GLOBAL MARKET UPDATE

24 - 30 SEPTEMBER: THE FEDERAL RESERVE REMAINS CAUTIOUS, AS EXTERNAL RISKS MOUNT

THIS WEEK'S GLOBAL EQUITY MARKET MOVERS

DEVELOPED	**Top 3:**	Norway **2.04%,** Singapore **1.09%,** Luxembourg **0.79%**
	Bottom 3:	Italy **-4.88%,** Ireland **-3.33%,** Spain **-3.17%**
EMERGING	**Top 3:**	Turkey **5.01%,** Egypt **3.87%,** Russia **3.61%**
	Bottom 3:	India **-2.25%,** Chile **-2.19%,** Greece **-2.09%**
FRONTIER	**Top 3:**	Kenya **1.67%,** Vietnam **1.47%,** Bahrain **0.63%**
	Bottom 3:	Argentina **-11.10%,** Slovenia **-3.76%,** Croatia **-2.35%**

The FOMC delivered a 25bp hike lifting the range of the Fed funds rate to 2.00-2.25%. The decision itself was broadly expected and caused no surprise. Indeed, markets were unfazed by the updated macroeconomic projection, 'dot plot' and press conference. Tweaks in the Fed's communication and changes in macroeconomic projections were not meaningful, in our opinion; members still see robust growth in 2018 and some deceleration in 2019. According to the updated 'dot plot,' the median expectation of FOMC members implies one additional 25bp rate hike in 2018 Q4 and three further 25bp hikes throughout 2019. As a result, the range of the Fed funds rate might rise to 3.00-3.25% by the end of next year, if everything goes according to the FOMC's view. Markets, however, see the Fed funds rate below 3% at the end of 2019.

In our view, **the FOMC's approach to the conduct of monetary policy and the tone of the post-decision statement were rather cautious.** The Fed's prudence and vigilance are understandable in the context of mounting external risks – such as ongoing trade tensions, a potentially disorderly Brexit, a fiscally irresponsible Italian government, elevated oil prices, etc. – since the Fed does not want to reinforce risk-averse global market sentiment. We remain of the view that **the terminal Fed funds rate at the end of the tightening cycle is not the most relevant factor in determining the future direction of markets,** but the speed of balance sheet reduction. For the time being, quantitative tightening is progressing gradually and according to schedule.

Looking ahead

Although neither the Federal Reserve nor other major central banks are scheduled to have a monetary policy meeting in the next couple of weeks, financial markets will not be left with nothing to ponder, as **tier-one data releases from the US are scheduled this week.** Most importantly, the US releases labour market statistics for August, i.e. ADP figures on Wednesday and the usual jobs report on Friday – including the NFP, unemployment rate, nominal wage growth, etc. Meanwhile, on the other side of the Atlantic, Brexit negotiations and **Italian news flow are will be in the limelight,** as

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fiscal plans proposed by the Italy's populist government could further upset financial markets.

In Asia, the week kicks off with the release of PMI figures that will clarify whether business and manufacturing sentiment has been affected by the on-going trade war. On Friday, **the monetary policy meeting of India's central bank (RBI) bears the potential to improve market sentiment,** as the RBI is expected to hike the policy rate in response to the recent rupee weakness.

Market sentiment in Latin America will be primarily driven by Brazilian election polls (first round of elections is held on 7th October 2018) **and the negotiations between the IMF and Argentina for the extraordinarily large bailout package.** During the week, due to noise coming from Brazil and Argentina, monthly macroeconomic data releases might not have too much of an impact on markets – including the monetary policy meeting of the Mexican central bank.

The economic diary in Africa does not contain any data release that bear the potential to drive local markets. Consequently, global sentiment and idiosyncratic political issues will set the tone in Africa.

UNITED STATES

S&P 2,914 -0.54%, 10yr Treasury 3.07% -0.16bps, HY Credit Index 332 +17bps, Vix 12.00 +.44Vol

US bond markets shrugged off the Fed's rate hike, as US Treasuries traded in a tight range during the week. There were no notable movements either in any of the tenors or in the steepness of the curve, as the 2s10s spread remains subdued, around 24bp. The broad dollar index (DXY) rose almost 1%, and is higher by ca. 3.3% since the beginning of the year. Stock markets delivered a mixed performance, as the S&P 500 and the Russell 1000 fell 0.5% and 0.9%, respectively. In contrast, the Nasdaq Composite rose 0.7%. Despite the weakness in the S&P 500 and Russell 2000 during the week, both performed very strongly year-to-date, as they gained 9% and 10.5%, respectively. The Nasdaq Composite outperformed its two major peers by increasing 16.6% since the beginning of the year. Clearly, stock markets in the US are not worried that trade wars, tighter financial conditions or higher oil prices could derail the US' economic growth.

Compared to the previous month, core PCE inflation in the US was flat, while in annual terms, the core measure was 2%. Both in monthly and annual terms, the data were underwhelming.

PCE inflation – the Fed's preferred gauge for consumer price changes – suggest that tight labour market conditions are yet to be translated into inflationary pressure in a meaningful manner. Should the weakness in inflation dynamics persist, the FOMC might need to reconsider the number of hikes necessary in 2019, and thus, the terminal level of the Fed funds rate.

EUROPE

Eurostoxx 3,407 -2.00%, German Bund 0.48% +0.80bps, Xover Credit Index 273 -9bps, USDEUR .863 +1.10%

The majority of European stock markets struggled, as most of them decreased in a weekly comparison – expressed in USD terms. The Italian stock index fell 4.9% in USD, due to the lax fiscal plan presented by the Italian government. Similarly to stocks, bond markets had an unpleasant rollercoaster ride as well, due to the misinterpreted words of ECB President Draghi regarding inflation that substantially lifted German Bund yields. Ironically, safe haven flows triggered by the Italian budgetary worries dampened the impact on German yields, while widening the spread of periphery bonds. The 10-year German yield finished the week unchanged at 0.47% compared to a week ago, while its Italian peer spiked 32bp to 3.15%.

After two months of negotiations, **the Italian government decided to increase the 2019 budget deficit to 2.4% of GDP.** This amount caught markets by surprise, as the general expectation for the deficit target was 1.5-2%, and significantly exceeded the informal promise of 1.6% to the EU. As a result of the widening fiscal deficit, gross public debt in proportion of GDP may stagnate around or exceed 132%.

This particular development poses not only economic, but political problems as well. We believe that such stimulus will neither give a substantial push to economic activity in the short-term, nor improve the country's long-term growth potential. On the contrary, a wider fiscal deficit makes the Italian economy and its financial markets more vulnerable to external shocks. Increasing vulnerabilities may remain veiled as long as the European Central Bank's asset purchase programme is running. However, once liquidity expansion comes to a halt, Italy might find itself in a difficult situation to roll over maturing debt.

ASIA PACIFIC

HSCEI 11,018 -0.28%, Nikkei 24,245.76 +0.24%, 10yr JGB 0.13% 0bps, USDJPY 114.000 +0.81%

With some exceptions, Asian stock markets had a bad week, as the MSCI Asia Pacific ex. Japan edged down 0.7% in USD. India was one of the greatest drags, as the

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Nifty 50 index lost 2.3% of its value in USD. The Malaysian, Sri Lankan and Philippine indices decreased around 1% in USD, respectively. On the bright side, Vietnamese (+1.5%), Taiwanese (+0.8%) and Chinese 'A' shares (+0.8%) gained in USD.

The central bank of Indonesia raised the policy rate by 25bp to 5.75%, in line with Bloomberg consensus. Including this last move, the cumulative increase in rates is150bp since the beginning of this year. The central bank's decisions was mainly driven by the aim of curbing volatility in domestic financial markets, both bond and FX.

As the current account deficit remains wide and the tightening cycle in the US continues, the Indonesian central bank will have no other choice, but to take further rate hikes into consideration.

The Philippine central bank raised the policy rate by 50bp to 4.50% and released hawkish comments after the policy rate announcement. The MPC declared it will follow a data dependent course going forward, which – in our view – implied further hikes in the coming months, as the central bank revised up its inflation forecast to 5.2% in 2018 and 4.3% in 2019.

We remain of the view that the Philippine central bank will need to hike the policy rate above 5% in order to restore positive real interest rates. In our opinion, positive real rates could cushion external shocks and limit FX market volatility. However, as long as the central bank remains behind the curve, the volatility of the USDPHP cross is likely to remain elevated.

Taiwan's central bank decided to keep the policy rate unchanged at 1.375%. The MPC cited mild inflationary pressure and a persistently negative output gap as calling for the maintenance of current policy.

Total profit growth of Chinese industrial enterprises grew 16.2% YTD YoY in August, 0.9ppt lower than in July. According to the detailed-breakdown, profit growth of state-owned companies slowed, while the growth rate of privately-held companies' profit was unchanged.

Slowing profit growth was most probably due to the imposition of tariffs. The initial impact of tariffs can seem worrying at first, but it should be taken into account that policy efforts taken by the authorities to aid the domestic economy are yet to fully exert their effect (e.g. corporate tax cut, looser financial conditions, personal income tax reduction, etc.).

The Indian government raised import duties on 19 items with immediate effect to contain the import of certain non-essential goods. The total sum of targeted imported goods – including air conditioners, fridges, washing machines, car tyres, aviation turbine fuel, polished diamonds, etc. – amount to INR 860bn or about 0.5% of GDP.

The measure itself is rather symbolic, as the current account deficit is unlikely to be substantially reduced by this measure, while the impact on the budget and inflation will likely be negligible. By imposing import duties on non-essential products, Indian market sentiment might slightly improve, but – in our view – this is not a gamechanger.

Vietnamese indicators reflected the strength of the domestic economy. Annual GDP growth was 6.9% in 2018 Q3 and hit 7% YTD. Growth was broad-based, all three sectors contributed: agricultural output rose 3.7% YoY, industrial and construction activity strengthened 8.9% YoY, while services expanded 6.9% YoY. **Vietnam continues to enjoy foreign demand for its products,** as the trade surplus widened to USD 5.4bn in the period between January and September, as exports grew 15.4% YoY vs. imports growing 11.8% YoY. **Although CPI inflation rose, it remained contained at 4% YoY.** The acceleration of inflation was mainly due to increasing tuition fees and transportation costs. Since the beginning of the year, average CPI inflation was 3.6% YoY.

LATIN AMERICA

MSCI Lat Am 2,577 +1.16%

The broad MSCI EM Latin America index gained 1.2% in USD, as the Colombian, Brazilian and Mexican stock markets rose 3.1%, 2.1% and 1%, respectively. Argentina's demise continued, as the Argentine stock index – expressed in USD – dropped 11.1%, mostly due to the currency that lost almost 10% of its value relative to the USD during the week.

The Argentine peso was one of the worst performers for the week (-9.7% vs. the USD) and also since the beginning of the year (ca. -121% vs. the USD), as authorities are yet to finalise a deal with the IMF. The bailout package by the IMF will be extraordinarily big, as it may amount to USD 57bn (about 9% of the Argentine GDP). Adverse financial market sentiment in Argentine markets was further exacerbated by the fact that Luis Caputo, the central bank governor – unexpectedly – resigned at the beginning of the week, due to 'personal reasons.' His replacement is the deputy economy minister, Guido Sandleris. According to the new Governor, the central bank will shift away from inflation targeting to monetary targeting.

The Brazilian MPC reiterated in the last monetary policy meeting's minutes that inflationary risks are tilted to the upside. Members added that a marked deterioration in inflation expectations will trigger a policy rate hike.

Political polls in Brazil will be in the limelight this week, as the first round of elections will be held on 7th October. Jair Bolsonaro (PSL) and Fernando Haddad (PT) continue to lead the polls with ca. 27% and 20% voting intentions, respectively. Consequently, they remain the most likely candidates to progress through to the second round. According to simulations run by pollsters, who will win the second round is too close to call.

According to the minutes, **although the Chilean MPC members kept the policy rate stable at 2.5%, there was a debate on the appropriate timing for the first rate hike.** Members agreed that the first hike of the cycle should not catch markets off-guard.

By releasing such hawkish statement, the MPC has started to prepare markets for lift-off. In our view, the Chilean MPC's rate decisions will be data dependent, as stronger-than-expected economic activity and/or prevailing

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inflationary pressure on the core level will likely trigger a hawkish response by the Committee.

According to the monthly IGEA index (a proxy for GDP growth), **Mexican economic activity strengthened in July,** due to improvement in industrial performance and services.

Mexican CPI inflation slowed both at the core and non-core level. Headline consumer price inflation decreased 0.1ppt to 4.9% YoY in the first half of September, while the core measure decelerated 3.6% YoY.

Should NAFTA 2.0 negotiations between the US and Mexico come to a successful end, sentiment in the Mexican FX market will likely improve. Improved sentiment can , in turn, push the MXN to stronger levels relative to other currencies, such as the USD, which might translate into lower CPI inflation over time.

Monetary policy conditions remain unchanged in Colombia, as the MPC voted to leave the policy rate stable, at 4.25%. The decision was unanimous, as members of the MPC weighed inflation risks, a negative output gap and external risks. After the policy announcement, the MPC released a statement citing that the central bank will start accumulating FX reserves commencing in October.

AFRICA

MSCI Africa 788 -1.40%

In spite of the poor performance of the MSCI EFM Africa (-1.4% in USD) and the South African indices (-1.8% in USD), other African markets fared well. The Egyptian and Ghanaian markets were the strongest, rising 3.9% and 3.4% in USD, respectively.

African central banks were active during the week, as the Nigerian, Kenyan, Egyptian, Moroccan and Ghanaian monetary authorities held their usual rate setting meetings. Although the South African one kept the policy rate stable the week before, its deputy governor revealed his hawkish bias.

- **Nigeria's central bank kept the policy rate at 14%.** The MPC cited increasing inflationary pressure that calls for monitoring.
- **The Kenyan central bank kept the policy rate at 9%** citing that – in the MPC's view – inflation has been low and the currency remains stable. Members emphasised the need to monitor the impact of the 8% VAT imposition on fuel, since it will most likely lift headline inflation by 1-2ppt. According to the central bank, even if the full impact feeds into consumer prices, headline inflation will still remain within the central bank's inflation target band (2.5-7.5%).
- **Egypt's central bank did not change monetary conditions,** as it kept the overnight deposit rate at 16.75% and the overnight lending rate at 17.75%. The MPC noted that headline inflation had risen to 14.2% YoY, while core inflation had been 8.8% YoY in August.
- **The Moroccan central bank left its policy rate unchanged at 2.25%,** claiming that the current level of the benchmark rate is consistent with medium-term inflation and growth prospects.
- **Ghana's central bank left the policy rate at 17%.**
- **The deputy governor of the South African central bank argued that cutting interest rates would be inappropriate,** as it would damage the MPC's credibility, push up inflation through a weaker currency, while the impact on GDP growth would be negligible.

THE WEEK AHEAD

	Date	Consensus
UNITED STATES		
US ISM manufacturing (SEP)	Mon/01	60.3
US trade balance (AUG) bn USD	Fri/05	-50.7
US non-farm payroll (SEP) th	Fri/05	188
EUROPE		
Eurozone Markrit PMI (SEP)	Wed/03	54.2
Eurozone retail sales (AUG) % YOY	Wed/03	1.6
Poland interest rate %	Wed/03	1.5
Russia GDP (Q2) % YOY	Wed/03	1.9
ASIA PACIFIC		
China Manufacturing PMI (SEP)	Sun/30	50.5
Australia interest rate %	Tue/02	1.5
India interest rate %	Fri/05	6.75
China FX reserves (SEP) bn USD	Sun/07	3110
LATIN AMERICA		
Mexico interest rate %	Thu/04	7.75

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GLOBAL MARKET DATA (CONTD.)
24 TO 30 SEPTEMBER

Market Summary — Data: Last Calendar Week

Equities			Return (USD)				YTD (Local)	Volume 1wk/3mo
Name	Country	Price	1 Week	MTD	YTD	1Y		
North America								
S&P 500 INDEX	US	2,913.98	-0.54%	0.43%	8.99%	16.09%		109%
RUSSELL 2000 INDEX	US	1,696.57	-0.92%	-2.54%	10.49%	13.96%		110%
NASDAQ COMPOSITE INDEX	US	8,046.35	0.74%	-0.78%	16.56%	24.68%		110%
S&P/TSX COMPOSITE INDEX	Canada	16,073.14	-1.10%	-0.23%	-4.00%	-1.07%	-0.84%	116%
S&P 500 CONS DISCRET IDX	US	938.23	0.63%	0.97%	19.47%	31.25%		82%
S&P 500 CONS STAPLES IDX	US	554.91	-2.14%	0.62%	-5.53%	-0.19%		103%
S&P 500 FINANCIALS INDEX	US	458.18	-4.05%	-2.37%	-1.24%	7.14%		108%
S&P 500 HEALTH CARE IDX	US	1,101.37	0.86%	2.80%	15.17%	17.06%		101%
S&P 500 INFO TECH INDEX	US	1,322.07	0.83%	-0.39%	19.52%	30.82%		90%
S&P 500 ENERGY INDEX	US	560.91	0.82%	2.43%	5.16%	10.65%		130%
S&P 500 ECO SECTORS IDX	US	2,913.98	-0.54%	0.43%	8.99%	16.09%		109%
S&P 500 INDUSTRIALS IDX	US	659.07	-1.71%	2.07%	3.33%	9.36%		122%
S&P 500 MATERIALS INDEX	US	363.12	-4.48%	-2.28%	-4.17%	1.95%		115%
S&P 500 REAL ESTATE IDX	US	201.86	-1.73%	-3.17%	-0.98%	1.41%		94%
S&P 500 COMM SVC	US	160.55	1.06%	4.26%	-3.32%	-0.94%		300%
S&P 500 UTILITIES INDEX	US	267.28	-0.71%	-0.90%	-0.03%	-0.74%		132%
Europe								
Euro Stoxx 50 Pr	Europe	3,407.11	-2.00%	0.35%	-6.28%	-5.99%	-2.99%	111%
CAC 40 INDEX	France	5,497.30	-1.10%	1.77%	-0.10%	2.28%	3.41%	107%
DAX INDEX	Germany	12,282.64	-2.56%	-0.79%	-8.41%	-4.99%	-5.19%	95%
Athex Composite Share Pr	Greece	691.69	-2.09%	-5.04%	-16.72%	-9.68%	-13.79%	112%
FTSE MIB INDEX	Italy	20,790.66	-4.88%	2.35%	-8.44%	-9.63%	-5.22%	129%
AEX-Index	Netherlands	551.66	-1.12%	-1.41%	-2.50%	1.56%	0.93%	106%
PSI All-Share Index GR	Portugal	3,139.85	-0.81%	-1.29%	2.85%	4.49%	6.46%	121%
MOEX Russia Index	Russia	2,490.52	3.61%	8.78%	3.14%	5.84%	17.33%	113%
IBEX 35 INDEX	Spain	9,379.30	-3.17%	0.06%	-9.69%	-10.41%	-6.52%	112%
OMX STOCKHOLM 30 INDEX	Sweden	1,661.11	-1.00%	3.31%	-2.89%	-6.27%	5.42%	99%
SWISS MARKET INDEX	Switzerland	9,094.94	-0.75%	0.63%	-3.40%	-0.89%	-3.13%	109%
BIST 100 INDEX	Turkey	100,091.40	5.01%	16.58%	-46.14%	-43.12%	-13.33%	129%
FTSE 100 INDEX	UK	7,500.80	-0.05%	1.69%	-5.79%	-0.47%	-2.31%	103%
Asia Pacific								
MSCI AC ASIA x JAPAN	MSCI Asia Ex	655.34	-0.72%	-1.61%	-8.14%	-0.14%	-8.14%	85%
S&P/ASX 200 INDEX	Australia	6,172.26	-0.42%	-1.12%	-5.21%	0.94%	2.35%	102%
DSE 30 Index	Bangladesh	1,895.45	-0.85%	-3.81%	-18.86%	-15.39%	-17.45%	
HANG SENG CHINA ENT INDX	China "H"	11,017.87	-0.28%	1.61%	-6.06%	1.13%	-5.90%	101%
SHANGHAI SE COMPOSITE	China "A"	2,821.35	0.76%	3.07%	-19.19%	-18.22%	-14.69%	106%
HANG SENG INDEX	HK	27,788.52	-0.79%	-0.06%	-7.28%	1.15%	-7.12%	110%
Nifty 50	India	10,869.50	-2.25%	-8.59%	-8.65%	0.92%	3.80%	152%
JAKARTA COMPOSITE INDEX	Indonesia	5,955.37	-0.08%	-1.16%	-14.30%	-7.47%	-5.96%	108%
NIKKEI 225	Japan	24,245.76	0.24%	3.24%	5.09%	17.35%	5.95%	131%
KOSPI 200 INDEX	Korea	300.17	0.39%	0.81%	-10.68%	-1.09%	-7.46%	132%
Laos Composite Index	Laos	875.32	-0.37%	-0.76%	-14.30%	-16.77%	-12.20%	181%
FTSE Bursa Malaysia KLCI	Malaysia	1,794.10	-1.09%	-2.00%	-2.06%	4.29%	-0.20%	97%
KARACHI 100 INDEX	Pakistan	40,961.45	0.05%	-1.91%	-9.19%	-17.17%	1.30%	81%
PSEi - PHILIPPINE SE IDX	Philippines	7,222.08	-0.99%	-7.97%	-21.25%	-15.92%	-14.97%	89%
STRAITS TIMES INDEX STI	Singapore	3,251.35	1.09%	1.78%	-6.40%	0.29%	-4.29%	89%
SRI LANKA COLOMBO ALL SH	Sri Lanka	5,823.56	-1.01%	-7.95%	-16.44%	-17.48%	-7.96%	74%
TAIWAN TAIEX INDEX	Taiwan	11,051.80	0.83%	0.20%	0.65%	6.54%	3.42%	100%
STOCK EXCH OF THAI INDEX	Thailand	1,762.14	0.49%	3.56%	0.97%	8.95%	0.15%	102%
HO CHI MINH STOCK INDEX	Vietnam	1,014.72	1.47%	2.66%	0.65%	23.22%	3.34%	122%
Rest of the World								
MSCI ACWI	MSCI World	524.25	-0.68%	0.26%	2.19%	8.18%	2.19%	106%
MSCI EM	MSCI EM	1,047.91	-0.33%	-0.76%	-9.54%	-2.28%	-9.54%	106%
MSCI Fronter Market Index	MSCI FM	2,596.59	-0.78%	-1.91%	-13.11%	-8.73%	-13.11%	104%
DFM GENERAL INDEX	Dubai	2,844.02	2.22%	-0.51%	-16.15%	-20.72%	-16.15%	93%
MSCI EM LATIN AMERICA	Latin America	2,576.51	1.16%	4.58%	-8.90%	-10.67%	-8.90%	174%
ARGENTINA MERVAL INDEX	Argentina	33,461.77	-11.10%	4.50%	-49.56%	-44.23%	11.30%	111%
MSCI BRAZIL	Brazil	1,729.49	2.13%	6.82%	-14.50%	-15.52%	-14.50%	111%
S&P/CLX IPSA (CLP) TR	Chile	5,283.53	-2.19%	3.87%	-11.17%	-3.76%	-5.05%	175%
IGBC GENERAL INDEX	Colombia	12,464.06	3.11%	4.50%	9.35%	11.64%	8.59%	
S&P/BMV IPC	Mexico	49,504.16	0.99%	2.56%	5.53%	-3.95%	0.30%	78%
Bolsa de Panama General	Panama	459.26	-0.54%	-2.37%	3.69%	6.06%	3.69%	64%
S&P/BVLPeruGeneralTRPEN	Peru	19,564.07	-0.56%	0.74%	-3.82%	5.03%	-2.05%	350%
MSCI EFM AFRICA	Africa	787.85	-1.40%	-3.03%	-22.27%	-6.36%	-22.27%	100%
EGYPT HERMES INDEX	Egypt	1,381.83	3.87%	-10.34%	-4.26%	6.72%	-3.50%	104%
GSE Composite Index	Ghana	2,882.87	3.40%	0.32%	1.89%	11.88%	11.75%	17%
Nairobi SE 20 Share	Kenya	2,875.51	1.67%	-10.32%	-20.69%	-20.75%	-22.53%	162%
MASI Free Float Index	Morocco	11,335.55	0.60%	-2.04%	-9.45%	-6.55%	-8.50%	131%
NIGERIA STCK EXC ALL SHR	Nigeria	32,766.37	0.11%	-6.67%	-15.41%	-8.69%	-14.32%	75%
FTSE/JSE AFRICA TOP40 IX	South Africa	49,498.13	-1.87%	-2.09%	-17.57%	-3.29%	-5.73%	116%
Global Style								
MSCI WORLD GROWTH INDEX	US	2,706.69	0.12%	0.10%	9.23%	16.61%	9.23%	107%
MSCI WORLD VALUE INDEX	US	2,829.89	-1.62%	0.71%	-1.59%	2.71%	-1.59%	108%
MSCI World Large Cap	US	1,341.91	-0.65%	0.59%	4.31%	10.06%	4.31%	106%
MSCI World Mid-Cap	US	1,405.27	-1.08%	-0.56%	1.57%	7.55%	1.57%	109%
Average			-0.41%	-0.05%	-5.53%	-0.76%	-4.12%	116%
Top 25%			0.79%	2.21%	1.43%	6.63%	2.23%	121%
Bottom 25%			-1.10%	-1.95%	-10.92%	-8.08%	-9.06%	100%

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GLOBAL MARKET DATA (CONTD.)

24 TO 30 SEPTEMBER

FX (vs USD)			Return +ive=USD Stronger			
Name	**BBG Code**	**Price**	**1 Week**	**MTD**	**YTD**	**1Y**
DOLLAR INDEX SPOT	DXY Index	95.28	0.97%	-0.01%	3.27%	2.20%
USD-EUR X-RATE	USDEUR Curncy	0.86	1.10%	-0.20%	3.50%	1.45%
Russian Ruble SPOT (TOM)	USDRUB Curncy	65.58	-1.55%	-3.00%	13.76%	12.89%
USD-TRY X-RATE	USDTRY Curncy	6.02	-2.86%	-7.53%	60.92%	71.20%
USD-GBP X-RATE	USDGBP Curncy	0.77	0.34%	-0.63%	3.69%	3.04%
Bloomberg JPMorgan Asia Dollar	ADXY Index	104.75	-0.10%	-0.28%	-4.54%	-2.17%
USD-AUD X-RATE	USDAUD Curncy	1.39	0.63%	-0.67%	7.97%	8.46%
USD-CNY X-RATE	USDCNY Curncy	6.87	0.10%	0.44%	5.57%	3.30%
USD-INR X-RATE	USDINR Curncy	72.85	0.35%	2.38%	13.62%	10.87%
USD-JPY X-RATE	USDJPY Curncy	114.00	0.81%	2.18%	0.82%	0.93%
USD-KRW X-RATE	USDKRW Curncy	1,110.78	-0.48%	-0.65%	3.99%	-3.20%
USD-TWD X-RATE	USDTWD Curncy	30.52	-0.52%	-0.72%	2.75%	0.34%
USD-ARS X-RATE	USDARS Curncy	41.29	9.65%	9.31%	120.65%	134.39%
USD-BRL X-RATE	USDBRL Curncy	4.05	-0.47%	-1.76%	21.41%	26.38%
USD-CLP X-RATE	USDCLP Curncy	658.50	-1.09%	-3.49%	6.89%	3.40%
USD-MXN X-RATE	USDMXN Curncy	18.54	-0.66%	-2.58%	-4.95%	2.80%
USD-EGP X-RATE	USDEGP Curncy	17.91	0.05%	0.53%	0.82%	1.61%
USD-NGN X-RATE	USDNGN Curncy	363.72	0.59%	0.74%	1.29%	1.29%
USD-ZAR X-RATE	USDZAR Curncy	14.14	-1.02%	-3.59%	14.35%	4.83%
Commodities			**Return (USD)**			
WTI CRUDE FUTURE Nov18	CLA Comdty	73.37	3.49%	5.59%	25.47%	41.93%
BRENT CRUDE FUTR Dec18	COA Comdty	82.89	5.74%	6.89%	30.00%	48.96%
Baltic Dry Index	BDIY Comdty	1,540.00	8.99%	-2.47%	12.74%	10.71%
Natural Gas Futures	NG1 Comdty	3.02	1.04%	3.16%	1.86%	-0.30%
Gold Spot $/Oz	XAU Curncy	1,186.85	-0.40%	-0.63%	-8.70%	-7.38%
Silver Spot $/Oz	XAG Curncy	14.60	2.45%	1.02%	-13.94%	-12.90%
LME COPPER 3MO ($)	LMCADS03 Comdty	6,258.00	-1.65%	4.74%	-13.65%	-4.05%
Government Bond Yields %			**Change (percentage points)**			
US Generic Govt 2 Year Yield	USGG2YR Index	2.82	0.02	0.19	0.94	1.37
US Generic Govt 5 Year Yield	USGG5YR Index	2.96	0.00	0.21	0.75	1.06
US Generic Govt 10 Year Yield	USGG10YR Index	3.07	0.00	0.20	0.66	0.75
Canadian Govt Bonds 10 Year No	GCAN10YR Index	2.43	0.00	0.20	0.38	0.30
Mexico Generic 10 Year	GMXN10YR Index	7.94	-0.12	0.02	0.28	1.05
UK Govt Bonds 10 Year Note Gen	GUKG10 Index	1.59	0.02	0.15	0.38	0.20
Switzerland Govt Bonds 10 Year	GSWISS10 Index	0.04	0.03	0.13	0.19	0.05
German Government Bonds 2 Yr B	GDBR2 Index	-0.53	0.01	0.08	0.10	0.17
German Government Bonds 5 Yr O	GDBR5 Index	-0.09	0.03	0.14	0.11	0.17
German Government Bonds 10 Yr	GDBR10 Index	0.48	0.01	0.14	0.04	-0.01
French Generic Govt 10Y Yield	GTFRF10Y Govt	0.82	0.03	0.12	0.02	0.04
Greece Generic Govt 10Y Yield	GTGRD10Y Govt	4.13	0.10	-0.22	0.08	-1.51
Italy Generic Govt 10Y Yield	GBTPGR10 Index	3.21	0.32	-0.09	1.13	1.03
Spain Generic Govt 10Y Yield	GSPG10YR Index	1.51	0.00	0.03	-0.07	-0.13
Portugal Generic Govt 10Y Yield	GSPT10YR Index	1.88	0.01	-0.05	-0.06	-0.54
Australia Govt Bonds Generic Y	GACGB10 Index	2.67	-0.03	0.15	0.04	-0.19
India Govt Bond Generic Bid Yi	GIND10YR Index	7.97	-0.06	0.07	0.70	1.38
KCMP South Korea Treasury Bond	GVSK10YR Index	2.36	-0.06	0.04	-0.11	-0.05
Japan Generic Govt 10Y Yield	GJGB10 Index	0.13	0.00	0.02	0.08	0.06
South Africa Govt Bonds 10 Yea	GSAB10YR Index	8.72				
Corporate Credit Indices			**Change (Bps) +ive = Widening**			
MARKIT ITRX EUR XOVER 12/23	ITRXEXE CBIL Curncy	273.29	9.04	-25.60	41.53	18.72
MARKIT ITRX EUROPE 12/23	ITRXEBE CBIL Curncy	68.44	0.53	0.37	23.82	10.97
MARKIT ITRX EUR SNR FIN 12/23	ITRXESE CBIL Curncy	84.23	5.46	-1.06	39.91	23.78
MARKIT ITRX EUR SUB FIN 12/23	ITRXEUE CBIL Curncy	171.19	11.74	-6.31	65.87	33.87
MARKIT CDX.NA.IG.31 12/23	IBOXUMAE CBIL Curncy	59.42	-1.75	-0.74	10.67	2.93
MARKIT CDX.NA.HY.31 12/23	IBOXHYSE CBIL Curncy	331.60	17.12	0.56	26.80	1.99
Implied Volatility (Equity Index)			**Change (Volatility Points) +ive = Volatility Rising**			
Eurostoxx 3month ATM	SX5E Index	13.06	0.85	-0.78	-0.60	0.75
FTSE 100 500 3month ATM	UKX Index	11.58	0.25	-0.75	2.19	1.71
Hang Seng 3month ATM	HSI Index	17.68	0.09	0.21	2.77	2.42
Nikkei 3month ATM	NKY Index	15.12	-0.23	1.46	-0.41	1.94
S&P 500 3month ATM	SPX Index	11.08	0.18	-0.16	1.16	1.36
Volatility (VIX)	VIX Index	12.00	0.44	-0.74	1.08	2.57
Inflation (Long term inflation expectation proxy) %			**Change (percentage points)**			
US 5Y5YF Inflation Swap		2.43	-0.04	0.05	0.11	0.17
UK 5Y5YF Inflation Swap		3.53	0.02	0.11	0.03	0.13
JPY 5Y5YF Inflation Swap		0.27	0.00	0.00	-0.13	-0.05
EUR 5Y5YF Inflation Swap		1.71	0.01	-0.02	-0.02	0.05
Economic Data Surprise (+ive/-ive = above/below expectations)						
Citi Economic Surprise Index	CESIAPAC Index	-9.60				
Citi Economic Surprise Index -	CESICNY Index	-19.20				
Citi Economic Surprise Index -	CESIEM Index	-7.60				
Citi Economic Surprise Index -	CESIEUR Index	-31.90				
Citi Economic Surprise Index -	CESIG10 Index	-7.80				
Citi Economic Surprise - Japan	CESIJPY Index	-6.20				
Citi Economic Surprise Index -	CESILTAM Index	1.50				
Citi Economic Surprise - Unite	CESIUSD Index	-5.20				

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

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