on news flow, but saw a decent tone for risk assets. We believe this is a fragile equilibrium, which given a data dependent FED and broader policy makers struggling for traction at the lower bound, will depend very much on economic releases.

This week brings a full calendar. On Wednesday, the ECB starts its bond buying programme and on Thursday will hold its latest policy meeting. In the US we have the employment report as well as ISM manufacturing, consumer confidence and the Case-Shiller House Price Index, whilst there is also an OPEC forum in Vienna.

UNITED STATES

S&P 2,099 **+2.28%**, 10yr Treasury 1.86% **+1.26bps**, HY Credit Index 433 **-26bps**, Vix 13.12 **-2.08Vol**

Very little news was good news as US equities logged their **best weekly performance since March**. Although there were again signs of weakness in manufacturing releases, data struck a generally positive tone with Q1 GDP revised upwards (annualised 0.8%) and strong pending home sales. On Friday, Fed Chair Janet Yellen spoke at Harvard University and struck a balanced tone stating:

- "It's appropriate, and I've said this in the past, I think for the Fed to gradually and cautiously increase our overnight interest rate over time and probably **in the coming months, such a move would be appropriate.**"

- "If we were to raise interest rates too steeply and we were to trigger a downturn or contribute to a downturn, we have limited scope for responding, and it is an important reason for caution."

As such, FED Fund **futures pricing of a hike remained at roughly 30% for June and 50% for July**, with Treasuries broadly unchanged.

We continue to see the FED as data dependent and, to the extent the US economy strengthens over the coming months, the associated path of the USD will be key for markets. The FOMC will need to walk a fine line to ensure the global reserve currency does not appreciate materially - to be fair Yellen managed this well last week.

THIS WEEK'S GLOBAL EQUITY MARKET MOVERS (23 TO 29 MAY 2016)

| | | |
|-----------|-----------|--|
| DEVELOPED | Top 3: | Ireland 3.70% , Switzerland 3.64% , Euro Stoxx 50 3.22% |
| | Bottom 3: | New Zealand 0.55% , Australia 0.77% , Japan 1.10% |
| EMERGING | Top 3: | India 5.93% , Taiwan 4.58% , Dubai 3.75% |
| | Bottom 3: | Brazil -3.24% , Colombia -2.23% , Greece -1.09% |
| FRONTIER | Top 3: | Nigeria 6.53% , Kazakhstan 3.96% , Namibia 3.56% |
| | Bottom 3: | Ukraine -4.13% , Serbia -4.12% , Saudi Arabia -3.15% |

Chris Wehbe

Global Market Strategist

christopher.wehbe@alquity.com

Twitter: [@cswehbe](https://twitter.com/cswehbe)

Aaron Armstrong

Investment Analyst (Asia)

aaron.armstrong@alquity.com

Florian Gueritte

Investment Analyst (Africa & LatAm)

florian.gueritte@alquity.com

EUROPE

Eurostoxx 3,090 +3.22%, German Bund 0.18% -2.70bps, Xover Credit Index 305 -28bps, EURUSD 1.113 +0.98%

At the Eurogroup meeting on Tuesday, an IMF capitulation allowed an agreement to be reached, which should (subject to verification prior actions have been implemented) see the **release of EUR 10.3bn to Greece**. This will come in two tranches, the first imminently and the second after the summer conditional on the fulfilment on a new set of measures. The Eurogroup also loosely promised “debt relief Eurozone style”, with an agreement to consider rescheduling some of Greece’s debt if it is deemed necessary at the end of the current programme in mid-2018.

Short term, this week’s deal is likely to have a positive effect: Greece will be out of the headlines until the next review and the government will be able to pay some of its arrears. There is also a marginal chance of Greek Government Bonds becoming eligible for ECB buying later in the year. However, the internal adjustment requested is still unworkable (3.5% of GDP primary surplus) and Greece will continue with inhibited sovereignty and without very necessary debt relief.

In the UK, the Q1 GDP estimate was downgraded as evidence of a clear slowdown pre-Brexit vote continues. MPC member Vlieghe commented that, unless the data improves quickly after the vote, he will likely vote for a rate cut.

Turkey suffered its biggest drop in monthly tourism in more than 17 years and its 9th consecutive month of declines as the country feels the effects of internal conflict and its proximity to Syria. The **Central Bank of Turkey cut rates by 0.5%**. Meanwhile **Hungary cut rates by 0.15%**, in line with expectations, on the back of negative growth and deflation in Q1.

ASIA PACIFIC

HSCEI 8,767 +3.54%, Nikkei 1,723.00 + 1.10%, 10yr JGB-0.11% *Obps*, USDJPY 111.240 +0.14%

According to press reports, the **Japanese government will announce a delay to the VAT hike** slated for April 2017 later this week. Last week, Japanese PM Abe failed to rally other G7 leaders to support coordinated fiscal expansion, saying “There is a risk of the global economy falling into crisis if appropriate policy responses are not made”. Therefore Japan must play its part by “reigniting powerfully the engine of Abenomics.” That’s the same Abenomics which has seen Japan post more quarters of negative than positive growth. What’s the definition of insanity again?.

Asian equities were broadly weak with a lack of significant drivers and the more hawkish Fed tone still weighing on sentiment. Within that, Frontier Markets outperformed, with Bangladesh (+3.1%) and Pakistan (+1.5%) the leaders.

As part of China’s ongoing attempt to slowly de-risk it’s banking system (whilst simultaneously sporadically sending credit growth in to overdrive when economic activity falters, as we saw in Q1 16) this week Bank of China announced the country’s first NPL (non-performing loan) securitisation since the global financial crisis. *The elephant in the room being, that, transferring non-performing assets from one financial institution to another contributes little to the overarching objective to reduce systemic risk in the banking system.*

The market has begun to expect an announcement on the Hong Kong-Shenzhen Stock Connect launch date on July 1st, which will likely provide a jolt of positive sentiment for the tech-heavy domestic stock market. Both the Shanghai and Shenzhen stock exchanges also made after-market announcements on Friday on restrictions on voluntary trading suspensions, viewed as a positive step towards MSCI inclusion.

Moody’s downgraded Macau’s government paper from AA2 to AA3, citing a weakening economic environment and insufficient policymaker response to the structural slowdown in gaming revenue.

Chris Wehbé

Global Market Strategist

christopher.wehbe@alquity.com

Twitter: [@cswehbe](https://twitter.com/cswehbe)

Aaron Armstrong

Investment Analyst (Asia)

aaron.armstrong@alquity.com

Florian Gueritte

Investment Analyst (Africa & LatAm)

florian.gueritte@alquity.com

LATIN AMERICA

MSCI Lat Am 2,059 **-1.01%**

Moody's maintained Colombia's Baa2 Rating with stable outlook. However, carrying out a tax reform "will be key to preserving Colombia's credit strength and maintaining a stable outlook on the government's Baa2 rating." In the same note, the rating agency sees GDP slowing to 2.8% this year from 3.1% in 2015, driven by low oil prices curtailing investment in the sector, higher interest rates reducing credit growth and elevated inflation lowering real wages.

The Colombian central bank, **BanRep hiked the repo rate to 7.25%**. This 25bps hike should benefit financials.

A large-scale privatization program is under review in Brazil, in what would be the biggest privatization wave since Cardoso. Temer's government looks to have decided to raise government revenue by selling stakes owned by the government, the BNDES (estimated to 56Bn BRL) or state-owned enterprises.

Retail sales rose 8.4% YoY in April in Chile and 6.4% yoy in March in Mexico.

AFRICA

MSCI Africa 730 **+3.96%**

Nigeria abandons the peg to the USD. Details of how and when flexibility in the FX market will be introduced are yet to be confirmed. The Nigerian index hit a 6-month high following the central bank announcement. The central bank also maintained its policy rate unchanged at 12%.

One year after president Buhari took office in Nigeria, the balance is mixed with improvement on corruption and containing Boko Haram while the economic situation is still deteriorating quickly (1Q GDP growth was -0.4% yoy) and the lack of comprehensive economic framework does not offer scope for significant improvement.

The Kenyan central bank eased monetary conditions with a 100bps cut to 10.5%, forecasting lower inflation

going forward. The central bank also increased its GDP growth forecast to 6% in 2016 (vs. 5.6% in 2015)

Tanzania plans to invest USD1.9 bn each year by 2025 in energy projects. These investments aim at ending power shortages and boosting industrial growth in East Africa's second-biggest economy, according to its prime minister.

THE WEEK AHEAD

| | Date | Consensus |
|--|--------|-----------|
| UNITED STATES | | |
| Schiller Case index (MAR) % YOY | Tue/31 | 5.1 |
| Chicago PMI (MAY) | Tue/31 | 50.7 |
| Consumer confidence index (MAY) | Tue/31 | 96.0 |
| ISM manufacturing index (MAY) | Wed/01 | 50.5 |
| Construction spending (APR) % MOM | Wed/01 | 0.5 |
| Tade balance (MAY) \$Bn | Fri/03 | -41.9 |
| Unemployment rate (MAY) % | Fri/03 | 4.9 |
| ISM nonmanufacturing (May) | Fri/03 | 55.3 |
| EUROPE | | |
| Eurozone headline inflation (MAY) %YOY | Tue/31 | -0.1 |
| Germany unemployment rate (APR) % | Tue/31 | 4.2 |
| UK manufacturing PMI (MAY) | Wed/01 | 49.6 |
| ECB rate % | Thu/02 | 0 |
| UK Composite PMI (MAY) | Fri/03 | 52.3 |
| ASIA PACIFIC | | |
| India GDP (1Q) %YOY | Tue/31 | - |
| Japan unemployment rate (APR) | Tue/31 | 3.2 |
| Japan industrial production (APR) %MOM | Tue/31 | -1.5 |
| Australia GDP (1Q) %YOY | Wed/01 | 2.7 |
| China NBS/Caixin manufacturing PMI (May) | Wed/01 | 50/49.3 |
| Korea GDP (1Q) %YOY | Thu/02 | 2.7 |
| LATIN AMERICA | | |
| Colombia unemployment rate | Tue/31 | 10.5 |
| Brazil GDP (1Q) %YOY | Wed/01 | - |
| Brazil industrial production (APR) %YOY | Thu/02 | - |
| Colombia GDP (1Q) %YOY | Fri/03 | 2.8 |
| AFRICA | | |
| South Africa trade balance (APR) Bn ZAR | Tue/31 | - |
| South Africa Markit PMI (MAY) | Fri/03 | - |
| South Africa credit rating review (S&P, Fitch) | Fri/03 | - |

Chris Wehbe

Global Market Strategist

christopher.wehbe@alquity.com

Twitter: [@cswehbe](https://twitter.com/cswehbe)

Aaron Armstrong

Investment Analyst (Asia)

aaron.armstrong@alquity.com

Florian Gueritte

Investment Analyst (Africa & LatAm)

florian.gueritte@alquity.com

GLOBAL MARKET DATA

23 to 29 May 2016

Market Summary

Date: Last Calendar Week

| Name | Equities | BBG Code | Country | Price | Return (USD) | | | | YTD (Local) | Volume lwk/3mo | 14d RSI | 30d Vol |
|----------------------------|----------------|----------|---------------|-----------|--------------|---------|---------|---------|-------------|----------------|---------|---------|
| | | | | | 1 Week | MTD | YTD | 1Y | | | | |
| North America | | | | | | | | | | | | |
| S&P 500 INDEX | SPX Index | | US | 2,099.06 | 2.28% | 1.63% | 2.70% | -1.02% | | 83% | 57.37 | 10.68% |
| RUSSELL 2000 INDEX | RTY Index | | US | 1,150.45 | 3.43% | 1.73% | 1.28% | -8.19% | | 92% | 57.22 | 16.31% |
| NASDAQ COMPOSITE INDEX | CCMP Index | | US | 4,933.51 | 3.44% | 3.31% | -1.48% | -3.23% | | 90% | 56.87 | 13.68% |
| S&P/TSX COMPOSITE INDEX | SPTSX Index | | Canada | 14,086.67 | 2.29% | -2.40% | 15.25% | -10.55% | | 73% | 60.92 | 9.59% |
| S&P 500 FINANCIALS INDEX | S5FINL Index | | US | 320.43 | 2.62% | 2.16% | -0.40% | -3.96% | | 82% | 57.67 | 15.04% |
| S&P 500 CONS DISCRET IDX | S5COND Index | | US | 629.44 | 2.08% | 0.11% | 1.36% | 3.42% | | 89% | 53.89 | 13.08% |
| S&P 500 INFO TECH INDEX | S5INFT Index | | US | 732.65 | 3.60% | 5.14% | 1.55% | 0.52% | | 91% | 57.16 | 14.80% |
| S&P 500 HEALTH CARE INDEX | S5HLTH Index | | US | 821.20 | 2.18% | 1.84% | -1.44% | -5.26% | | 82% | 55.49 | 12.85% |
| S&P 500 ENERGY INDEX | S5ENRS Index | | US | 499.38 | 1.40% | -0.61% | 11.36% | -12.66% | | 72% | 57.47 | 17.27% |
| S&P 500 ECO SECTORS IDX | SPXL1 Index | | US | 2,099.06 | 2.28% | 1.63% | 2.70% | -1.02% | | 83% | 57.37 | 10.68% |
| S&P 500 INDUSTRIALS IDX | S5INDU Index | | US | 483.85 | 1.52% | -0.78% | 4.38% | -0.09% | | 78% | 53.60 | 12.57% |
| S&P 500 CONS STAPLES IDX | S5CONS Index | | US | 541.75 | 1.53% | 1.14% | 4.50% | 7.73% | | 79% | 52.51 | 12.47% |
| S&P 500 UTILITIES INDEX | S5UTIL Index | | US | 246.77 | 1.14% | 0.41% | 12.17% | 9.65% | | 80% | 53.04 | 14.89% |
| S&P 500 MATERIALS INDEX | S5MATR Index | | US | 295.58 | 1.94% | -0.01% | 8.02% | -7.31% | | 89% | 56.46 | 15.88% |
| S&P 500 TELECOM SERV IDX | S5TELS Index | | US | 166.24 | 1.61% | -0.53% | 10.89% | 5.25% | | 71% | 51.10 | 15.05% |
| Europe | | | | | | | | | | | | |
| Euro Stoxx 50 Pr | SX5E Index | | Europe | 3,090.01 | 3.22% | -1.03% | -3.44% | -14.08% | -5.79% | 73% | 54.86 | 18.07% |
| CAC 40 INDEX | CAC Index | | France | 4,529.40 | 2.99% | -0.76% | -0.21% | -10.46% | -2.64% | 80% | 55.79 | 15.93% |
| DAX INDEX | DAX Index | | Germany | 10,333.23 | 3.03% | -0.25% | -2.27% | -10.25% | -4.25% | 79% | 56.16 | 17.49% |
| Athex Composite Share Pr | ASE Index | | Greece | 641.04 | -1.09% | 7.19% | 3.38% | -22.51% | 0.87% | 129% | 60.22 | 23.05% |
| FTSE MIB INDEX | FTSEMIB Index | | Italy | 18,291.38 | 1.41% | -4.82% | -13.33% | -21.96% | -15.09% | 83% | 51.25 | 22.02% |
| AEX-Index | AEX Index | | Netherlands | 451.79 | 3.11% | -0.16% | 4.61% | -8.51% | 2.06% | 77% | 56.77 | 15.70% |
| PSI All-Share Index GR | BVLX Index | | Portugal | 2,539.63 | 1.75% | -0.94% | 2.66% | -4.92% | 0.16% | 87% | 58.02 | 11.57% |
| MICEX Index | INDEXCF Index | | Russia | 1,935.54 | 3.13% | -3.27% | 21.69% | -7.05% | 9.44% | 105% | 55.73 | 15.15% |
| IBEX 35 INDEX | IBEX Index | | Spain | 9,116.90 | 3.13% | -1.77% | -2.20% | -18.48% | -4.58% | 70% | 55.13 | 19.83% |
| OMX STOCKHOLM 30 INDEX | OMX Index | | Sweden | 1,379.81 | 2.60% | -2.30% | -3.71% | -15.84% | -4.86% | 83% | 52.59 | 15.09% |
| SWISS MARKET INDEX | SMI Index | | Switzerland | 8,277.83 | 3.64% | 0.77% | -6.13% | -15.93% | -5.96% | 80% | 57.65 | 13.56% |
| BIST 100 INDEX | XU100 Index | | Turkey | 78,535.24 | 3.22% | -13.37% | 7.49% | -15.89% | 8.79% | 92% | 47.13 | 19.02% |
| FTSE 100 INDEX | UKX Index | | UK | 6,270.79 | 2.72% | 0.54% | -0.21% | -14.81% | 0.46% | 96% | 53.93 | 12.95% |
| Asia Pacific | | | | | | | | | | | | |
| MSCI AC ASIA x JAPAN | MXASJ Index | | MSCI Asia Ex | 492.29 | 3.47% | -1.98% | -1.49% | -19.99% | -1.49% | 96% | 51.49 | 11.96% |
| S&P/ASX 200 INDEX | ASSI Index | | Australia | 5,378.60 | 0.77% | -2.53% | 0.82% | -10.87% | 2.08% | 89% | 59.28 | 12.16% |
| DSE 30 Index | DS30 Index | | Bangladesh | 1,736.04 | -0.60% | 6.00% | -2.28% | -2.05% | -2.43% | 82% | 57.42 | 14.64% |
| HANG SENG CHINA ENT INDX | HSCFI Index | | China "H" | 8,767.66 | 3.54% | -3.96% | -11.22% | -39.49% | -11.03% | 101% | 49.75 | 18.18% |
| SHANGHAI SE COMPOSITE | SHCOMP Index | | China "A" | 2,906.34 | -0.27% | -5.28% | -21.20% | -42.24% | -20.29% | 60% | 43.31 | 18.86% |
| HANG SENG INDEX | HSI Index | | HK | 20,917.17 | 3.68% | -2.44% | -6.30% | -25.17% | -6.10% | 103% | 52.29 | 17.35% |
| Nifty 50 | NIFTY Index | | India | 8,166.35 | 5.93% | 3.09% | 1.54% | -6.53% | 2.65% | 106% | 62.06 | 14.50% |
| JAKARTA COMPOSITE INDEX | JCI Index | | Indonesia | 4,814.90 | 2.19% | -3.24% | 6.91% | -10.73% | 4.83% | 89% | 53.83 | 10.47% |
| NIKKEI 225 | NIKEI Index | | Japan | 17,234.98 | 1.10% | -0.45% | -2.96% | -7.72% | -1.55% | 74% | 52.97 | 26.12% |
| KOSPI 200 INDEX | KOSPI2 Index | | Korea | 243.63 | 1.63% | -4.39% | 0.24% | -12.74% | 0.61% | 98% | 49.36 | 8.81% |
| Laos Composite Index | LXSC Index | | Laos | 1,133.35 | -1.65% | -0.07% | -3.96% | -18.71% | -4.35% | 50% | 40.48 | 9.66% |
| FTSE Bursa Malaysia KLCI | FBMKLCI Index | | Malaysia | 1,626.31 | 0.54% | -5.98% | 2.14% | -16.34% | -3.27% | 93% | 41.60 | 9.56% |
| KARACHI 100 INDEX | KSE100 Index | | Pakistan | 36,408.35 | 0.05% | 5.84% | 12.00% | 9.11% | 11.82% | 100% | 66.04 | 9.98% |
| PSEI - PHILIPPINE SE IDX | PCOMP Index | | Philippines | 7,424.65 | 1.52% | 4.18% | 7.20% | -5.71% | 6.61% | 97% | 57.43 | 18.03% |
| STRAITS TIMES INDEX STI | FSSTI Index | | Singapore | 2,823.24 | 1.92% | -3.33% | 0.22% | -19.40% | -2.78% | 71% | 50.17 | 13.25% |
| SRI LANKA COLOMBO ALL SH | CSEALL Index | | Sri Lanka | 6,543.51 | -1.27% | 0.09% | -6.69% | -17.55% | -4.69% | 49% | 56.18 | 7.52% |
| TAIWAN TAIEX INDEX | TWSE Index | | Taiwan | 8,535.59 | 4.58% | 0.27% | 2.66% | -17.93% | 1.51% | 86% | 54.86 | 13.64% |
| STOCK EXCH OF THAI INDEX | SET Index | | Thailand | 1,423.13 | 2.01% | -1.55% | 10.86% | -10.48% | 9.68% | 88% | 58.05 | 10.87% |
| HO CHI MINH STOCK INDEX | VNINDEX Index | | Vietnam | 6,220.49 | -1.38% | 1.19% | 5.48% | 3.39% | 5.02% | 80% | 59.79 | 15.93% |
| Rest of the World | | | | | | | | | | | | |
| MSCI ACWI | MXWD Index | | MSCI World | 4,033.07 | 2.28% | -0.10% | 0.89% | -7.88% | 0.89% | 84% | 56.24 | 9.30% |
| MSCI EM | MXEF Index | | MSCI EM | 807.66 | 2.93% | -3.80% | 1.78% | -19.93% | 1.78% | 85% | 50.60 | 12.20% |
| MSCI Frontier Market Index | MXFEM Index | | MSCI FM | 2,526.29 | 0.88% | 0.54% | 6.99% | -10.44% | 6.99% | 116% | 58.45 | 9.44% |
| DFM GENERAL INDEX | DFMGI Index | | Dubai | 3,293.49 | 3.75% | -4.04% | 6.34% | -16.23% | 6.35% | 51% | 48.82 | 15.59% |
| MSCI EM LATIN AMERICA | MXLA Index | | Latin America | 2,059.37 | -1.01% | -10.19% | 12.50% | -18.72% | 12.50% | 63% | 47.39 | 23.44% |
| ARGENTINA Mervalv Index | MERVAL Index | | Argentina | 12,748.32 | 1.40% | -5.38% | 1.21% | -25.42% | 9.01% | 72% | 48.79 | 23.05% |
| MSCI BRAZIL | MXBR Index | | Brazil | 1,268.34 | -3.13% | -13.10% | 21.94% | -22.32% | 21.94% | 63% | 47.87 | 34.48% |
| CHILE STOCK MKT SELECT | IPSA Index | | Chile | 3,949.67 | 0.86% | -5.22% | 10.71% | -11.93% | 7.25% | 71% | 53.24 | 6.14% |
| IGBC GENERAL INDEX | IGBC Index | | Colombia | 9,674.23 | -2.02% | -9.88% | 17.03% | -21.40% | 13.18% | 49% | 49.37 | 14.51% |
| MEXICO IPC INDEX | MEXBOL Index | | Mexico | 46,017.21 | 1.88% | -6.00% | 0.39% | -14.23% | 7.32% | 92% | 56.24 | 9.81% |
| Bolsa de Panama General | BVPSBVPS Index | | Panama | 389.53 | 0.48% | -0.70% | -3.34% | -8.36% | -3.32% | 25% | 40.15 | 5.74% |
| S&P/BVLPeruGeneralTRPEN | SPBLPGPT Index | | Peru | 13,605.08 | 0.24% | -3.39% | 39.80% | -3.38% | 37.61% | 41% | 63.57 | 15.63% |
| VENEZUELA STOCK MKT INDX | IBVC Index | | Venezuela | 15,453.26 | -0.10% | -1.39% | -33.26% | -10.85% | 5.93% | 465% | 51.51 | 26.81% |
| MSCI EFM AFRICA | MXFMEAF Index | | Africa | 729.69 | 3.96% | -7.24% | 6.90% | -20.71% | 6.90% | 117% | 50.26 | 23.21% |
| EGYPT HERMES INDEX | HERMES Index | | Egypt | 683.91 | 1.45% | -2.13% | -3.58% | -25.66% | 9.40% | 53% | 54.45 | 20.01% |
| GSE Composite Index | GGSECI Index | | Ghana | 1,771.50 | 0.45% | -3.53% | -11.68% | -21.30% | -11.10% | 63% | 20.24 | 6.90% |
| Nairobi SE 20 Share | KNSMIDX Index | | Kenya | 3,860.94 | -0.50% | -3.52% | -2.84% | -21.92% | -4.29% | 76% | 43.17 | 8.91% |
| MASI Free Float Index | MOSENEW Index | | Morocco | 9,734.37 | -2.20% | -3.81% | 11.03% | 2.31% | 9.25% | 126% | 52.39 | 12.87% |
| NIGERIA STCK EXC ALL SHR | NGSEINDX Index | | Nigeria | 28,902.25 | 6.53% | 15.32% | 1.03% | -15.78% | 0.91% | 161% | 72.86 | 17.97% |
| FTSE/JSE AFRICA TOP40 IX | TOP40 Index | | South Africa | 48,447.60 | 3.21% | -5.86% | 3.81% | -20.30% | 4.96% | 82% | 61.29 | 13.86% |
| Average | | | | | 1.72% | -1.39% | 2.43% | -11.84% | 1.90% | 89% | 53.68 | 14.85% |
| Top 25% | | | | | 3.12% | 0.54% | 6.95% | -5.49% | 7.06% | 92% | 57.40 | 17.42% |
| Bottom 25% | | | | | 0.65% | -3.66% | -2.23% | -18.72% | -4.26% | 73% | 50.85 | 11.22% |

Chris Wehbe

Global Market Strategist

christopher.wehbe@alquity.com

Twitter: @cswehbe

Aaron Armstrong

Investment Analyst (Asia)

aaron.armstrong@alquity.com

Florian Gueritte

Investment Analyst (Africa & LatAm)

florian.gueritte@alquity.com

GLOBAL MARKET DATA (CONTD.)

23 to 29 May 2016

| FX (vs USD) | | | Return +ive=USD Stronger | | | |
|---|----------------|----------|---|---------|--------|---------|
| Name | Country | Price | 1 Week | MTD | YTD | 1Y |
| DOLLAR INDEX SPOT | USD Index | 95.70 | 0.20% | 2.62% | -3.15% | -1.49% |
| USD-EUR X-RATE | Europe | 0.90 | 0.98% | 3.02% | -2.31% | -1.50% |
| Russian Ruble SPOT (TOM) | Russia | 65.70 | -1.34% | 1.81% | -9.08% | 25.11% |
| USD-TRY X-RATE | Turkey | 2.95 | -0.48% | 5.91% | 1.49% | 11.54% |
| USD-GBP X-RATE | UK | 0.68 | -0.84% | -0.07% | 0.78% | 4.73% |
| Bloomberg JPMorgan Asia Dollar | Asia USD Index | 106.18 | 0.00% | -1.81% | -0.09% | -4.99% |
| USD-AUD X-RATE | Australia | 1.38 | 0.52% | 5.86% | 1.42% | 6.47% |
| USD-CNY X-RATE | China | 6.58 | 0.25% | 1.35% | 1.11% | 5.87% |
| USD-INR X-RATE | India | 67.22 | -0.61% | 1.06% | 1.33% | 5.06% |
| USD-JPY X-RATE | Japan | 111.24 | 0.15% | 3.58% | -8.24% | -11.00% |
| USD-KRW X-RATE | Korea | 1,191.93 | -0.91% | 3.50% | 0.36% | 6.62% |
| USD-TWD X-RATE | Taiwan | 32.61 | -0.57% | 0.80% | -1.01% | 6.30% |
| USD-ARS X-RATE | Argentina | 13.95 | -1.20% | -2.40% | 7.61% | 54.86% |
| USD-BRL X-RATE | Brazil | 3.57 | 2.56% | 5.11% | -8.82% | 14.19% |
| USD-CLP X-RATE | Chile | 690.63 | -0.80% | 3.82% | -3.24% | 11.00% |
| USD-MXN X-RATE | Mexico | 18.46 | 0.70% | 7.56% | 7.37% | 20.64% |
| USD-EGP X-RATE | Egypt | 8.83 | 0.11% | 0.09% | 13.45% | 16.38% |
| USD-NGN X-RATE | Nigeria | 199.10 | -0.02% | 0.02% | -0.14% | -0.02% |
| USD-ZAR X-RATE | South Africa | 15.79 | 0.61% | 10.53% | 1.68% | 29.59% |
| Commodities | | | Return (USD) | | | |
| WTI CRUDE FUTURE Jul16 | US | 49.67 | 1.90% | 5.65% | 19.36% | -18.54% |
| BRENT CRUDE FUTR Jul16 | UK | 49.79 | 1.23% | 4.12% | 20.09% | -26.44% |
| BALTIC DRY INDEX | | 606.00 | -3.04% | -13.80% | 26.78% | 3.06% |
| Natural Gas Futures | | 2.18 | 5.19% | -0.41% | -7.19% | -19.84% |
| Gold Spot \$/Oz | | 1,213.04 | -3.16% | -6.27% | 14.26% | 2.02% |
| Silver Spot \$/Oz | | 16.12 | -1.83% | -9.07% | 17.18% | -2.85% |
| LME COPPER 3MO (\$) | | 4,695.00 | 2.56% | -7.03% | -0.21% | -22.97% |
| Government Bond Yields % | | | Change (Bps) | | | |
| US Generic Govt 2 Year Yield | US 2yr | 0.93 | 0.03 | 0.13 | -0.14 | 0.28 |
| US Generic Govt 5 Year Yield | US 5yr | 1.41 | 0.02 | 0.09 | -0.38 | -0.13 |
| US Generic Govt 10 Year Yield | US 10yr | 1.87 | 0.01 | 0.02 | -0.42 | -0.28 |
| Canadian Govt Bonds 10 Year No | Canada 10yr | 1.35 | 0.00 | -0.16 | -0.04 | -0.32 |
| Mexico Generic 10 Year | Mexico 10yr | 6.14 | 0.00 | 0.24 | -0.17 | 0.13 |
| UK Govt Bonds 10 Year Note Gen | UK 10yr | 1.44 | -0.02 | -0.16 | -0.52 | -0.39 |
| Switzerland Govt Bonds 10 Year | Swiss 10yr | -0.30 | -0.03 | -0.06 | -0.24 | -0.28 |
| German Government Bonds 2 Yr B | German 2yr | -0.52 | -0.02 | -0.04 | -0.18 | -0.30 |
| German Government Bonds 5 Yr O | German 5yr | -0.36 | -0.03 | -0.09 | -0.34 | -0.41 |
| Germany Generic Govt 10Y Yield | German 10yr | 0.18 | -0.03 | -0.13 | -0.49 | -0.39 |
| French Generic Govt 10Y Yield | French 10yr | 0.51 | -0.03 | -0.17 | -0.52 | -0.37 |
| Greece Generic Govt 10Y Yield | Greece 10yr | 7.16 | -0.22 | -1.25 | -0.90 | -3.76 |
| Italy Generic Govt 10Y Yield | Italy 10yr | 1.12 | -0.12 | -0.13 | -0.24 | -0.66 |
| Spain Generic Govt 10Y Yield | Spanish 10yr | 1.48 | -0.08 | -0.11 | -0.29 | -0.35 |
| Portugal Generic Govt 10Y Yield | Portugal 10yr | 3.04 | -0.06 | -0.12 | 0.53 | 0.51 |
| Australia Govt Bonds Generic Y | Aus 10yr | 2.30 | -0.05 | -0.26 | -0.62 | -0.52 |
| India Govt Bond Generic Bid Yi | India 10yr | 7.47 | -0.01 | 0.04 | -0.29 | -0.18 |
| KCMP South Korea Treasury Bond | Korea 10yr | 1.81 | -0.03 | -0.02 | -0.31 | -0.63 |
| Japan Generic Govt 10Y Yield | Japan 10yr | -0.11 | 0.00 | -0.04 | -0.38 | -0.51 |
| South Africa Govt Bonds 10 Yea | SA 10yr | 9.46 | -0.02 | 0.41 | -0.41 | 1.21 |
| Corporate Credit Indices | | | Change (Bps) +ive = Widening | | | |
| MARKIT ITRX EUR XOVER 06/21 | EUR XOVER | 305.28 | -27.83 | -5.05 | -9.39 | 24.90 |
| MARKIT ITRX EUROPE 06/21 | EUR MAIN | 70.66 | -7.72 | -2.19 | -6.55 | 7.18 |
| MARKIT ITRX EUR SNR FIN 06/21 | EUR SNR FIN | 88.52 | -8.89 | -0.54 | 11.84 | 14.17 |
| MARKIT ITRX EUR SUB FIN 06/21 | EUR SUB FIN | 190.05 | -26.49 | -11.87 | 35.72 | 33.69 |
| MARKIT CDX.NA.IG.26 06/21 | US IG | 76.55 | -7.44 | -1.90 | -11.72 | 12.46 |
| MARKIT CDX.NA.HY.26 06/21 | US HY | 433.19 | -26.10 | -5.58 | -39.23 | 91.73 |
| Implied Volatility (Equity Index) | | | Change (Volatility Points) +ive = Volatility Rising | | | |
| Eurostoxx 3month ATM | Europe | 19.90 | -2.47 | -2.51 | -3.67 | 0.18 |
| FTSE 100 500 3month ATM | UK | 15.53 | -3.02 | -2.19 | -0.67 | 3.85 |
| Hang Seng 3month ATM | HK | 19.32 | -0.70 | -2.40 | 1.24 | 1.03 |
| Nikkei 3month ATM | Japan | 23.20 | -0.81 | 0.01 | 5.13 | 5.58 |
| S&P 500 3month ATM | US | 12.97 | -2.02 | -1.95 | -3.22 | 0.57 |
| Volatility (VIX) | US | 13.12 | -2.08 | -2.58 | -5.09 | -0.19 |
| Inflation (Long term inflation expectation proxy) % | | | Change (Bps) | | | |
| US 5Y5YF Inflation Swap | USD | 2.09 | 0.03 | -0.06 | -0.12 | -0.17 |
| UK 5Y5YF Inflation Swap | GBP | 3.05 | 0.07 | -0.02 | -0.28 | -0.23 |
| JPY 5Y5YF Inflation Swap | JPY | 0.22 | 0.00 | 0.09 | -0.44 | -1.08 |
| EUR 5Y5YF Inflation Swap | EUR | 1.49 | -0.01 | 0.02 | -0.21 | -0.24 |
| Economic Data Surprise (+ive/-ive = above/below expectations) | | | | | | |
| Citi Economic Surprise Index | Asia Pacific | -6.10 | | | | |
| Citi Economic Surprise Index - | China | -1.20 | | | | |
| Citi Economic Surprise Index - | EM | 0.00 | | | | |
| Citi Economic Surprise Index - | Eurozone | 5.30 | | | | |
| Citi Economic Surprise Index - | G10 | -0.30 | | | | |
| Citi Economic Surprise - Japan | Japan | 45.50 | | | | |
| Citi Economic Surprise Index - | Latin America | 14.70 | | | | |
| Citi Economic Surprise - Unite | US | -22.80 | | | | |

Chris Wehbe

Global Market Strategist

christopher.wehbe@alquity.com

Twitter: @cswehbe

Aaron Armstrong

Investment Analyst (Asia)

aaron.armstrong@alquity.com

Florian Gueritte

Investment Analyst (Africa & LatAm)

florian.gueritte@alquity.com

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

This document has been issued and approved by Alquity Investment Management Limited which is authorised and regulated by the Financial Conduct Authority. This document is a marketing communication and is intended solely for distribution to investment professionals as defined in Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion Order) 2005. If you are an individual who would like more information about Alquity's Funds, please go to www.alquity.com.

The Alquity Africa Fund, the Alquity Asia Fund, the Future World Fund, the Alquity Indian Subcontinent Fund and the Alquity Latin American Fund are all sub-funds of the Alquity SICAV ("the Fund") which is a UCITS Fund and is a recognised collective investment scheme for the purposes of the Financial Services and Markets Act 2000 of the United Kingdom (the "FSMA"). This does not mean the product is suitable for all investors and as the Fund is invested in emerging market equities, investors may not get back the full amount invested.

This document has been provided for information purposes only and does not constitute an offer or solicitation to purchase or sell interests in the Fund. The information contained in this document shall not under any circumstances be construed as an offering of securities in any jurisdiction where such an offer or invitation is unlawful. The Fund is currently registered for sale in a limited number of countries and the Prospectus should be referred to before promoting a share class of a sub-fund as promotion of the Fund where it is not registered may constitute a criminal offence. The current prospectus and simplified prospectus are available free of charge from Alquity Investment Management Limited, 5th Floor, 9 Kingsway, London, WC2B 6XF or by going to www.alquity.com.

Chris Wehbé

Global Market Strategist

christopher.wehbe@alquity.com

Twitter: [@cswehbe](https://twitter.com/cswehbe)

Aaron Armstrong

Investment Analyst (Asia)

aaron.armstrong@alquity.com

Florian Gueritte

Investment Analyst (Africa & LatAm)

florian.gueritte@alquity.com