

22 - 28 OCTOBER: WILL EQUITY MARKETS SCARE THE FED AWAY FROM TIGHTENING?

THIS WEEK'S GLOBAL EQUITY MARKET MOVERS

DEVELOPED	Top 3:	Ireland -1.40% , Switzerland -2.49% , Spain -2.88%
	Bottom 3:	Luxembourg -9.39% , Austria -6.09% , Norway -5.69%
EMERGING	Top 3:	Pakistan 5.42% , Brazil 2.93% , China "A" 1.69%
	Bottom 3:	Colombia -6.85% , South Korea -6.84% , Poland -5.96%
FRONTIER	Top 3:	Argentina 1.38% , Sri Lanka 0.54% , Nigeria 0.48%
	Bottom 3:	Vietnam -6.06% , Lithuania -4.59% , Estonia -4.04%

Well, of course, 'it depends.' The reaction function of the Fed's monetary policy depends primarily on two factors: the state of the labour market and the intensity of domestic price pressures. Neither have been impacted, nor have the US' financial vulnerabilities been exacerbated by the turmoil in financial markets. . We may receive further evidence this week that inflation is on track to meet the Fed's 2% target and/or that the labour market remains at the state of full employment; both are arguments in favour of tighter monetary conditions going forward. Therefore, although recent stock market instability drove the S&P 500 into negative territory year-to-date, the **decline of the index might just fall short of forcing the Federal Reserve into rethinking its tightening policy.**

Markets will have no time to take a deep breath this week, as the economic diary is fully packed with key macroeconomic data that has the potential to influence asset prices. Most importantly, PCE inflation, manufacturing confidence indicators and **labour market figures will be published in the US**, including the very closely scrutinised wage growth number. In the Eurozone, Q3 GDP will be published which may challenge the ECB's view that growth in the Euro Area remains solid and broad-based. Meanwhile, **the Bank of England decides on the policy rate this week**, when Governor Carney might provide further guidance on the timing of the next hike.

In emerging Asia, all eyes will be on Chinese PMI data from October. Should the indicator show stability, markets will find comfort in the idea that trade tensions have had no significant impact on the underlying strength of Chinese economic activity. **In Latin America, Mr. Bolsonaro's efforts to form a government will be watched closely, while the Argentine' crisis management may support markets.** Macro data should gain greater importance as the election in Brazil is behind us. As a result, Mexican GDP data from Q3 will be particularly important this week. Meanwhile in Africa, **speculation about South Africa's credit rating will probably continue.**

UNITED STATES

S&P 2,659 **-3.94%**, 10yr Treasury 3.06% **-11.66bps**, HY Credit Index 386 **+19bps**, Vix 24.36 **+4.27Vol**

Claiming that volatility in the US stock markets remained elevated during the week is an understatement, as **US stocks were massively sold off across the board**. The S&P 500 led the pack by falling 4% and is 0.6% below its value seen at the beginning of this year. Energy firms and financials underperformed in this choppy environment, as they dropped 7.1% and 5.2%, respectively. Consumer staples weathered the turmoil relatively well, as the index for staples decreased by only 1.4%. **As tighter USD liquidity conditions and mounting political tensions roil markets, investors seek safety in US Treasuries**. Consequently, the whole Treasury curve eased by more than 10bp, bringing the 2-year yield to 2.81% and the 10-year to 3.08%.

Real GDP growth in the US hit 3.5% on seasonally adjusted annualised terms in Q3, exceeding the median market estimate. Consumption growth was 4%, while business equipment investment was broadly flat in the quarter. The negative contribution by net exports was largely offset by increased inventory building. Details also revealed that price pressure in Q3 remained subdued, since quarterly core PCE inflation was 1.6% in annualised terms.

In the first three quarters of this year, real GDP growth exceeded both expectations and the economy's inherent potential, which has two important implications:

1. *The December rate hike by the Fed is basically a done deal, as the economy is in a solid shape to withstand tighter financial conditions,*

2. *GDP growth might slow below its potential without further policy stimulus in 2019, which may constrain the Fed in its efforts to normalise interest rates.*

Markets are now factoring in fewer than two 25bp hikes for next year, compared with the three increases that the FOMC members have projected.

EUROPE

Eurostoxx 3,148 **-3.42%**, German Bund 0.36% **-10.80bps**, Xover Credit Index 302 **-8bps**, USDEUR .877 **+1.08%**

European stock markets fared rather badly, as major stock indices lost 3-4% of their value in USD terms during the week. **Investors sought haven in sovereign debt assets**, which led to the decrease in yields on the majority of the Euro Area bonds. As a result, the 10-year German Bund yield fell 11bp to 0.35%, below the level where it was seen at the beginning of this year. Italian bonds benefitted the least from the flows to sovereign bonds, due to the debates between the Italian government and the EU on Italy's budget proposal for 2019. The 10-year Italian spread remains alarmingly wide, at 309bp.

The European Central Bank left the policy rates stable, in line with expectations. Consequently, the main refinancing rate is 0%, while the deposit rate is -0.4%. The President of the ECB, Mario Draghi played down recent weaker economic growth data, concurring with the Governing

Council's judgment that 'the risks surrounding the Euro Area growth outlook can still be assessed as broadly balanced.' **The ECB is still confident that core inflation will rise towards the end of the year**, because of 'high levels of capacity utilisation and tightening labour markets.'

The statement by the Governing Council and Mr. Draghi's remarks imply – in our view – that the ECB may want to wait until December when it will have more economic data and its projections are updated. Our own view is that the weakness in economic growth is more broad-based than the ECB suggests. Therefore, we are of the view that the ECB will probably need to lower its forecasts for economic growth in its projection released in December, which might ultimately lead to a shift in the stance of the Governing Council, i.e. postpone the termination of asset purchases from Q4 to a later date. We believe that the Euro Area's economy does not show signs yet that a rate hike in 2019 would be appropriate.

The EU rejected Italy's 2019 budget proposal, as the EU Commission called on Italy to submit a revised 2019 budget within three weeks, as the current draft has 'a particularly serious non-compliance with the recommendations' issued by the Council to Italy. Italian PM Conte said in an interview to Bloomberg that there was no alternative to the budget and that the deficit target would stay at 2.4% of GDP.

ASIA PACIFIC

HSCEI 10,003 **-1.58%**, Nikkei 21,149.80 **-5.56%**, 10yr JGB 0.11% **0bps**, USDJPY 111.930 **-0.44%**

The MSCI Asia Pacific ex. Japan index fell 3.7% in USD during the week and has entered bear market territory, as the index has lost 20% of its value in USD since the beginning of the year. The South Korean, Vietnamese and Taiwanese stock indices underperformed during the week, as they fell 6.6%, 6.1% and 4.6% in USD, respectively. In contrast, Pakistan, Chinese 'A' shares and Sri Lanka outperformed by rising 5.4%, 1.7% and 0.5% (all in USD), respectively.

Total profit of Chinese industrial enterprises grew 14.7% YoY YTD in September, down by 1.5ppt from 16.2% YoY YTD in August. The single-month growth decelerated to 4.1% YoY in September. State-owned enterprises' (SOE) profit growth slowed from 23.3% YoY YTD, while profit of privately-owned enterprises (POE) grew 9.3% YoY. Since the beginning of the year, SOEs deleveraged while POEs re-leveraged, as the asset-liability ratio of SOEs declined to 59% as opposed to POEs, whose ratio increased to 56.1%.

The Chinese government has rolled out a series of measures to boost infrastructure investments and household consumption in an attempt to offset the trade war's impact on Chinese economic activity. High-frequency macroeconomic indicators are likely to show the first signs of the stimulus measures' spurring effect as early as Q4.

The central bank of Indonesia left the policy rate unchanged at 5.75% in its regular monetary

policy meeting, in-line with market consensus. The communication released by the MPC implied – in our view – that policymakers do not foresee further widening of the current account deficit due to the government’s measures introduced in September to curb imports.

We are of the view that the Indonesia central bank will need to consider further rate hikes, since Indonesian asset prices will remain sensitive to global market sentiment, partly due to the current account deficit.

Thai foreign trade figures fell short of expectations, as exports fell 5.2% YoY in September as opposed to Bloomberg consensus that projected a 5.3% YoY increase. Imports missed estimates as well, as they increased 9.9% YoY vs. the median Bloomberg estimate of 14.3% YoY. As a result, foreign trade surplus amounted to USD 0.45bn. The regional breakdown revealed that exports to China dropped 14.1% YoY, while the sectoral breakdown reflected a decrease of 7.4% YoY in cars and parts, computers and accessories.

Despite the downside surprise, the foreign trade surplus remains considerable, while real rates remain positive. Both should serve as a cushion for the currency in a challenging market environment. As the trade surplus shrinks and real rates decline, the central bank will need to reconsider its neutral stance soon, in our view.

Weak investment activity continued to drag South Korean GDP growth, as economic activity rose 0.6% QoQ in seasonally adjusted terms in Q3, while in annual terms growth slowed to 2.0%. Personal consumer spending and net exports contributed positively to GDP growth, while gross fixed capital formation and inventory stocks decrease strongly weighed on the pace of the South Korean economy’s expansion.

In a surprising political manoeuvre, Sri Lankan President Sirisena swore in former President Mahinda Rajapaksa as the new Prime Minister of the government. From a constitutional point of view, the President can appoint any Member of the Parliament as the Prime Minister. However, the interpretation of provisions relating to the removal of a sitting Prime Minister prior to appointing a new PM is debatable. The President may not have the legal power for such a removal. The fate of the previous Cabinet of Ministers remains unclear, as the President cannot remove any of the ministers without the ‘advice’ of the Prime Minister. The legality of the move will probably be challenged in the coming days.

LATIN AMERICA

MSCI Lat Am 2,688 -0.55%

During the week, Latin American markets faced challenges posed by the risk-averse global investor sentiment, international political tensions and broad-based USD strength. Consequently, the MSCI EM Latin America index decreased 0.6% in USD during the week. Mexico was among the worst performers, as the country’s stock index fell 4.5% in USD, followed by Colombia (3.6% in USD). Despite the headwinds, Brazilian and Argentine stock markets gained during the week in USD terms, by 2% and

1.4%, respectively.

Jair Bolsonaro (PSL) won the second round of the Presidential election, in line with political polls. Mr. Bolsonaro claimed about 56% of the vote in the race against Mr. Haddad (PT). Mr. Bolsonaro stated that his government will be ‘a defender of the constitution, of democracy and of freedom.’ His team of economic advisers is led by University of Chicago-trained Paulo Guedes, who plans to slash import barriers, embark on new free-trade talks, and realign foreign policy more closely with that of the US.

Brazilian asset prices could benefit in the short-term from the win of Mr. Bolsonaro, as his agenda was more market- and business-friendly than that of his opponent. However, a key question remains whether Mr. Bolsonaro can form such a majority in Congress that helps him pass the crucially needed reforms that address the Brazilian domestic economy’s inherent deficiencies.

Mexican index of economic activity (IGAE), which is a monthly proxy for GDP, rose by 1.7% YoY in August, after growing 2.8% YoY in July. Details revealed that industrial production virtually stagnated in annual comparison, while growth of services slowed to 2.4% YoY. Meanwhile, agricultural output grew by a meagre 1.0% YoY.

Foreign trade deficit in Mexico stood at USD 195mn, well below the Bloomberg consensus. The smaller-than-expected deficit mostly reflected the strength of the manufacturing sector, with the significant contribution of motor-vehicle shipments, as well as the higher value of oil exports given high oil prices.

In the first two weeks of October, Mexican consumer prices posted a 0.4% increase. **In annual terms, inflation stood at 4.9%**, a decrease compared to the 5.2% YoY reading for the previous bi-weekly period. Core prices rose 3.7%YoY, matching expectations.

The central bank of Mexico published its 2018 Financial Stability Report, which highlighted the strength and resilience of the Mexican financial system. **The report finds that financial stability risks stem mainly from abroad**, as increases in US interest rates, an escalation of international trade tensions, and a lower Mexican growth outlook remain the most relevant risks in the central bank’s view. Stress tests under extreme scenarios show that the banking system remains robust.

Argentine foreign trade balance posted a USD 314mn surplus in September, exceeding market expectations. This is the first trade surplus in almost two years. As a result, the 12-month trade deficit fell by about USD 1bn to USD 9.7bn. The sharp depreciation of the exchange rate and the contraction of internal demand led to a visible improvement of the trade figures, in spite of poor exports of agricultural products.

The central bank of Colombia kept its policy rate unchanged at 4.25%, in line with expectations. The decision was taken unanimously, as most of the MPC’s arguments remained broadly unchanged. MPC members claimed that inflation may continue to hover close to the target, despite elevated inflation expectations. According to the central bank, the Colombian economy has been

performing below its potential.

AFRICA

MSCI Africa 696 -4.08%

Majority of African stock markets declined in USD terms.

Egypt received the greatest blow, as the country's stock index fell 4.2% in USD. The South African market also underperformed, by falling 4% in USD. The Nigerian market was among the bright spots in Africa, as the Nigerian stock index slightly gained, about 0.5% in USD.

The South African government's latest budget raised the deficit estimate.

The consolidated budget deficit is estimated at 4% of GDP in FY2018-19, compared with the 2018 budget projection of 3.6%. The government projects a wider fiscal deficit than before due to a combination of higher-than-expected VAT refunds, slower economic growth and higher-than-expected public sector wage settlements. The economic outlook is also weaker than projected; GDP growth projection was revised down from 1.5% to 0.7% in 2018 following a recession in the first half of the year, although it is expected to recover gradually to 2.3% by 2021 as confidence grows and investment gathers pace.

The worse-than-expected fiscal outlook increases the risk of a credit rating downgrade by Moody's or a change to a negative outlook in the short-term. We are of the view that Moody's will not downgrade South Africa to non-investment grade this year.

South Africa's headline consumer inflation was flat at

4.9% YoY in September. Core inflation was also unchanged at 4.2%. On a monthly basis, headline inflation rose to 0.5% in September after a 0.1% contraction in August.

Morocco's annual consumer price inflation moderated to 1.1% YoY in September

from 1.7% in August due to a slowdown in food prices. Annual food inflation declined to 0.6% in September from 1.1% in August, while non-food inflation increased to 2.1% from 1.9%.

Kenya's risk of defaulting on debt repayments has increased to 'moderate' from 'low' according to the IMF.

The Washington-based lender cited the higher level of debt together with rising reliance on non-concessional borrowing which has seen Kenya's interest payments on public debt increase to nearly one fifth of revenue, placing the country in the top quartile among its peers.

THE WEEK AHEAD

	Date	Consensus
UNITED STATES		
PCE deflator (Sep) YoY %	Mon/29	2.0%
ADP employment (Oct)	Wed/31	187K
ISM manufacturing (Oct)	Thu/01	59.0
Non-farm Payrolls (Oct)	Fri/02	193K
EUROPE		
Eurozone GDP (Q3) YoY %	Tue/30	1.8%
Eurozone Unemployment (Sep) %	Wed/31	8.1%
Eurozone CPI (Oct) YoY %	Wed/31	2.2%
UK Bank of England policy rate decision %	Thu/01	0.75%
Eurozone Manufacturing PMI	Fri/02	52.1
ASIA PACIFIC		
China Official Manufacturing PMI	Wed/31	50.6
Asia Pacific Nikkei Manufacturing PMIs	Thu/01	
LATIN AMERICA		
Mexico GDP (Q3) YoY %	Tue/30	2.4%
AFRICA		
South Africa Unemployment (Q3) %	Tue/30	27.4%

GLOBAL MARKET DATA (CONTD.)

22 - 28 OCTOBER

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	2,658.69	-3.94%	-8.76%	-0.56%	3.84%		130%
RUSSELL 2000 INDEX	US	1,483.82	-3.78%	-12.54%	-3.37%	-0.91%		110%
NASDAQ COMPOSITE INDEX	US	7,167.21	-3.78%	-10.93%	3.82%	9.31%		120%
S&P/TSX COMPOSITE INDEX	Canada	14,888.26	-3.55%	-8.41%	-12.07%	-8.06%	-8.15%	125%
S&P 500 CONS DISCRET IDX	US	821.21	-3.22%	-12.47%	4.57%	13.49%		112%
S&P 500 CONS STAPLES IDX	US	554.62	-1.36%	-0.05%	-5.58%	0.52%		126%
S&P 500 FINANCIALS INDEX	US	419.35	-5.24%	-8.47%	-9.61%	-5.76%		136%
S&P 500 HEALTH CARE IDX	US	1,011.70	-4.45%	-8.14%	5.79%	6.45%		131%
S&P 500 INFO TECH INDEX	US	1,195.35	-2.71%	-9.58%	8.06%	13.11%		120%
S&P 500 ENERGY INDEX	US	492.59	-7.06%	-12.18%	-7.65%	-1.18%		122%
S&P 500 ECO SECTORS IDX	US	2,658.69	-3.94%	-8.76%	-0.56%	3.84%		130%
S&P 500 INDUSTRIALS IDX	US	581.00	-5.55%	-11.85%	-8.91%	-5.18%		133%
S&P 500 MATERIALS INDEX	US	318.04	-4.47%	-12.41%	-16.07%	-14.62%		158%
S&P 500 REAL ESTATE IDX	US	194.76	-1.02%	-3.52%	-4.46%	-1.80%		95%
S&P 500 COMM SVC	US	146.55	-4.34%	-8.72%	-11.75%	-2.06%		229%
S&P 500 UTILITIES INDEX	US	271.09	-2.13%	1.43%	1.39%	-2.30%		110%
Europe								
Euro Stoxx 50 Pr	Europe	3,147.81	-3.42%	-9.51%	-15.19%	-15.92%	-10.53%	114%
CAC 40 INDEX	France	4,967.37	-3.36%	-11.27%	-11.37%	-11.58%	-6.50%	136%
DAX INDEX	Germany	11,269.73	-4.10%	-10.26%	-17.81%	-16.80%	-13.29%	121%
Athex Composite Share Pr	Greece	633.27	0.26%	-10.16%	-25.18%	-16.50%	-21.08%	102%
FTSE MIB INDEX	Italy	19,021.49	-3.13%	-11.49%	-18.96%	-20.09%	-14.51%	109%
AEX-Index	Netherlands	507.52	-4.40%	-9.39%	-11.66%	-9.60%	-6.81%	119%
PSI All-Share Index GR	Portugal	2,911.51	-3.20%	-9.64%	-7.06%	-4.24%	-1.95%	95%
MOEX Russia Index	Russia	2,298.82	-2.77%	-7.79%	-4.89%	-1.50%	8.70%	114%
IBEX 35 INDEX	Spain	8,802.00	-2.88%	-8.76%	-17.60%	-17.70%	-13.08%	14.4%
OMX STOCKHOLM 30 INDEX	Sweden	1,497.92	-4.44%	-13.01%	-15.53%	-18.28%	-5.81%	156%
SWISS MARKET INDEX	Switzerland	8,736.94	-2.49%	-6.76%	-9.93%	-5.99%	-7.63%	147%
BIST 100 INDEX	Turkey	90,541.53	-4.79%	-1.15%	-46.76%	-42.14%	-21.50%	79%
FTSE 100 INDEX	UK	6,979.38	-3.36%	-9.09%	-14.36%	-9.73%	-9.73%	112%
Asia Pacific								
MSCI AC ASIA x JAPAN	MSCI Asia Ex	573.57	-3.68%	-12.48%	-19.61%	-16.14%	-19.61%	133%
S&P/ASX 200 INDEX	Australia	5,728.16	-5.09%	-10.55%	-15.22%	-11.58%	-6.59%	115%
DSE 30 Index	Bangladesh	1,860.23	-1.16%	-0.82%	-19.32%	-15.16%	-17.83%	
HANG SENG CHINA ENT INDX	China "H"	10,003.49	-1.58%	-8.87%	-14.40%	-12.55%	-14.10%	125%
SHANGHAI SE COMPOSITE	China "A"	2,542.10	1.69%	-8.87%	-26.36%	-27.08%	-21.42%	137%
HANG SENG INDEX	HK	24,813.64	-3.29%	-11.21%	-17.67%	-12.78%	-17.39%	112%
Nifty 50	India	10,192.35	-2.27%	-8.98%	-16.86%	-13.90%	-4.75%	116%
JAKARTA COMPOSITE INDEX	Indonesia	5,765.79	-1.01%	-4.97%	-18.56%	-13.42%	-8.98%	95%
NIKKEI 225	Japan	21,149.80	-5.56%	-10.95%	-6.42%	-1.00%	-6.94%	109%
KOSPI 200 INDEX	Korea	260.19	-6.57%	-15.00%	-24.08%	-20.76%	-19.11%	113%
Laos Composite Index	Laos	831.00	-1.20%	-5.67%	-19.16%	-22.53%	-16.87%	114%
FTSE Bursa Malaysia KLCI	Malaysia	1,682.07	-3.23%	-6.96%	-8.88%	-1.72%	-6.33%	95%
KARACHI 100 INDEX	Pakistan	41,254.94	5.42%	-8.75%	-17.13%	-22.72%	0.21%	174%
PSEI - PHILIPPINE SE IDX	Philippines	7,109.03	-0.86%	-2.13%	-22.93%	-17.13%	-17.46%	82%
STRAITS TIMES INDEX STI	Singapore	2,982.50	-3.19%	-9.65%	-15.43%	-12.42%	-12.66%	109%
SRI LANKA COLOMBO ALL SH	Sri Lanka	5,945.16	0.54%	-2.71%	-18.71%	-21.89%	-8.44%	81%
TAIWAN TAIEX INDEX	Taiwan	9,916.32	-4.57%	-15.18%	-14.63%	-13.67%	-10.84%	96%
STOCK EXCH OF THAI INDEX	Thailand	1,637.92	-3.80%	-9.40%	-8.53%	-4.33%	-7.11%	105%
HO CHI MINH STOCK INDEX	Vietnam	888.82	-6.06%	-11.58%	-11.01%	5.47%	-8.48%	87%
Rest of the World								
MSCI ACWI	MSCI World	475.11	-3.83%	-9.37%	-7.39%	-3.76%	-7.39%	122%
MSCI EM	MSCI EM	939.55	-3.29%	-10.34%	-18.90%	-15.22%	-18.90%	122%
MSCI Frontier Market Index	MSCI FM	2,465.99	-1.55%	-5.03%	-17.48%	-14.22%	-17.48%	98%
DFM GENERAL INDEX	Dubai	2,707.01	-0.77%	-3.48%	-18.81%	-25.05%	-18.80%	98%
MSCI EM LATIN AMERICA	Latin America	2,687.59	-0.55%	4.31%	-4.97%	-6.01%	-4.97%	119%
ARGENTINA MERVAL INDEX	Argentina	29,369.87	1.38%	-2.30%	-50.72%	-49.85%	-2.31%	70%
MSCI BRAZIL	Brazil	2,010.95	2.04%	16.27%	-0.59%	-2.39%	-0.59%	124%
S&P/CLX IPSA (CLP) TR	Chile	5,124.10	-0.96%	-7.19%	-17.56%	-14.38%	-7.92%	94%
IGBC GENERAL INDEX	Colombia	12,455.98	-3.61%	-6.90%	1.80%	7.12%	8.52%	
S&P/BMV IPC	Mexico	45,803.33	-4.48%	-11.04%	-6.13%	-7.97%	-7.20%	125%
Bolsa de Panama General	Panama	457.93	-0.43%	-0.29%	3.39%	4.29%	3.39%	46%
S&P/BVLPeruGeneralTRPEN	Peru	18,576.36	-2.17%	-6.35%	-9.93%	-9.77%	-7.00%	105%
MSCI EFM AFRICA	Africa	696.46	-4.08%	-11.60%	-31.29%	-18.74%	-31.29%	102%
EGYPT HERMES INDEX	Egypt	1,242.37	-4.19%	-10.71%	-14.30%	-7.42%	-13.67%	91%
GSE Composite Index	Ghana	2,820.65	-1.59%	0.60%	2.50%	9.46%	9.34%	38%
Nairobi SE 20 Share	Kenya	2,820.55	0.18%	-2.40%	-22.59%	-19.77%	-24.01%	432%
MASI Free Float Index	Morocco	11,070.96	-0.86%	-3.03%	-12.19%	-10.38%	-10.64%	197%
NIGERIA STCK EXC ALL SHR	Nigeria	32,907.33	0.48%	0.88%	-14.66%	-10.63%	-13.95%	133%
FTSE/JSE AFRICA TOP40 IX	South Africa	45,039.57	-3.97%	-12.51%	-27.88%	-16.68%	-15.00%	104%
Global Style								
MSCI WORLD GROWTH INDEX	US	2,408.87	-4.03%	-11.00%	-2.79%	1.77%	-2.79%	129%
MSCI WORLD VALUE INDEX	US	2,620.79	-3.77%	-7.39%	-8.86%	-6.16%	-8.86%	118%
MSCI World Large Cap	US	1,223.72	-3.80%	-8.81%	-4.88%	-1.30%	-4.88%	121%
MSCI World Mid-Cap	US	1,244.64	-4.42%	-11.43%	-10.04%	-6.24%	-10.04%	119%
Average			-2.69%	-7.45%	-12.77%	-9.67%	-10.32%	121%
Top 25%			-1.18%	-5.00%	-6.27%	-1.93%	-6.57%	130%
Bottom 25%			-4.09%	-10.94%	-18.19%	-16.32%	-17.00%	102%

Gergely Urmosy
Macro Strategist

Aaron Armstrong
Senior Investment Analyst
(Asia)

Florian Gueritte
Investment Analyst
(Latam)

Temi Iyiola
Investment Analyst
(Africa)

Chris Wehbe
CEO & Chair of
Investment Committee

GLOBAL MARKET DATA (CONTD.)

22 - 28 OCTOBER

FX (vs USD)			Return +ive=USD Stronger			
Name	BBG Code	Price	1 Week	MTD	YTD	1Y
DOLLAR INDEX SPOT	DXY Index	96.40	0.67%	1.29%	4.60%	1.85%
USD-EUR X-RATE	USDEUR Curncy	0.88	1.08%	1.92%	5.48%	2.51%
Russian Ruble SPOT (TOM)	USDRUB Curncy	65.75	0.58%	0.46%	14.29%	13.75%
USD-TRY X-RATE	USDTRY Curncy	5.54	-1.41%	-8.36%	47.46%	45.78%
USD-GBP X-RATE	USDGBP Curncy	0.78	1.86%	1.63%	5.38%	2.67%
Bloomberg JPMorgan Asia Dollar	ADXY Index	103.43	-0.30%	-1.21%	-5.69%	-3.49%
USD-AUD X-RATE	USDAUD Curncy	1.41	0.48%	2.03%	10.15%	8.29%
USD-CNY X-RATE	USDCNY Curncy	6.95	0.20%	1.08%	6.71%	4.58%
USD-INR X-RATE	USDINR Curncy	73.37	-0.40%	0.82%	14.55%	12.62%
USD-JPY X-RATE	USDJPY Curncy	111.93	-0.44%	-1.37%	-0.56%	-1.57%
USD-KRW X-RATE	USDKRW Curncy	1,141.68	0.91%	2.84%	6.94%	1.38%
USD-TWD X-RATE	USDTWD Curncy	30.98	0.24%	1.65%	4.44%	2.39%
USD-ARS X-RATE	USDARS Curncy	36.84	1.04%	-10.16%	98.23%	110.44%
USD-BRL X-RATE	USDBRL Curncy	3.64	-1.12%	-8.66%	10.91%	11.92%
USD-CLP X-RATE	USDCLP Curncy	687.08	1.08%	4.50%	11.70%	8.48%
USD-MXN X-RATE	USDMXN Curncy	19.60	1.09%	4.01%	-1.14%	1.60%
USD-EGP X-RATE	USDEGP Curncy	17.96	-0.03%	0.57%	0.75%	1.47%
USD-NGN X-RATE	USDNGN Curncy	363.50	-0.27%	-0.45%	0.83%	0.83%
USD-ZAR X-RATE	USDZAR Curncy	14.54	1.31%	3.06%	17.85%	2.52%
Commodities			Return (USD)			
WTI CRUDE FUTURE Dec18	CLA Comdty	67.24	-2.44%	-7.49%	16.39%	29.53%
BRENT CRUDE FUTR Dec18	COA Comdty	77.18	-2.71%	-6.18%	21.97%	36.27%
Baltic Dry Index	BDIY Comdty	1,519.00	-3.62%	-1.36%	11.20%	-2.32%
Natural Gas Futures	NG1 Comdty	3.13	-2.00%	5.88%	7.86%	10.21%
Gold Spot \$/Oz	XAU Curncy	1,230.97	0.53%	3.47%	-5.53%	-2.87%
Silver Spot \$/Oz	XAG Curncy	14.63	0.25%	-0.04%	-13.97%	-12.79%
LME COPPER 3MO (\$)	LMCADS03 Comdty	6,160.00	-0.96%	-1.57%	-15.00%	-11.82%
Government Bond Yields %			Change (percentage points)			
US Generic Govt 2 Year Yield	USGG2YR Index	2.80	-0.10	-0.01	0.92	1.19
US Generic Govt 5 Year Yield	USGG5YR Index	2.90	-0.14	-0.05	0.70	0.83
US Generic Govt 10 Year Yield	USGG10YR Index	3.06	-0.12	0.01	0.67	0.61
Canadian Govt Bonds 10 Year No	GCAN10YR Index	2.39	-0.11	-0.03	0.35	0.36
Mexico Generic 10 Year	GMXN10YR Index	8.36	0.13	0.41	0.70	1.07
UK Govt Bonds 10 Year Note Gen	GUKG10 Index	1.37	-0.19	-0.19	0.19	0.00
Switzerland Govt Bonds 10 Year	GSWISS10 Index	-0.03	-0.06	-0.08	0.11	-0.01
German Government Bonds 2 Yr B	GDBR2 Index	-0.63	-0.05	-0.11	0.00	0.11
German Government Bonds 5 Yr O	GDBR5 Index	-0.21	-0.09	-0.13	-0.02	0.10
German Government Bonds 10 Yr	GDBR10 Index	0.36	-0.11	-0.12	-0.08	-0.06
French Generic Govt 10Y Yield	GTFRF10Y Govt	0.74	-0.10	-0.07	-0.04	-0.09
Greece Generic Govt 10Y Yield	GTGRD10Y Govt	4.22	-0.05	0.12	0.20	-1.23
Italy Generic Govt 10Y Yield	GBTGPR10 Index	3.33	-0.04	0.30	1.43	1.50
Spain Generic Govt 10Y Yield	GSPG10YR Index	1.54	-0.17	0.07	0.00	0.03
Portugal Generic Govt 10Y Yield	GSPT10YR Index	1.89	-0.11	0.03	-0.04	-0.33
Australia Govt Bonds Generic Y	GACGB10 Index	2.57	-0.09	-0.07	-0.03	-0.16
India Govt Bond Generic Bid Yi	GIND10YR Index	7.80	-0.05	-0.15	0.55	1.08
KCMP South Korea Treasury Bond	GVSKI0YR Index	2.25	-0.07	-0.10	-0.22	-0.30
Japan Generic Govt 10Y Yield	GJGB10 Index	0.11	-0.04	-0.02	0.07	0.04
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	301.84	8.47	29.78	71.31	65.50
MARKIT ITRX EUROPE 12/23	ITRXEBE CBIL Curncy	76.43	3.18	8.28	32.10	23.72
MARKIT ITRX EUR SNR FIN 12/23	ITRXESE CBIL Curncy	93.42	1.38	11.04	50.95	39.10
MARKIT ITRX EUR SUB FIN 12/23	ITRXEUE CBIL Curncy	188.82	6.97	23.85	89.72	68.81
MARKIT CDX.NA.IG.31 12/23	IBOXUMAE CBIL Curncy	70.21	2.89	9.99	20.66	15.79
MARKIT CDX.NA.HY.31 12/23	IBOXHYSE CBIL Curncy	386.42	18.65	48.92	75.72	68.20
Implied Volatility (Equity Index)			Change (Volatility Points) +ive = Volatility Rising			
Eurostoxx 3month ATM	SX5E Index	18.45	2.86	5.39	4.79	6.81
FTSE 100 500 3month ATM	UKX Index	15.87	1.92	4.30	6.48	6.91
Hang Seng 3month ATM	HSI Index	23.79	2.96	6.11	8.88	10.40
Nikkei 3month ATM	NKY Index	22.38	4.22	7.25	6.85	8.66
S&P 500 3month ATM	SPX Index	18.72	2.39	7.64	8.80	9.33
Volatility (VIX)	VIX Index	24.36	4.27	12.04	13.12	12.86
Inflation (Long term inflation expectation proxy) %			Change (percentage points)			
US 5Y5YF Inflation Swap		2.34	-0.05	-0.10	0.01	0.04
UK 5Y5YF Inflation Swap		3.55	0.01	0.03	0.06	0.13
JPY 5Y5YF Inflation Swap		0.27	0.00	0.00	-0.13	-0.04
EUR 5Y5YF Inflation Swap		1.66	-0.01	-0.04	-0.06	-0.01
Economic Data Surprise (+ive/-ive = above/below expectations)						
Citi Economic Surprise Index	CESIAPAC Index	-8.00				
Citi Economic Surprise Index -	CESICNY Index	-12.00				
Citi Economic Surprise Index -	CESIEM Index	-6.10				
Citi Economic Surprise Index -	CESIEUR Index	-42.30				
Citi Economic Surprise Index -	CESIGIO Index	-18.50				
Citi Economic Surprise - Japan	CESIJPY Index	-28.70				
Citi Economic Surprise Index -	CESILTAM Index	0.90				
Citi Economic Surprise - Unite	CESIUSD Index	-3.50				

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