

## 14 - 20 JANUARY: POLITICAL RISKS TAKE THE DRIVING SEAT, AGAIN

### THIS WEEK'S GLOBAL EQUITY MARKET MOVERS

DEVELOPED	Top 3:	United States <b>2.87%</b> , Canada <b>2.47%</b> , Germany <b>1.80%</b>
	Bottom 3:	Denmark <b>-0.59%</b> , Japan <b>0.18%</b> , New Zealand <b>0.25%</b>
EMERGING	Top 3:	Turkey <b>10.16%</b> , Chile <b>2.93%</b> , Russia <b>2.03%</b>
	Bottom 3:	Greece <b>-3.94%</b> , Dubai <b>-1.13%</b> , Czech Republic <b>-0.31%</b>
FRONTIER	Top 3:	Nigeria <b>4.37%</b> , Slovenia <b>3.82%</b> , Kenya <b>2.10%</b>
	Bottom 3:	Romania <b>-2.10%</b> , Oman <b>-1.71%</b> , Lebanon <b>-1.50%</b>

Various risks of political nature linger that drive global market sentiment and thus asset prices. Just to name a few:

- Due to the government shutdown in the US, markets are losing visibility on the outlook for US rates and yields, since the publication of relevant macroeconomic data is delayed (such as retail sales last week).
- No new meaningful pieces of information may be revealed related to the ongoing trade talks between the US and China in the short-term.
- Nobody knows for sure how to capture the magnitude of Brexit's economic implications or when Brexit may materialise.
- Populist parties could upset the frail political landscape within the EU after the elections are over.

Whilst it is difficult to accurately incorporate political risks in asset prices, **the uncertainty and unpredictability will sooner or later translate into higher volatility.**

### UNITED STATES

S&P 2,671 **+2.87%**, 10yr Treasury 2.78% **+8.35bps**, HY Credit Index 383 **-23bps**, Vix 17.80 **-39Vol**

**US stock markets enjoyed an upbeat week**, due to positive US-China trade headlines and a 'patient' Fed. The S&P 500 rose 2.9% led by financials (+6.1%) and industrials (+3.3%), while the US dollar strengthened (DXY up 0.7%). The **Treasury curve has started to regain its normal upward-sloping shape**, as the 5-year yield is finally 1bp above the 2-year tenor (2.62% vs. 2.61%). The 10-year yield rose 8bp to 2.78% on the back of rising inflation expectations led by

higher oil prices (WTI for the February delivery up 4.3%; Brent for the March delivery up 3.7%).

#### **Industrial production rose 0.3% MoM in December.**

Manufacturing production was one of the strongest components, as it increased 1.1% MoM, well above consensus. Manufacturing strength was broad-based across categories. The overall production number was weighed on by a large decline in utilities, due to the unusually warm weather.

**Producer price inflation (PPI) fell 0.2% MoM in December**, while in an annual comparison remained at 2.5%. Excluding food and energy prices, PPI was stable at 2.7%YoY.

*The trajectory of PPI suggests that there are no strong underlying price pressures in the US' domestic economic for the time being.*

**Looking forward:** The government shutdown led to the delay of a potentially market-moving retail sales figure, it is scheduled to be released this week. However, it remains highly uncertain if any relevant macroeconomic data will be revealed. **Consequently, the market will need to rely on gauges by private sources, such as the Markit Manufacturing PMI as long as the government shutdown persists.**

## EUROPE

Eurostoxx 3,127 **+1.00%**, German Bund 0.25% **+2.30bps**, Xover Credit Index 324 **-14bps**, USDEUR .879 **+1.08%**

**Risk appetite strengthened in the European space**, and as a result, the majority of stock indices gained during the week. Within the Eurozone, the German DAX delivered one of the best performances, as the index rose 1.8% in USD. Meanwhile, the UK's FTSE 100 lagged behind, since the index climbed to a lesser extent, by 0.9% in USD. Meanwhile in the fixed income space, **German Bund yields slightly rose**, the 10-year tenor increased 2bp to 0.33bp, **while the risk premia on the Italian sovereign debt assets compressed**, as the 10-year yield eased by 12bp to 2.73%, due to the abating fiscal concerns.

**The UK's lower house of Parliament rejected the EU Withdrawal Treaty** by a margin of 432-202, which PM May negotiated with the EU. Following the rejection of the EU Withdrawal Treaty, the government won a confidence motion in the House of Commons by 325-306. PM May invited the leaders of all parties in Parliament to work on a compromise with her, and at the same time rejected the idea of a permanent customs union with the EU. Labour leader Corbyn declined the PM's offer.

**Various officials of the European Central Bank gave speeches during the week.** Their message was uniform in terms of the outlook for monetary policy, **i.e. they see the withdrawal of monetary stimulus justified**, despite weakening macroeconomic data in the Euro Area.

**Looking ahead:** All eyes are going to be on the **European Central Bank's rate setting meeting** on Thursday. The monetary authority will need to address the softer-than-expected macroeconomic indicators in the Euro Area, which make the justification for the withdrawal of monetary stimulus more difficult than before.

## ASIA PACIFIC

HSCEI 10,713 **+1.70%**, Nikkei 20,719.33 **+ 0.18%**, 10yr JGB 0.01% **Obps**, USDJPY 109.630 **+1.32%**

**Most of the emerging Asian stock indices went sideways expressed in USD.** The South Korean market delivered one of the best performances during the week, as the index rose 1.9% in USD, followed by Chinese 'H' shares (+1.7%) and Chinese 'A' shares (+1.4%). In contrast, the Thai (-0.3% in USD), Indian (-0.2% in USD) and Vietnamese (-0.1% in USD) markets underdelivered.

**Nationwide CPI inflation in Japan rose 0.7% YoY in December**, down from 0.9% YoY in November. The inflation gauge excluding the impact of fresh food and energy prices was flat at 0.3% YoY – indicating a lack of domestic inflationary pressure.

**Chinese foreign trade data disappointed in December**, as both exports and imports in US dollar terms contracted: exports decreased 4.4% YoY (vs. 3.9% YoY in November), while imports shrank 7.6% YoY (vs. 2.9% YoY in November). As a result, the trade balance widened to USD 57.1bn in the last month of 2018. Despite the disappointing figures in December, **foreign trade performed strongly in 2018 as a whole**, as annual exports growth hit 9.9% and imports growth rose to 15.8%. Consequently, the annual trade surplus eased to USD 358.1bn (vs. USD 509.7bn in 2017).

*Overall, the fact that trade figures were weak in December did not come as a surprise to us, as PMI figures have been consistently implying that export demand for Chinese products had been gradually softening throughout 2H18. In addition, the so-called 'front-loading' effect (to avoid tariffs) could have also bloated trade figures up until 4Q18.*

**M2 money supply growth in China remained stable at 8.1% YoY in December**, matching the median market estimate. Growth of total outstanding loans marginally rose, to 13.5% YoY in December, as lending to the corporate sector is yet to pick up.

*Recent monetary easing steps ensure that money supply growth and lending dynamics will remain solid in the coming months. Although we do not expect an outright policy rate cut by the People's Bank of China, the monetary authority can continue to reduce the reserve requirement ratio, deliver targeted liquidity injections and take administrative steps to ease lending constraints – should the macroeconomic environment require it.*

**The Indonesian central bank held the policy rate at 6%**, in line with the median market estimate. The Governor's post-decision speech implied that the MPC has shifted to a more neutral stance, as the policy rate 'almost peaked.'

*The MPC will shift to a more data dependent stance, or in other words, the policy rate might be further hiked should the current real interest rate not be sufficient enough to keep Indonesian financial markets stable.*

**Looking forward:** This week begins with a **flurry of macroeconomic data from China that have the potential to move financial markets.** Such data are retail sales, industrial production, fixed assets investments and GDP growth. In the second half of the week, South Korea and the Philippines post GDP growth figures, Vietnam may publish its usual set of monthly macroeconomic figures and the Malaysian, South Korean and Pakistani central banks decide on their respective policy rates.

## LATIN AMERICA

MSCI Lat Am 2,869 **+1.82%**

**Investors' risk appetite in the Latin American space visibly improved, as the majority of the indices rose in USD terms.** The broad Chilean stock index outperformed its Latin American peers (+2.9% in USD), followed by Argentina (+1.8% in USD) and Brazil (+1.7% in USD).

**The monthly GDP proxy index in Brazil increased by 0.3% MoM SA in November.** In an annual comparison, the index rose 1.9%. The annual GDP proxy slowed compared with October's 2.1% YoY. Meanwhile, retail sales volume growth – that captures a significant portion of the domestic economic momentum – bounced to 1.5% YoY.

*The pace of headline economic expansion remains relatively slow, in our view, which may be due to the lagged impact of tighter financial conditions in 3Q18 combined with the slowdown in global growth. The reversal of tight financial conditions may spur the domestic economic momentum in the coming quarters.*

**The monthly economic activity indicator in Peru posted an outstandingly strong figure in November, as growth strengthened to 5.3% YoY.** The detailed breakdown showed that output by the primary sector expanded 8.5% YoY, while the non-primary sector's activity rose to 4.5% YoY due to higher activity in the construction and services sectors.

*The latest data imply that Peru's economic growth momentum will most likely remain exceptionally strong, between 3.5-4% YoY in the coming quarters.*

**Chile's total factor productivity (TFP) increased by 1.3% YoY in 2018.** Excluding the mining sector, the TFP grew by about 2.3% YoY. In comparison with TFP figures before, TFP bounced in 2018, as it decreased by 0.5% YoY and 0.2% YoY in 2016 and 2017, respectively.

**Colombian retail sales growth was strong in November,** as volume growth hit 10.8% YoY. The acceleration of retail sales growth was mainly due to higher auto sales growth. Excluding the spurring effect of auto sales, retail sales expended 6.7% YoY. Meanwhile, **manufacturing grew briskly, by 4.7% YoY in November, led by oil refining.**

*Macroeconomic data from November imply that the output gap is closed in Colombia, which may support the central bank's stance to hold the policy rate as long as inflationary pressures remain contained.*

**Argentina's government met its primary fiscal deficit target in 2018** (the primary balance excludes interest payments by the government). The Treasury released an estimated primary deficit of 2.7% of GDP (ARS 374.3bn), matching the official target. The headline budget deficit was 5.2% of GDP in 2018, down from 5.6% in 2017.

**Looking forward: Brazilian President Bolsonaro will deliver a speech at the World Economic Forum in Davos,** where he might reinforce his administration's commitment to the reform agenda. Later, various **high-frequency macroeconomic indicators will be revealed this week,** such as the Mexican unemployment rate, inflation rate and

retail sales figures, Colombian economic activity index or the inflation rate in Brazil.

## AFRICA

MSCI Africa 803 **+0.69%**

**Investor sentiment was positive within the African universe,** as the majority of the African stock indices gained in USD. **Nigeria's stock market led with a 4.4% return in USD,** while lagged its other major African stock markets, as the Egyptian stock index went sideways in USD terms.

In a unanimous decision, **the South African central bank kept the policy rate stable at 6.75%,** following a 25bp hike in November 2018. The tone of the MPC was less hawkish than before, as members struck a more balanced tone. Furthermore, within the macroeconomic forecast released by the central bank the estimate for CPI inflation in 2019 was significantly reduced, by 0.7ppt to 4.8% on the back of lower oil prices. In contrast, core inflation forecast for 2019 was revised down only by -0.3ppt to 5%.

*It was no surprise that the policy rate was unchanged. The fact that the MPC foresees abating inflationary pressures in the domestic economy may imply that currently there are no rate hikes in the pipeline. However, there is no room for a lower policy rate in our opinion, due to the risks related to country's vulnerable fiscal position.*

**Retail sales volume in South Africa rose 3.1% YoY in November,** confirming that one of the key domestic drivers continued to boost an economy that emerged from recession in 3Q18. In addition, **manufacturing output showed signs of recuperation in October and November.** However, the economic recovery is far from being broad-based, as mining production contracted 5.6% YoY in November or 1.3% on a 12-month rolling basis.

*High-frequency macroeconomic data imply that domestic drivers of South Africa's economic growth further strengthened in 4Q18. However, overall growth prospects remain frail and highly dependent on the external environment.*

**Headline CPI inflation in Nigeria rose to a seven-month high in December, to 11.4% YoY,** from 11.3% in November. Food price inflation accelerated by 0.3ppt to 13.6% YoY.

*Inflation continued to hover above the central bank's target range of 6-9% with no signs of abating in the short-term, as underlying inflationary developments are pushed up by increased government spending before the elections.*

**Morocco's GDP is expected to grow by 2.9% in 2019,** according to the country's Planning Agency. Compared to 2018, when GDP growth was 3%, the Moroccan economy may slightly slow, since agricultural harvest yield was exceptionally strong last year. Furthermore, inflation is expected to cool, to 1.2% in 2019 vs. 1.6% the year before. Meanwhile, current account deficit could remain stable, around 4.3% of GDP in 2019, 0.2ppt lower than in the previous year. Overall, in such a macroeconomic environment, **the budget deficit could decrease 0.2ppt**

to **3.7% of GDP**. Despite a narrower budget deficit, the total public debt to GDP ratio could increase to 82.5% this year.

According to Finance Ministry officials, **Egyptian authorities have been preparing for hard currency bond issuance(s)**. The cabinet an amount of USD 3-7bn. The issuance may take place in 1Q19, however, no official date has been announced yet.

**Looking forward:** African markets will mainly focus on the Nigerian central bank's monetary policy meeting and the December CPI inflation release in South Africa.

## THE WEEK AHEAD

	Date	Consensus
UNITED STATES		
Retail sales (Dec) YoY	Tue/22	0.1%
Markit Manufacturing PMI (Jan)	Thu/24	53.5
EUROPE		
UK: Unemployment rate (Nov)	Tue/22	4.1%
Eurozone: European Central Bank deposit rate	Thu/24	-0.4%
ASIA PACIFIC		
China: macroeconomic data incl. GDP growth	Mon/21	
South Korea: GDP growth (4Q18) YoY	Mon/21	2.3%
Philippines: GDP growth (4Q18) YoY	Thu/24	6.2%
South Korea and Malaysia: monetary policy meeting	Thu/24	
LATIN AMERICA		
Mexico: Unemployment rate (Dec)	Tue/22	
Colombia: Economic activity (Nov) YoY	Tue/22	
Brazil: Inflation rate (Jan) YoY	Wed/23	3.8%
AFRICA		
Nigeria: monetary policy meeting	Tue/22	14.00%
South Africa: CPI inflation (Dec) YoY	Wed/23	4.5%

**PLEASE CONTINUE FOR  
MARKET DATA**

# GLOBAL MARKET DATA

## 4 - 20 JANUARY

Market Summary			Data:		Last Calendar Week			
Equities			Return (USD)				YTD	Volume
Name	Country	Price	1 Week	MTD	YTD	1Y	(Local)	1wk/3mo
North America								
S&P 500 INDEX	US	2,670.71	2.87%	6.54%	6.54%	-4.55%		89%
RUSSELL 2000 INDEX	US	1,482.50	2.43%	9.93%	9.93%	-5.98%		80%
NASDAQ COMPOSITE INDEX	US	7,157.23	2.66%	7.87%	7.87%	-1.90%		84%
S&P/TSX COMPOSITE INDEX	Canada	15,303.83	2.47%	9.78%	9.78%	-11.84%	6.85%	94%
S&P 500 CONS DISCRET IDX	US	847.21	2.28%	8.41%	8.41%	1.63%		86%
S&P 500 CONS STAPLES IDX	US	538.36	1.53%	3.16%	3.16%	-9.06%		84%
S&P 500 FINANCIALS INDEX	US	431.64	6.12%	9.03%	9.03%	-11.41%		103%
S&P 500 HEALTH CARE IDX	US	1,042.81	2.51%	4.16%	4.16%	2.32%		94%
S&P 500 INFO TECH INDEX	US	1,146.57	2.78%	5.35%	5.35%	-2.71%		78%
S&P 500 ENERGY INDEX	US	471.53	2.89%	11.19%	11.19%	-16.58%		86%
S&P 500 ECO SECTORS IDX	US	2,670.71	2.87%	6.54%	6.54%	-4.55%		89%
S&P 500 INDUSTRIALS IDX	US	590.15	3.30%	8.85%	8.85%	-11.86%		76%
S&P 500 MATERIALS INDEX	US	335.00	2.31%	5.81%	5.81%	-15.03%		89%
S&P 500 REAL ESTATE IDX	US	202.59	2.10%	5.32%	5.32%	4.77%		81%
S&P 500 COMM SVC	US	149.76	1.83%	7.91%	7.91%	-6.73%		80%
S&P 500 UTILITIES INDEX	US	269.76	-0.18%	0.43%	0.43%	5.95%		158%
Europe								
Euro Stoxx 50 Pr	Europe	3,127.04	1.00%	3.59%	3.59%	-19.59%	4.45%	102%
CAC 40 INDEX	France	4,868.35	0.87%	2.22%	2.22%	-17.58%	3.07%	93%
DAX INDEX	Germany	11,167.69	1.80%	5.35%	5.35%	-21.64%	6.12%	89%
Athex Composite Share Pr	Greece	617.37	-3.94%	-0.16%	-0.16%	-31.54%	0.66%	96%
FTSE MIB INDEX	Italy	19,615.41	1.05%	6.77%	6.77%	-22.54%	7.55%	113%
AEX-Index	Netherlands	509.54	1.10%	3.61%	3.61%	-16.43%	4.47%	88%
PSI All-Share Index GR	Portugal	2,968.31	0.81%	5.36%	5.36%	-11.92%	6.23%	91%
MOEX Russia Index	Russia	2,473.11	2.03%	9.50%	9.50%	-8.27%	4.40%	81%
IBEX 35 INDEX	Spain	9,067.40	1.05%	5.33%	5.33%	-19.26%	6.20%	98%
OMX STOCKHOLM 30 INDEX	Sweden	1,494.66	1.02%	5.75%	5.75%	-17.94%	6.46%	88%
SWISS MARKET INDEX	Switzerland	8,995.97	0.90%	5.86%	5.86%	-8.00%	7.05%	84%
BIST 100 INDEX	Turkey	98,403.06	10.16%	6.89%	6.89%	-40.55%	7.87%	128%
FTSE 100 INDEX	UK	6,976.26	0.94%	4.72%	4.72%	-15.97%	3.57%	90%
Asia Pacific								
MSCI AC ASIA x JAPAN	MSCI Asia Ex	622.10	1.64%	4.27%	4.27%	-17.18%	4.27%	99%
S&P/ASX 200 INDEX	Australia	5,890.38	1.34%	6.05%	6.05%	-12.31%	4.13%	75%
DSE 30 Index	Bangladesh	2,021.70	-0.14%	6.89%	6.89%	-11.25%	6.84%	
HANG SENG CHINA ENT INDX	China "H"	10,713.05	1.70%	4.91%	4.91%	-19.03%	5.06%	108%
SHANGHAI SE COMPOSITE	China "A"	2,610.51	1.41%	5.62%	5.62%	-29.27%	4.09%	100%
HANG SENG INDEX	HK	27,196.54	1.54%	4.67%	4.67%	-15.94%	4.82%	102%
Nifty 50	India	10,967.60	-0.18%	-1.76%	-1.76%	-9.54%	0.41%	90%
JAKARTA COMPOSITE INDEX	Indonesia	6,456.16	0.24%	6.15%	6.15%	-6.62%	4.09%	129%
NIKKEI 225	Japan	20,719.33	0.18%	3.79%	3.79%	-12.15%	3.25%	86%
KOSPI 200 INDEX	Korea	274.00	1.87%	3.61%	3.61%	-20.85%	4.54%	98%
Laos Composite Index	Laos	817.82	-1.14%	-3.50%	-3.50%	-19.25%	-2.23%	25%
FTSE Bursa Malaysia KLCI	Malaysia	1,692.22	-0.10%	0.43%	0.43%	-10.83%	0.10%	92%
KARACHI 100 INDEX	Pakistan	39,663.38	0.71%	6.06%	6.06%	-28.18%	6.04%	80%
PSEI - PHILIPPINE SE IDX	Philippines	8,007.46	0.85%	7.42%	7.42%	-12.15%	7.78%	129%
STRAITS TIMES INDEX STI	Singapore	3,238.80	0.36%	5.43%	5.43%	-10.91%	5.07%	98%
SRI LANKA COLOMBO ALL SH	Sri Lanka	5,967.41	0.48%	-0.38%	-0.38%	-20.87%	-1.06%	52%
TAIWAN TAIEX INDEX	Taiwan	9,889.40	0.61%	0.09%	0.09%	-15.05%	1.12%	87%
STOCK EXCH OF THAI INDEX	Thailand	1,591.32	-0.26%	3.79%	3.79%	-12.51%	1.27%	92%
HO CHI MINH STOCK INDEX	Vietnam	911.05	-0.10%	1.04%	1.04%	-15.90%	1.09%	84%
Rest of the World								
MSCI ACWI	MSCI World	483.50	2.16%	6.11%	6.11%	-9.91%	6.11%	92%
MSCI EM	MSCI EM	1,018.00	1.69%	5.42%	5.42%	-17.07%	5.42%	92%
MSCI Fronter Market Index	MSCI FM	2,627.08	0.97%	5.63%	5.63%	-16.48%	5.63%	116%
DFM GENERAL INDEX	Dubai	2,511.70	-1.13%	-0.52%	-0.52%	-28.72%	-0.51%	61%
MSCI EM LATIN AMERICA	Latin America	2,868.78	1.82%	11.80%	11.80%	-6.45%	11.80%	122%
S&P Merval TR ARS	Argentina	35,100.45	1.75%	16.18%	16.18%	-48.22%	15.87%	103%
MSCI BRAZIL	Brazil	2,199.90	1.69%	13.17%	13.17%	-0.81%	13.17%	94%
S&P/CLX IPSA (CLP) TR	Chile	5,479.04	2.93%	11.02%	11.02%	-15.35%	7.32%	135%
IGBC GENERAL INDEX	Colombia	11,647.90	0.67%	8.81%	8.81%	-10.78%	4.52%	
S&P/BMV IPC	Mexico	44,241.54	1.52%	9.17%	9.17%	-13.56%	6.25%	95%
Bolsa de Panama General	Panama	437.78	-1.04%	-2.92%	-2.92%	-2.74%	-2.92%	141%
S&P/BVLPeruGeneralITRPEN	Peru	19,576.87	0.45%	2.76%	2.76%	-9.19%	1.17%	82%
MSCI EFM AFRICA	Africa	802.80	0.69%	6.43%	6.43%	-23.78%	6.43%	93%
EGYPT HERMES INDEX	Egypt	1,298.34	-0.13%	2.22%	2.22%	-14.08%	2.10%	77%
GSE Composite Index	Ghana	2,485.26	1.30%	-0.60%	-0.60%	-19.14%	-0.56%	115%
Nairobi SE 20 Share	Kenya	2,851.77	2.10%	0.83%	0.83%	-22.14%	0.63%	104%
MASI Free Float Index	Morocco	11,202.72	0.13%	-1.71%	-1.71%	-15.80%	-1.42%	49%
NIGERIA STCK EXC ALL SHR	Nigeria	31,005.17	4.37%	-1.15%	-1.15%	-31.39%	-1.35%	84%
FTSE/JSE AFRICA TOP40 IX	South Africa	47,938.11	0.13%	5.78%	5.78%	-22.74%	1.84%	81%
Global Style								
MSCI WORLD GROWTH INDEX	US	2,427.74	2.34%	6.27%	6.27%	-6.70%	6.27%	85%
MSCI WORLD VALUE INDEX	US	2,650.49	2.11%	6.14%	6.14%	-11.25%	6.14%	94%
MSCI World Large Cap	US	1,322.98	2.21%	5.94%	5.94%	-8.34%	5.94%	93%
MSCI World Mid-Cap	US	1,268.68	2.29%	7.52%	7.52%	-11.68%	7.52%	92%
Average			1.38%	5.05%	5.05%	-14.43%	4.18%	93%
Top 25%			2.10%	6.89%	6.89%	-9.12%	6.24%	100%
Bottom 25%			0.46%	2.96%	2.96%	-19.20%	1.16%	84%



# GLOBAL MARKET DATA (CONTD.)

14 - 20 JANUARY

FX (vs USD)			Return +ive=USD Stronger			
Name	BBG Code	Price	1 Week	MTD	YTD	1Y
DOLLAR INDEX SPOT	DX Index	96.31	0.70%	0.17%	0.17%	6.45%
USD-EUR X-RATE	USDEUR Curncy	0.88	1.08%	0.78%	0.78%	7.64%
Russian Ruble SPOT (TOM)	USDRUB Curncy	66.45	-0.82%	-4.37%	-4.37%	17.37%
USD-TRY X-RATE	USDTRY Curncy	5.35	-2.52%	0.92%	0.92%	41.71%
USD-GBP X-RATE	USDGBP Curncy	0.78	-0.23%	-1.12%	-1.12%	7.66%
Bloomberg JPMorgan Asia Dollar	ADXY Index	105.53	-0.47%	0.25%	0.25%	-4.61%
USD-AUD X-RATE	USDAUD Curncy	1.40	0.48%	-1.81%	-1.81%	11.46%
USD-CNY X-RATE	USDCNY Curncy	6.79	0.24%	-1.45%	-1.45%	5.63%
USD-INR X-RATE	USDINR Curncy	71.26	1.22%	2.21%	2.21%	11.46%
USD-JPY X-RATE	USDJPY Curncy	109.63	1.32%	0.16%	0.16%	-1.01%
USD-KRW X-RATE	USDKRW Curncy	1,130.69	0.64%	1.06%	1.06%	5.13%
USD-TWD X-RATE	USDTWD Curncy	30.88	0.18%	0.80%	0.80%	4.58%
USD-ARS X-RATE	USDARS Curncy	37.58	1.80%	-0.21%	-0.21%	99.07%
USD-BRL X-RATE	USDBRL Curncy	3.75	1.46%	-2.99%	-2.99%	17.29%
USD-CLP X-RATE	USDCLP Curncy	670.88	-0.56%	-3.33%	-3.33%	10.84%
USD-MXN X-RATE	USDMXN Curncy	19.17	0.05%	-2.68%	-2.68%	2.54%
USD-EGP X-RATE	USDEGP Curncy	17.93	-0.17%	-0.10%	-0.10%	1.09%
USD-NGN X-RATE	USDNGN Curncy	362.75	-0.41%	-0.21%	-0.21%	0.76%
USD-ZAR X-RATE	USDZAR Curncy	13.90	0.07%	-3.72%	-3.72%	14.04%
Commodities			Return (USD)			
WTI CRUDE FUTURE Feb19	CLA Comdty	53.66	4.28%	18.48%	18.48%	-10.44%
BRENT CRUDE FUTR Mar19	COA Comdty	62.42	3.67%	16.54%	16.54%	-3.73%
Baltic Dry Index	BDIY Comdty	1,112.00	-4.88%	-12.51%	-12.51%	-2.37%
Natural Gas Futures	NGI Comdty	3.32	12.36%	18.44%	18.44%	9.19%
Gold Spot \$/Oz	XAU Curncy	1,280.51	-0.59%	0.09%	0.09%	-3.50%
Silver Spot \$/Oz	XAG Curncy	15.27	-1.62%	-0.65%	-0.65%	-9.44%
LME COPPER 3MO (\$)	LMCADS03 Comdty	6,052.00	1.85%	1.46%	1.46%	-14.47%
Government Bond Yields %			Change (percentage points)			
US Generic Govt 2 Year Yield	USGG2YR Index	2.61	0.07	0.13	0.13	0.57
US Generic Govt 5 Year Yield	USGG5YR Index	2.62	0.09	0.11	0.11	0.21
US Generic Govt 10 Year Yield	USGG10YR Index	2.78	0.08	0.10	0.10	0.16
Canadian Govt Bonds 10 Year No	GCAN10YR Index	2.04	0.08	0.07	0.07	-0.19
Mexico Generic 10 Year	GMXN10YR Index	8.66	0.03	0.00	0.00	1.08
UK Govt Bonds 10 Year Note Gen	GUKG10 Index	1.31	0.06	0.08	0.08	0.02
Switzerland Govt Bonds 10 Year	GSWISS10 Index	-0.13	0.02	0.12	0.12	-0.15
German Government Bonds 2 Yr B	GDBR2 Index	-0.58	0.01	0.03	0.03	0.00
German Government Bonds 5 Yr O	GDBR5 Index	-0.34	0.02	-0.02	-0.02	-0.21
German Government Bonds 10 Yr	GDBR10 Index	0.25	0.02	0.02	0.02	-0.31
French Generic Govt 10Y Yield	GTRFR10Y Govt	0.65	0.00	-0.05	-0.05	-0.19
Greece Generic Govt 10Y Yield	GTGRD10Y Govt	4.17	-0.11	-0.18	-0.18	0.40
Italy Generic Govt 10Y Yield	GBTGPR10 Index	2.75	-0.12	-0.01	-0.01	0.74
Spain Generic Govt 10Y Yield	GSPG10YR Index	1.34	-0.10	-0.07	-0.07	-0.15
Portugal Generic Govt 10Y Yield	GSPT10YR Index	1.73	0.02	0.00	0.00	-0.29
Australia Govt Bonds Generic Y	GACGB10 Index	2.31	0.01	0.00	0.00	-0.50
India Govt Bond Generic Bid Yi	GIND10YR Index	7.31	-0.28	-0.06	-0.06	0.05
KCMP South Korea Treasury Bond	GVS10YR Index	2.01	0.02	0.06	0.06	-0.61
Japan Generic Govt 10Y Yield	GJGB10 Index	0.01	0.00	0.01	0.01	-0.07
South Africa Govt Bonds 10 Yea	GSAB10YR Index	9.43				0.67
Corporate Credit Indices			Change (Bps) +ive = Widening			
MARKIT ITRX EUR XOVER 12/23*	ITRXEXE CBIL Curncy	324.40	-14.05	-31.13	-31.13	89.04
MARKIT ITRX EUROPE 12/23	ITRXEBE CBIL Curncy	76.97	-4.66	-11.78	-11.78	31.78
MARKIT ITRX EUR SNR FIN 12/23	ITRXESE CBIL Curncy	94.73	-11.25	-15.83	-15.83	50.94
MARKIT ITRX EUR SUB FIN 12/23	ITRXEUE CBIL Curncy	191.75	-23.94	-32.78	-32.78	90.84
MARKIT CDX.NA.IG.31 12/23	IBOXUMAE CBIL Curncy	72.51	-4.93	-15.20	-15.20	24.70
MARKIT CDX.NA.HY.31 12/23*	IBOXHYAE CBIL Curncy	383.09	-23.37	-68.85	-68.85	81.13
Implied Volatility (Equity Index)			Change (Volatility Points) +ive = Volatility Rising			
Eurostoxx 3month ATM	SX5E Index	13.52	-2.77	-6.76	-6.76	1.18
FTSE 100 500 3month ATM	UKX Index	14.35	-2.06	-5.44	-5.44	4.77
Hang Seng 3month ATM	HSI Index	18.63	-1.00	-4.70	-4.70	3.10
Nikkei 3month ATM	NKY Index	18.34	-2.64	-6.41	-6.41	2.92
S&P 500 3month ATM	SPX Index	15.90	-1.59	-5.30	-5.30	5.34
Volatility (VIX)	VIX Index	17.80	-0.39	-7.62	-7.62	5.58
Inflation (Long term inflation expectation proxy) %			Change (percentage points)			
US 5Y5YF Inflation Swap		2.21	0.04	0.07	0.07	-0.16
UK 5Y5YF Inflation Swap		3.57	-0.13	-0.04	-0.04	0.08
JPY 5Y5YF Inflation Swap		0.07	0.01	0.00	0.00	-0.34
EUR 5Y5YF Inflation Swap		1.55	0.00	-0.01	-0.01	-0.21
Economic Data Surprise (+ive/-ive = above/below expectations)						
Citi Economic Surprise Index	CESIAPAC Index	-29.60				
Citi Economic Surprise Index -	CESICNY Index	-28.30				
Citi Economic Surprise Index -	CESIEM Index	-16.80				
Citi Economic Surprise Index -	CESIEUR Index	-81.70				
Citi Economic Surprise Index -	CESIG10 Index	-26.20				
Citi Economic Surprise - Japan	CESIJPY Index	6.10				
Citi Economic Surprise Index -	CESILTAM Index	-8.20				
Citi Economic Surprise - Unite	CESIUSD Index	-6.90				

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

*The information in this document (this “Document”) is for discussion purposes only. This Document does not constitute an offer to sell, or a solicitation of an offer to acquire, an investment (an “Interest”) in any of the funds discussed herein. This Document is not intended to be, nor should it be construed or used as, investment, tax or legal advice. This Document does not constitute any recommendation or opinion regarding the appropriateness or suitability of an Interest for any prospective investor.*

*This material is for distribution to Professional Clients only, as defined under the Financial Conduct Authority’s (“FCA”) conduct of business rules, and should not be relied upon by any other persons. Issued by Alquity Investment Management Limited, which is authorised and regulated in the United Kingdom by the FCA and operates in the United States as an “exempt reporting adviser” in reliance on the exemption in Section 203(m) of the United States Investment Advisers Act of 1940.*

*The Alquity Africa Fund, the Alquity Asia Fund, the Alquity 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 is qualified in its entirety by the information contained in the Fund’s prospectus and other operative documents (collectively, the “Offering Documents”). Any offer or solicitation may be made only by the delivery of the Offering Documents. Before making an investment decision with respect to the Fund, prospective investors are advised to read the Offering Documents carefully, which contains important information, including a description of the Fund’s risks, conflicts of interest, investment programme, fees, expenses, redemption/withdrawal limitations, standard of care and exculpation, etc. Prospective investors should also consult with their tax and financial advisors as well as legal counsel. This Document does not take into account the particular investment objectives, restrictions, or financial, legal or tax situation of any specific prospective investor, and an investment in the Fund may not be suitable for many prospective investors.*

*An investment in the Fund is speculative and involves a high degree of risk. Performance may vary substantially from year to year and even from month to month. Withdrawals/redemptions and transfers of Interests are restricted. Investors must be prepared to lose their entire investment, and without any ability to redeem or withdraw so as to limit losses.*

*References to indices herein are for informational and general comparative purposes only. There will be significant differences between such indices and the investment programme of the Funds. The Fund will not invest in all (or any material portion) of the securities, industries or strategies represented by such indices. Comparisons to indices have inherent limitations and nothing herein is intended to suggest or otherwise imply that the Fund will, or are likely to, achieve returns, volatility or other results similar to such indices. Indices are unmanaged and do not reflect the result of management fees, performance-based allocations and other fees and expenses.*

*All Fund performance results presented herein are unaudited and should not be regarded as final until audited financial statements are issued. Past performance is not necessarily indicative of future results. All performance results are based on the NAV of fee paying investors only and are presented net of management fees, brokerage commissions, administrative expenses, and accrued performance allocation, if any, and include the reinvestment of all dividends, interest, and capital gains. Net returns shown herein reflect those of an investor admitted at inception of the Fund, and are representative of a regular [shareholder], net of applicable expenses and reflect reinvestment of dividends and interest. In the future, the Fund may offer share in the Fund with different fee and expense structures.*

*The Fund’s investment approach is long-term, investors must expect to be committed to the Fund for an extended period of time (3-5 years) in order for it to have an optimal chance of achieving its investment objectives.*

*This Document may not be reproduced in whole or in part, and may not be delivered to any person (other than an authorised recipient’s professional advisors under customary undertakings of confidentiality) without the prior written consent of the Investment Manager.*

**SWISS INVESTORS:**

*The prospectus, the Articles of Association, the Key Investor Information Document “KIIDs” as well as the annual and semi-annual report of the Fund is available only to Qualified Investors free of charge from the Representative. In respect of the units distributed in Switzerland to Qualified Investors, place of performance and jurisdiction is at the registered office of the Representative. Funds other than the Luxembourg domiciled Alquity SICAV mentioned in this document may not be admitted for distribution in Switzerland.*

*Swiss Representative: FIRST INDEPENDENT FUND SERVICES LTD., Klausstrasse 33, 8008 Zurich.*

*Swiss Paying Agent: Neue Helvetische Bank AG, Seefeldstrasse 215, CH-8008 Zurich.*