

# GLOBAL MARKET UPDATE

## China's GDP growth rebounds in Q2

Gross domestic product in China bounced back in Q2, with the economy growing 3.2% YoY. This followed the 6.8% decline in Q1 and exceeded economist forecasts of 2.5%. Industrial production was bolstered by stimulus measures from authorities and **grew 4.4% YoY in Q2**, with most of the growth coming from energy production, raw materials and tech components. However, **retail sales remained soft, falling 3.9% in Q2**. We see an uneven picture forming in consumer spending; with certain areas like premium autos remaining robust and covid affected sectors like leisure recovering at a much slower pace. Meanwhile, a separate report showed that exports and imports both rose in June, rising 0.5% and 2.7% respectively. Demand for Chinese exports is improving in key markets like the U.S. and EU as a result of easing lockdown measures and improving consumer spending

## THIS WEEK'S GLOBAL EQUITY MARKET MOVERS

DEVELOPED	
<b>Top 3</b>	Norway <b>6.97%</b> Sweden <b>5.30%</b> Finland <b>4.54%</b>
<b>Bottom 3</b>	Singapore <b>-1.08%</b> United States <b>1.25%</b> New Zealand <b>1.49%</b>
EMERGING	
<b>Top 3</b>	Turkey <b>3.54%</b> Pakistan <b>3.09%</b> Greece <b>2.56%</b>
<b>Bottom 3</b>	China 'A' <b>-4.91%</b> Egypt <b>-3.75%</b> China 'H' <b>-3.24%</b>
FRONTIER	
<b>Top 3</b>	Argentina <b>5.58%</b> Slovenia <b>2.41%</b> Kazakhstan <b>2.13%</b>
<b>Bottom 3</b>	Mauritius <b>-2.81%</b> Oman <b>-1.25%</b> Jordan <b>-0.96%</b>

## UNITED STATES

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The US stock market edged higher in the week, with the S&P rising 1.25% and the NASDAQ falling 1.08%. USD weakened slightly with the dollar index falling 0.73%. By the end of the trading week, the 2-year and 10-year Treasury yields were flat, at 0.15% and 0.63% respectively.

## EUROPE

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European markets rose strongly over the week: France (+3.21%), Germany (+3.48%), Italy (+4.53%), Spain (+2.84%), UK (+2.63%), all in USD. The 10-year German sovereign yield finished the week at -0.45% (+2 bp). UK 10-year Gilts ended the week flat at 0.16%.

## ASIA

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Asian indices were mixed over the week and the MSCI Asia Ex -Japan index fell 1.69% in USD. China A shares (-4.91%) and H shares (-3.24%) were the largest detractors. India (+1.58%), Pakistan (+3.09%) and Korea (+2.05%) were the largest risers (all in USD).

**Retail inflation in India remained elevated in June;** the consumer price index was 6.09% in June, up from 5.84% in March. This compared to a 5.6% consensus estimate on Bloomberg. A break-down by category showed that inflation was pushed higher by certain foods, clothing, and transportation. Core inflation categories saw low inflation, reflecting the sluggish demand conditions. The monetary policy committee will meet on August 6th, where the market expects a 25bps rate cut.

As expected, **the Central Bank of Indonesia has cut its main policy rate by 25bps to 4.0%.** This is the fourth time this year that the central bank has cut interest rates, aimed at bolstering the recovery from the coronavirus pandemic. Central Bank Governor Warjiyo told press that the decision "is consistent with low inflationary pressure, maintained external stability and the need to speed up economic recovery during the coronavirus pandemic...this decision is aimed at fully supporting economic recovery while also maintaining inflation and exchange rate stability."

**The Bank of Korea (BOK) decided to leave its key interest rate unchanged at 0.5%,** in-line with forecasts. The BOK felt little need for a further rate reduction after already reducing it twice by 75bps to a record low of 0.5% amid the COVID-19 pandemic. The BOK predicted that the Korean economy may shrink by 1.8% this year in the worst-case scenario if a second wave of COVID-19 infections hits the world in the coming fall and winter.

## LATIN AMERICA

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It was a positive week for the broadly followed Latin America equity index as it rose 1.8%. The individual country indexes results were mixed with Argentina's Merval and Brazil's Bovespa rising over 4% in USD. Meanwhile, the Chilean IPSA, Mexico's Bolsa and Colombia's Colcap

respectively returned -3.1%, -0.3% and -0.2%. The Peruvian BVL index was broadly flat.

Covid related statistics show Mexico as having a 10% death rate, while in Brazil, Chile and Peru its under 4%.

**Chile left interest rates unchanged at a record low of 0.5%** due to the lockdown's impact of lowering demand and output, while inflation is nowhere to be seen. The central bank expects Chile's economy to contract as much as 7.5% this year, the worst recession in four decades, according to its quarterly report released last month. Chile's lower house of Congress approved a bill allowing citizens to tap part of their pension savings amid the coronavirus outbreak, a vote that took the market by surprise as the government had a bill to increase pension contributions by both individuals and employers. The populist measure goes to the Senate where it will be further discussed and likely amended.

Although there was a YoY decline of 32.75% in Peru's economic activity for the month of May, we did see a 13% improvement on a month-on-month basis in May, due to the gradual lifting of lockdown. Peru's central bank reached an agreement to participate in the Fed's dollar liquidity program established last March, essentially providing it with more alternatives for liquidity.

Brazil watchers look ahead to a week where the economic team is expected to present its tax reform proposal to Congress.

## AFRICA

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African markets were mixed over the week. In USD: Morocco (+1.99%) and South Africa (+1.38%) led the pack, while Egypt (-3.75%) and Ghana (-0.26%) lagged.

**South Africa inflation fell to its lowest in 15 years** driven by a lack of demand, weak business and consumer confidence, and declining cost of fuel. CPI in May slowed to 2.1% YoY, from 3.0% in April. On a MoM basis, inflation fell 0.6%. The annual reading for May 2020 is the lowest since September 2004, falling below the lower end of the central bank's target range, 3% to 6%.

The outlook for inflation remains benign given the weak state of the economy which has been further exacerbated by a covid-19 induced lockdown. The low inflation print points to some scope for further rate cuts, however base interest rates are already at multi year lows and the central bank had previously signalled that it had reached the trough in rate cuts.

**Consumer prices in Nigeria rose 12.6% YoY its highest level in more than two years,** from 12.4% in May, well above the central bank's target range of 6% to 9%. The consumer price pressure has been driven by food inflation which increased to 15.2% from 15.0% in May and has been in double digits for more than three years.

# GLOBAL MARKET DATA

13 - 20 JULY

Equities				Return (USD)				YTD (Local)	Volume 1wk/3mo
Name	BBG Code	Country	Price	1 Week	MTD	YTD	1Y		
North America									
S&P 500 INDEX	SPX Index	US	3,224.73	1.25%	4.01%	-0.19%	7.67%		84%
RUSSELL 2000 INDEX	RTY Index	US	1,473.32	3.56%	2.22%	-11.70%	-5.29%		83%
NASDAQ COMPOSITE INDEX	CCMP Index	US	10,503.19	-1.08%	4.42%	17.06%	27.97%		96%
S&P/TSX COMPOSITE INDEX	SPTSX Index	Canada	16,123.48	2.86%	4.23%	-9.66%	-5.82%	-5.51%	70%
S&P 500 CONS DISCRET IDX	S5COND Index	367.39	1,107.71	-1.62%	5.35%	12.31%	13.45%		86%
S&P 500 CONS STAPLES IDX	S5CONS Index	US	631.38	1.95%	5.00%	-2.41%	1.60%		86%
S&P 500 FINANCIALS INDEX	S5FINL Index	US	397.87	2.03%	3.21%	-22.20%	-14.61%		83%
S&P 500 HEALTH CARE IDX	S5HLTH Index	US	1,233.67	5.09%	5.64%	3.83%	15.04%		84%
S&P 500 INFO TECH INDEX	S5INFT Index	US	1,879.14	-1.16%	2.12%	16.63%	32.05%		91%
S&P 500 ENERGY INDEX	S5ENRS Index	US	278.27	2.94%	-3.20%	-39.04%	-39.74%		71%
S&P 500 ECO SECTORS IDX	SPXL1 Index	US	3,224.73	1.25%	4.01%	-0.19%	7.67%		84%
S&P 500 INDUSTRIALS IDX	S5INDU Index	US	608.04	5.80%	4.65%	-11.57%	-6.34%		78%
S&P 500 MATERIALS INDEX	S5MATR Index	US	384.72	5.44%	8.42%	-0.29%	5.21%		86%
S&P 500 REAL ESTATE IDX	S5RLST Index	US	217.37	0.02%	0.45%	-9.55%	-6.14%		67%
S&P 500 COMM SVC	S5TELS Index	US	190.61	-0.93%	5.97%	4.94%	13.65%		88%
S&P 500 UTILITIES INDEX	S5UTIL Index	US	306.08	4.23%	6.66%	-6.79%	-1.49%		92%
Europe									
Euro Stoxx 50 Pr	SX5E Index	Europe	3,365.60	3.32%	5.84%	-8.49%	-1.55%	-10.13%	76%
CAC 40 INDEX	CAC Index	France	5,069.42	3.21%	4.46%	-13.64%	-6.95%	-15.20%	76%
DAX INDEX	DAX Index	Germany	12,919.61	3.48%	6.74%	-0.54%	7.64%	-2.49%	66%
Athex Composite Share Pr	ASE Index	Greece	641.48	2.56%	2.12%	-28.74%	-24.93%	-30.02%	45%
FTSE MIB INDEX	FTSEMIB Index	Italy	20,419.39	4.53%	7.19%	-11.40%	-5.83%	-13.13%	90%
AEX-Index	AEX Index	Netherlands	573.80	1.78%	4.26%	-3.35%	2.28%	-5.09%	68%
PSI All-Share Index GR	BVLX Index	Portugal	3,286.73	1.07%	5.86%	-0.54%	4.22%	-2.33%	63%
MOEX Russia Index	IMOEX Index	Russia	2,774.79	-2.29%	0.18%	-21.41%	-10.01%	-8.90%	69%
IBEX 35 INDEX	IBEX Index	Spain	7,440.40	2.84%	4.65%	-20.65%	-17.84%	-22.08%	73%
OMX STOCKHOLM 30 INDEX	OMX Index	Sweden	1,770.15	5.30%	9.59%	3.14%	16.24%	-0.10%	97%
SWISS MARKET INDEX	SMI Index	Switzerland	10,410.52	1.98%	4.55%	1.12%	9.34%	-1.94%	73%
BIST 100 INDEX	XUI00 Index	Turkey	118,786.10	3.54%	1.84%	-9.98%	-3.81%	3.81%	131%
FTSE 100 INDEX	UKX Index	UK	6,290.30	2.63%	3.42%	-21.04%	-15.53%	-16.60%	70%
Asia Pacific									
S&P/ASX 200 INDEX	AS51 Index	Australia	6,033.63	2.71%	3.88%	-10.09%	-9.82%	-9.73%	70%
DSE 30 Index	DS30 Index	Bangladesh	1,356.64	0.10%	2.11%	-9.43%	-25.40%	-9.55%	
HANG SENG CHINA ENT INDX	HSCEI Index	China "H"	10,203.57	-3.24%	4.52%	-8.22%	-4.61%	-8.64%	103%
SHANGHAI SE COMPOSITE	SHCOMP Index	China "A"	3,214.13	-4.91%	8.81%	4.94%	9.01%	5.38%	172%
HANG SENG INDEX	HSI Index	HK	25,089.17	-2.51%	2.67%	-10.59%	-11.13%	-11.00%	95%
Nifty 50	NIFTY Index	India	10,901.70	1.58%	6.69%	-14.85%	-13.63%	-10.41%	90%
JAKARTA COMPOSITE INDEX	JCI Index	Indonesia	5,079.59	-1.39%	1.08%	-24.20%	-25.21%	-19.37%	113%
NIKKEI 225	NIKJ Index	Japan	22,696.42	1.71%	2.59%	-2.39%	8.65%	-4.06%	88%
KOSPI 200 INDEX	KOSPI2 Index	Korea	291.57	2.05%	3.80%	-4.64%	5.21%	-0.75%	71%
Laos Composite Index	LSXC Index	Laos	578.97	-3.43%	-2.35%	-21.93%	-28.12%	-20.48%	165%
FTSE Bursa Malaysia KLCI	FBMKLCI Index	Malaysia	1,596.33	0.38%	6.90%	-3.58%	-6.59%	0.48%	95%
KSE-100 INDEX	KSE100 Index	Pakistan	37,330.85	3.09%	8.88%	-15.20%	10.26%	-8.36%	179%
PSEi - PHILIPPINE SE IDX	PCOMP Index	Philippines	6,088.75	-1.63%	-1.16%	-19.78%	-23.77%	-22.09%	76%
STRAITS TIMES INDEX STI	FSSTI Index	Singapore	2,618.48	-1.08%	1.40%	-21.40%	-23.72%	-18.75%	59%
SRI LANKA COLOMBO ALL SH	CSEALL Index	Sri Lanka	4,988.50	-0.08%	-2.91%	-20.59%	-17.15%	-18.61%	69%
TAIWAN TAIEX INDEX	TWSE Index	Taiwan	12,181.56	0.96%	4.94%	2.84%	18.59%	1.54%	108%
STOCK EXCH OF THAI INDEX	SET Index	Thailand	1,359.58	-0.44%	-1.07%	-18.64%	-23.25%	-13.94%	74%
HO CHI MINH STOCK INDEX	VNINDEX Index	Vietnam	872.02	0.05%	5.76%	-9.28%	-10.51%	-9.26%	73%
Rest of the World									
DFM GENERAL INDEX	DFMGI Index	Dubai	2,061.43	-1.42%	-0.61%	-25.76%	-25.71%	-25.76%	80%
S&P Merval TR ARS	MERVAL Index	Argentina	45,475.24	5.58%	15.87%	-8.56%	-33.85%	9.13%	86%
S&P/CLX IPSA (CLP) TR	IPSA Index	Chile	3,994.73	0.03%	5.29%	-18.31%	-31.20%	-14.46%	114%
COLOMBIA COLCAP INDEX	COLCAP Index	Colombia	1,156.16	-0.60%	6.84%	-37.52%	-36.67%	-30.45%	51%
S&P/BMV IPC	MEXBOL Index	Mexico	36,327.84	-0.21%	-1.32%	-29.99%	-26.19%	-16.57%	83%
Bolsa de Panama General	BVPSBVPS Index	Panama	368.52	-0.83%	-2.02%	-18.95%	-17.12%	-18.95%	84%
S&P/BVLPeruGeneralTRPEN	SPBLPGPT Index	Peru	16,752.86	0.30%	0.19%	-23.16%	-25.15%	-18.38%	83%
EGYPT HERMES INDEX	HERMES Index	Egypt	992.27	-3.75%	-0.98%	-21.36%	-19.18%	-21.74%	166%
GSE Composite Index	GGSECI Index	Ghana	1,861.24	-0.26%	-1.45%	-18.23%	-25.37%	-17.54%	94%
Nairobi SE 20 Share	KNSMIDX Index	Kenya	1,909.36	0.07%	-2.52%	-32.16%	-31.63%	-28.07%	120%
MASI Free Float Index	MOSENEW Index	Morocco	10,280.63	1.99%	2.43%	-15.69%	-9.93%	-15.54%	34%
NIGERIA STCK EXC ALL SHR	NGSEINDX Index	Nigeria	24,287.66	-0.11%	-1.01%	-14.98%	-18.86%	-9.52%	83%
FTSE/JSE AFRICA TOP40 IX	TOP40 Index	South Africa	51,515.88	1.38%	7.08%	-14.97%	-17.11%	1.38%	61%
<b>Average</b>				1.03%	3.47%	-11.35%	-8.18%	-11.42%	88%
<b>Top 25%</b>				2.85%	5.78%	-2.41%	5.21%	-4.06%	93%
<b>Bottom 25%</b>				-0.66%	0.92%	-20.61%	-23.37%	-18.61%	71%

# GLOBAL MARKET DATA

13 - 20 JULY

FX (vs USD)			Return +ive=USD Stronger			
Name	BBG Code	Price	1 Week	MTD	YTD	1Y
DOLLAR INDEX SPOT	DXY Index	95.94	-0.73%	-1.49%	-0.46%	-0.88%
USD-EUR X-RATE	USDEUR Curncy	0.87	-1.20%	-1.69%	-1.82%	-1.85%
Russian Ruble SPOT (TOM)	USDRUB Curncy	71.86	1.39%	0.97%	15.82%	14.09%
USD-TRY X-RATE	USDTRY Curncy	6.86	-0.07%	0.10%	15.32%	21.59%
USD-GBP X-RATE	USDGBP Curncy	0.80	0.53%	-1.42%	5.64%	-0.62%
Bloomberg JPMorgan Asia Dollar	ADXY Index	103.18	-0.10%	0.28%	-1.88%	-2.00%
USD-AUD X-RATE	USDAUD Curncy	1.43	-0.77%	-1.50%	0.39%	0.63%
USD-CNY X-RATE	USDCNY Curncy	6.99	-0.10%	-1.03%	0.42%	1.63%
USD-INR X-RATE	USDINR Curncy	74.94	-0.33%	-0.82%	5.21%	8.84%
USD-JPY X-RATE	USDJPY Curncy	107.03	0.11%	-0.74%	-1.43%	-0.74%
USD-KRW X-RATE	USDKRW Curncy	1,204.34	0.23%	0.28%	4.27%	2.39%
USD-TWD X-RATE	USDTHW Curncy	29.53	-0.06%	-0.11%	-1.27%	-4.88%
USD-ARS X-RATE	USDARS Curncy	71.47	0.83%	1.45%	19.39%	68.68%
USD-BRL X-RATE	USDBRL Curncy	5.36	0.43%	-1.74%	33.45%	43.21%
USD-CLP X-RATE	USDCLP Curncy	788.00	-0.89%	-4.17%	4.61%	15.17%
USD-MXN X-RATE	USDMXN Curncy	22.50	-0.16%	-2.39%	19.17%	18.26%
USD-EGP X-RATE	USDEGP Curncy	15.98	-0.20%	-1.21%	-0.56%	-3.99%
USD-NGN X-RATE	USDNGN Curncy	388.13	0.03%	0.23%	6.42%	7.43%
USD-ZAR X-RATE	USDZAR Curncy	16.66	-0.66%	-4.12%	19.23%	20.14%
Commodities			Return (USD)			
WTI CRUDE FUTURE Aug20	CLA Comdty	40.59	0.10%	3.36%	-30.39%	-24.36%
BRENT CRUDE FUTR Sep20	COA Comdty	43.14	-0.23%	4.53%	-30.95%	-27.45%
Baltic Dry Index	BDIY Comdty	1,710.00	-5.52%	-4.95%	56.88%	-19.72%
Natural Gas Futures	NGI Comdty	1.72	-4.82%	-1.88%	-21.52%	-24.88%
Gold Spot \$/Oz	XAU Curncy	1,807.87	0.74%	1.36%	18.72%	26.74%
Silver Spot \$/Oz	XAG Curncy	19.35	3.66%	6.27%	7.83%	19.81%
LME COPPER 3MO (\$)	LMCADSO3 Comdty	6,448.00	0.56%	7.20%	4.44%	7.77%
Government Bond Yields %			Change (percentage points)			
US Generic Govt 2 Yr	USGG2YR Index	0.15	-0.01	0.00	-1.42	-1.61
US Generic Govt 5 Yr	USGG5YR Index	0.28	-0.02	0.00	-1.41	-1.48
US Generic Govt 10 Yr	USGG10YR Index	0.63	-0.02	-0.03	-1.29	-1.40
Canadian Govt Bonds 10 Year No	GCAN10YR Index	0.53	-0.02	0.00	-1.18	-0.97
Mexico Generic 10 Year	GMXN10YR Index	5.79	0.10	-0.05	-1.12	-1.77
UK Gilts 10 Yr	GUKG10 Index	0.16	0.01	-0.01	-0.66	-0.60
Switzerland Govt Bonds 10 Year	GSWISS10 Index	-0.43	0.03	0.00	0.04	0.17
GERMANY GOVT BND 2 YR BKO	GDBR2 Index	-0.66	0.02	0.02	-0.06	0.09
GERMANY GOVT BND 5 YR OBL	GDBR5 Index	-0.64	0.02	0.05	-0.17	0.00
GERMANY GOVT BND 10 YR DBR	GDBR10 Index	-0.45	0.02	0.01	-0.26	-0.14
French Generic Govt 10Y Yield	GTFRF10Y Govt	-0.14	0.00	-0.03	-0.26	-0.08
Greece Generic Govt 10Y Yield	GTGRD10Y Govt	1.18	-0.01	-0.01	-0.25	-0.94
Italy Generic Govt 10Y Yield	GBTGRI10 Index	1.17	-0.06	-0.09	-0.24	-0.39
Spain Generic Govt 10Y Yield	GSPG10YR Index	0.41	0.00	-0.06	-0.06	0.00
Portugal Generic Govt 10Y Yield	GSPT10YR Index	0.42	0.00	-0.06	-0.02	-0.05
Australia Govt 10 Yr	GACGB10 Index	0.87	0.01	0.00	-0.50	-0.48
India Govt Bond Generic Bid Yi	GIND10YR Index	5.81	0.05	-0.08	-0.75	-0.58
KCMP South Korea Treasury Bond	GVSKI0YR Index	1.35	-0.05	-0.03	-0.32	-0.13
Japan Govt 10 Yr	GJGB10 Index	0.02	0.00	0.00	0.04	0.15
South Africa Govt Bonds 10 Yea	GSAB10YR Index	9.43	-0.07	0.17	0.40	0.81
Corporate Credit Indices			Change (Bps) +ive = Widening			
MARKIT ITRX EUR XOVER 06/25	ITRXEXE CBIL Curncy	367.39	-9.43	-16.47	160.72	113.67
MARKIT ITRX EUROPE 06/25	ITRXEBE CBIL Curncy	61.79	-1.55	-5.14	17.75	11.91
MARKIT ITRX EUR SNR FIN 06/25	ITRXESE CBIL Curncy	70.99	-5.57	-9.30	19.36	9.45
MARKIT ITRX EUR SUB FIN 06/25	ITRXEUE CBIL Curncy	146.72	-11.01	-21.47	34.38	16.80
MARKIT CDX.NA.IG.34 06/25	IBOXUMAE CBIL Curncy	71.53	-2.95	-4.85	26.95	17.95
MARKIT CDX.NA.HY.34 06/25*	IBOXHYSE CBIL Curncy	471.41	-32.40	-43.82	195.81	139.90
Implied Volatility (Equity Index)			Change (Volatility Points) +ive = Volatility Rising			
Eurostoxx 3month ATM	SX5E Index	23.17	-2.17	-3.44	10.53	10.35
FTSE 100 500 3month ATM	UKX Index	21.56	-2.04	-3.83	10.01	11.04
Hang Seng 3month ATM	HSI Index	21.36	-1.74	-0.44	5.53	6.43
Nikkei 3month ATM	NKY Index	20.48	-2.11	-4.36	6.74	6.45
S&P 500 3month ATM	SPX Index	23.29	-0.81	-2.10	10.33	10.56
Volatility (VIX)	VIX Index	25.68	-1.61	-4.75	11.90	12.15
Inflation (Long term inflation expectation proxy) %			Change (percentage points)			
US 5Y5YF Inflation Swap		1.87	0.07	0.08	-0.24	-0.24
UK 5Y5YF Inflation Swap		3.61	0.02	-0.01	0.06	-0.01
JPY 5Y5YF Inflation Swap		-0.19	0.00	0.00	-0.34	-0.30
EUR 5Y5YF Inflation Swap		1.11	0.04	-0.01	-0.22	-0.17
Economic Data Surprise (+ive/-ive = above/below expectations)						
Citi Economic Surprise Index	CESIAPAC Index	-7.50				
Citi Economic Surprise Index -	CESICNY Index	71.10				
Citi Economic Surprise Index -	CESIEM Index	-11.10				
Citi Economic Surprise Index -	CESIEUR Index	-7.10				
Citi Economic Surprise Index -	CESIG10 Index	103.30				
Citi Economic Surprise - Japan	CESIJPY Index	-54.00				
Citi Economic Surprise Index -	CESILTAM Index	-4.30				
Citi Economic Surprise - Unite	CESIUSD Index	259.10				

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

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