Monthly Market Roundup
September 2016 (covering August 2016)

Global overview

Global equity markets rose in August as markets surprised investors in recent weeks, having rallied strongly to reach new all-time highs on several occasions over the course of the month. The FTSE All Share index, a beneficiary of weak sterling, rallied strongly during the month from its initial post-European Union (EU) referendum fall, while the more domestically orientated FTSE 250 index, which suffered most severely in the ensuing equity sell-off, recovered to reach a new all-time high. In the US, the S&P 500 index also reached a record high, while European equities have begun to show signs of life. Overall, the MSCI AC World index managed to return 1.77%[1] in August, with some of the strongest returns coming from the cyclical and more economically sensitive areas of the market, as investors increasingly rotated out of perceived 'safer' bond-like segments of the equity market.

Although US consumer confidence – a key indicator of US economic health – climbed to its highest level since September 2015, and despite continued US labour market strength, heightened uncertainty about the direction of US Federal Reserve (Fed) monetary policy in September caused the S&P 500 index to stay mostly flat for the month, despite temporarily reaching record highs. The index returned 0.14% in August and was up 7.82% year-to-date at the end of the month[1]. Market expectations about business and employment conditions as well as personal income prospects continued to improve in August, suggesting the possibility of continued moderate US economic growth in the coming months. Although the S&P 500 index hadn't moved much by the end of the month, the internal dynamics were more telling. Investors witnessed a rotation back into out-of-favour areas of the market that tend to do well when the economy is stronger. The diminished impact from Britain's decision to leave the EU in June, strong household spending and two strong US labour reports helped cyclical sectors to rebound over the summer.

In the UK, market upheavals of recent months moderated in August. As investors continued to look for indications of the Brexit impact, economic data provided a mixed picture of UK economy's outlook. August economic data releases showed UK mortgage lending contracted sharply in July, while consumer spending rose 0.9% in the second quarter of 2016 ahead of the EU referendum. Meanwhile, the Bank of England's 0.25% cut in interest rates met expectations mid-month, but the additional stimulus package proposed went further than many in the market had anticipated. Overall, August was quiet prior to the quantitative easing (QE) announcement as the rally in government bonds started to peter out. Following the rate cut, 10-year gilt yields fell a further 20 basis points to new record lows. While the Bank of England initially failed to find enough sellers of its long-dated bonds, a second purchasing attempt in late August proved more successful.

After oscillating between weekly gains and losses, the FTSE World Europe ex-UK index advanced in August, maintaining the upward trend following the short-lived correction inflicted in late June. Europe's financials sector also posted its best monthly return this year in August, supported by better-than-expected banks earnings results and an increased probability of a Fed interest rate rise in 2016. Meanwhile, the healthcare and utilities sector led detractors, as investors rotated out of perceived 'safer' areas of the market. Europe's macroeconomic data remained resilient, with no signs of the slow recovery being derailed by 'Brexit' uncertainty. The eurozone flash composite Purchasing Managers Index (PMI), a survey of private sector activity, edged up in August, reaching a seven-month high. However, eurozone headline inflation stayed constant at 0.2% in August, while core inflation had ticked down to 0.8% from 0.9% a month earlier. This triggered speculation about a possible extension of the European Central Bank's (ECB) asset purchase programme beyond March 2017.

Elsewhere, the Japanese equity market ended August marginally higher in local currency terms. Although Prime Minister Shinzō Abe's 28tn yen fiscal stimulus package fell short of expectations, investor sentiment was supported by market expectations that further QE could be implemented by the Bank of Japan, if it is considered necessary to stimulate the economy. Expectations about a potential US interest rates rise and further QE has led to a more balanced outlook for the yen. This has resulted in some currency sensitive sectors outperforming at the expense of the defensive areas of the market. Finally, given the current low interest rates, corporates are continuing to do share buybacks providing support to the equity market.

Across Asia, many equity markets made solid gains in August as the increased likelihood of a possible US interest rate hike in the near term had limited impact on global risk appetite. However, there was a wide dispersion in regional performance, with China, Thailand and India all performing well. In contrast, the Philippines equity market was among the weakest, as earnings disappointments from select index names led to a sell-off. Over the course of August, China's equity market rose on better-than-expected corporate earnings results for the first half of 2016, with the approval of the Shenzhen-Hong Kong stock connect and some economic data showing signs of improvement. However, concerns continued about private investment growth, which eased further. This highlights the challenges that remain, which could limit the magnitude of an economic recovery.

Global emerging equity markets extended their winning ways in 2016 by gaining further ground during August. Emerging Asia led regional gains, primarily driven by China, which drew support from some encouraging macroeconomic data. Performance in Latin America however was more mixed, with the peace accord in Colombia triggering a sharp rally in the local equity market, although weaker copper prices had a dampening impact on sentiment towards Chile. Elsewhere, news of Brazilian President Dilma Rousseff's impeachment had a limited impact on the country's equity market, which closed the month marginally higher in US dollar terms in the belief that new President Michel Temer will be more successful in tackling Brazil's budget deficit. However, the country's economy continues to struggle, with the second quarter of 2016's GDP contracting by 0.6%, after a revised 0.4% drop in the previous quarter. Finally, the emerging EMEA (Europe, Middle East and Africa) equity market was the worst performing region, mainly due to weakness in Czech Republic and South Africa, where political woes had an adverse impact on the South African rand.

[1] Data is sourced from Datastream and shows total returns in US dollars

US

- Despite historic highs, S&P 500 index remained mostly flat in August
- US consumer confidence index in August recorded its highest levels since September 2015
- US Federal Reserve (Fed) sees case for interest rate rise has strengthened, but uncertainty over policy remains

Although US consumer confidence – a key indicator of US economic health – climbed to its highest level since September 2015, and despite continued US labour market strength, heightened uncertainty about the direction of the Fed's monetary policy in September caused the S&P 500 index to stay mostly flat for the month, despite temporarily reaching record highs. The index returned 0.14% in August and is up 7.82% year-to-date at the end of the month[2].

Market expectations about business and employment conditions as well as personal income prospects continued to improve in August, suggesting the possibility of continued moderate US economic growth in the coming months. Although the S&P 500 hadn't moved much by the end of the month, the internal dynamics were more telling. Investors witnessed a rotation back into out-of-favour areas of the market that tend to do well when the economy is stronger. The diminished impact from Britain's decision to leave the European Union (EU) in June, strong household spending and two strong US labour reports helped cyclical sectors to rebound over the summer. At the sector level, some of the strongest returns in August came from cyclical sectors, with financials leading the advance with a 3.6% return. Sentiment towards the sector improved significantly on rising expectations for an interest rate increase by the end of the year, which would ease a significant headwind to US Bank earnings. The information technology and energy sectors also performed well. However, whilst the more economically sensitive industrials sector ended August in positive territory, the materials sector slightly underperformed. In contrast, the perceived 'safer' bond-like utilities, telecommunications and healthcare sectors underperformed, as did consumer staples. The decline of both the utilities and telecommunication services sectors, which have been top performers in the S&P 500 benchmark index so far in 2016, was primarily due to rising market expectations about a US interest rate hike near term. The 'bond proxy'-like characteristics of both these sectors have been popular with investors this year in the face of historically low government bond yields. Rising interest rates jeopardise this thesis.

In merger and acquisition news, August saw further signs of consolidation within the healthcare sector. American pharmaceuticals company Pfizer announced that it would purchase biopharmaceutical company Medivation, in a deal worth US$14bn. This will give Pfizer access to Medivation's prostate cancer drug Xtandi, as well as two development-stage cancer drugs, expanding Pfizer's oncology portfolio. In a separate development, British-Swedish multinational pharmaceutical and biopharmaceutical company AstraZeneca has agreed to sell its late-stage small molecule antibiotics business in most markets outside the US to Pfizer, in a multi-stage deal that could be worth about US$1.5bn. Earlier in August, British pharmaceutical company GlaxoSmithKline and Alphabet's life sciences unit, Verily Life Sciences, agreed to create a new company, Galvani Bioelectronics, focused on fighting diseases by targeting electrical signals in the body. Together, both firms plan to contribute US$715.12m over seven years to the newly formed company. Within the US retail sector, US-based multinational retail giant Wal-Mart Stores Inc. agreed to acquire online retailer Jet.com in a deal valued at about US$3.3bn, one of the largest-ever acquisitions of an e-commerce company. Whilst both companies plan to maintain distinct brands, the move is widely considered as an attempt for the world's biggest retailer to position for intense competition with Amazon, the world's biggest e-retailer.

[2] Data is sourced from Datastream and shows total returns in US dollars.

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September 2016 (covering August 2016)

Europe

- European equity markets rose in August
- The financials sector marked its best monthly performance in over a year
- Healthcare and utilities sectors were the biggest detractors

After oscillating between weekly gains and losses, European equity markets ended up in positive territory for a second consecutive month. The FTSE World Europe ex-UK index advanced in August, maintaining the upward trend following the short-lived correction inflicted in late June.

On a sector level, financials were the leading outperformers. After getting off to a bad start in 2016, the financials sector posted its best monthly return this year in August. This was supported by better than expected bank earnings results and an increased probability of a US Federal Reserve (Fed) interest rate rise before the end of the year. Following this, the basic materials sector also performed strongly amid signs of a pick-up in Chinese manufacturing data and rising commodity prices. Meanwhile, healthcare and utilities sector led the detractors. On a stock level, German chemicals company Linde was among the best performers in August; the company's share price climbed by almost 19%, while news surfaced about a merger talk with American peer Praxair – a deal that would create the world's largest supplier of industrial gases. National Bank of Greece was another top performer this month. Despite reporting net losses, results showed evident improvements on revenues and asset quality trends. Meanwhile, insulin maker Novo Nordisk was another large detractor in August; a marginal earnings miss and downward tweaking of guidance led to a 17% drop in the share price. E.ON, the German utility company, also lost ground this month after reporting net losses caused by provisions, and write-downs linked to the spin-off of power generation and energy trading company Uniper.

On the macroeconomic front, data in Continental Europe remained resilient so far, with no signs of the recovery being derailed by 'Brexit' uncertainty. The eurozone's flash composite Purchasing Managers Index (PMI), a survey of private sector activity, edged up in August reaching a seven-month high. France's flash composite PMI was among the most remarkable, climbing to the highest level since October 2015. Inflation remained subdued however; eurozone headline inflation stayed constant at 0.2% in August, while core inflation had ticked down to 0.8% from 0.9% a month earlier. This triggered early speculations about the extension of the European Central Bank's (ECB) asset purchase programme beyond March 2017.

With the second quarter's earnings season coming to an end, results showed that the majority of companies have beaten analysts' expectations, with some more economically sensitive sectors such as industrials, consumer discretionary and materials displaying the strongest beats. Earnings growth remained negative in the second quarter of 2016, largely dragged by energy, but displaying notable improvement compared to the first quarter.

UK

- The Bank of England's 0.25% cut in interest rates met general market expectations, but the broader stimulus package went further than many anticipated
- UK manufacturing input prices hit a two-year high in August, while weaker sterling raised pricing expectations
- Minutes of July's Federal Reserve (Fed) meeting, released in August, indicated US policymakers stood divided on a second interest rate rise

The market upheavals of June and July moderated in August, but investors continued to look for indications of the Brexit impact. Economic data provided a mixed picture of the UK economy's outlook; data released during the month showed UK mortgage lending contracted sharply in July, while consumer spending rose 0.9% in the second quarter of 2016 ahead of the European Union (EU) referendum. The Consumer Prices Index (CPI) rose to 0.6% in July, pushed up by rising fuel prices through the month.

The Bank of England's 0.25% cut in interest rates met expectations mid-month, but the broader stimulus package – £60bn of gilt-based quantitative easing (QE), a corporate QE programme of up to £10bn, and a £100bn four-year Term Funding Scheme (TFS) – went further than many in the market had anticipated. The month was quiet prior to the announcement, as the rally in government bonds started to peter out; following the rate cut, 10-year gilt yields fell a further 20 basis points to new record lows as the central bank failed to find enough sellers of long-dated bonds. Later in the month, a second purchasing attempt proved more successful, attracting more than £3bn in offers from investors.

Minutes from the July Fed meeting, which were released in August, indicated that US policy makers remained divided over the timing of the next interest rate rise; residual concerns over inflation underpinned members' decision to maintain a flexible stance to ongoing policy.

With the second quarter's earnings season coming to an end, results showed many companies beat analysts' expectations, with some more economically sensitive sectors such as industrials, consumer discretionary and materials displaying the strongest beats. Earnings growth remained negative in the second quarter of 2016, largely dragged by energy, but displayed notable improvement compared to the first quarter of the year.

Interim results from Derwent London confirmed record lettings for the real estate investment trust in the first half of 2016, challenging the presumed negative outlook for the property sector following the EU referendum. Derwent chief executive, John Burns, said that the strong momentum through the period demonstrated "the sustained demand for our high quality, mid-market rental space".

Provident Financial pleased the market with strong performance across the group's three businesses, resulting in a 10% interim dividend increase. Chief executive, Peter Crook, said that the lender's strong performance in the first half of the year and sound credit quality had provided a foundation for continued growth and "sound trading" through the UK's uncertain macroeconomic outlook.

Pharmaceutical megalith Pfizer continued 2016's frothy mergers and acquisitions market, with its purchase of AstraZeneca's antibiotics business in a bid to add to its pipeline of treatments intended to fight infections. Pfizer will pay US$550m to AstraZeneca when the transaction closes.

Asia Pacific

- Many Asian equity markets made solid gains despite speculation concerning a US interest rate hike
- Chinese economic data has shown some signs of improvement
- Japan's equity market saw currency sensitive sectors outperform

Many Asian equity markets made solid gains in August as the Federal Reserve's (Fed) comment on the increased likelihood of a US interest rate hike had limited impact on global risk appetite. However, there was a wide dispersion in performance between markets, with China's equity market the notable outperformer, while the Philippines equity market was among the weakest.

China's equity market rose on better-than-expected corporates results for the first half of 2016, with the approval of the Shenzhen-Hong Kong stock connect and some economic data showing signs of improvement. The August NBS manufacturing Purchasing Managers Index (PMI) beat expectations, while growth in industrial profit and car sales improved notably in July (year-on-year). However, concerns continued about private investment growth, which eased further. This highlights the challenges that remain, which could limit the magnitude of an economic recovery.

Elsewhere, Thailand's equity market was one of the better performers, as it rallied due to the positive referendum poll, which lifted confidence in Thai politics. Furthermore, GDP for the second quarter of 2016 was stronger-than-expected, due to strong domestic consumption which was aided by tourism and fiscal policy support. India's equity market benefited from the passing of the Goods and Services Tax (GST) constitutional amendment bill in Parliament, and the appointment of Dr. Urijit Patel as the new governor of the Reserve Bank of India, which was seen as signalling policy continuity. Finally in Australia, the equity market declined due to a weak results season which led to negative earnings revisions, while the Philippines equity market fell, as earnings disappointments from select index names led to a sell-off.

The Japanese equity market ended the month marginally higher in local currency terms. Although Prime Minister Abe's 28tn yen fiscal stimulus package fell short of what is expected to be needed to jump start the economy, investor sentiment was supported by expectations that further easing could be implemented by the Bank of Japan if it is considered necessary. The potential for US interest rates to rise in the coming months and further easing to be implemented has led to a more balanced outlook for the yen. This has resulted in some currency sensitive sectors outperforming at the expense of the defensive areas of the market. Also, there was relief following first quarter earnings, which were in-line with expectations. Finally, given the current low interest rates, corporates are continuing to do share buybacks providing support to the equity market.

Monthly Market Roundup
September 2016 (covering August 2016)

Emerging Markets

- Global emerging equity markets gained further ground in August
- Confidence towards China was boosted by encouraging economic data
- After five decades of war, a ceasefire was announced in Colombia

Global emerging equity markets extended their winning ways for the year by gaining further ground during August. Emerging Asia led the regional gains, primarily driven by China, which drew support from some encouraging macroeconomic data. The equity markets in Korea and Thailand also did reasonably well. Performance in Latin America was more mixed, with the peace accord in Colombia triggering a sharp rally in the local equity market, although weaker copper prices had a dampening impact on sentiment towards Chile. EMEA (Europe, Middle East and Africa) was the worst performing region, mainly due to weakness in Czech Republic and South Africa. Political woes in the latter had an adverse impact on the rand which lost 5.8% of its value versus the US dollar. There was more stability in other emerging market currencies, particularly for oil exporters who derived benefit from higher oil prices. From a sector perspective, technology and financials were the best performers while telecoms and healthcare were the laggards.

In a historic decision, Brazil's senate voted overwhelmingly to impeach President Dilma Rousseff on charges of manipulating the federal budget. The news had limited impact on the Brazilian equity market, which closed the month marginally higher in US dollar terms, in the belief that new President Michel Temer will be more successful in tackling the country's budget deficit. However, the economy continues to struggle, with the second quarter of 2016's gross domestic product (GDP) contracting by 0.6%, after a revised 0.4% drop in the previous quarter. Mexico's equity market also edged up higher in August, buoyed by healthy economic data – retail sales increased by 9.4% year-on-year in June. As widely expected, interest rates were left unchanged at 4.25% although the central bank said that the balance of risks surrounding the country's economic growth had deteriorated since the rate cut in late June 2016. After five decades of war, a ceasefire was declared in Colombia between Farc guerrillas and the Colombian military. The news was warmly received by financial markets, resulting in strong gains for the local equity market. Colombia is expected to hold a national referendum on 2 October 2016 to give voters the chance to approve the deal.

There was a wide divergence of performance within the equity markets of EMEA. Weakness in banking stocks was the biggest drag on performance in Czech Republic. By contrast, bank stocks performed positively in Russia, Poland and Hungary. Aside from rising oil prices, sentiment towards Russia was enhanced by better economic news – inflation remains on a downtrend and the economy is seen entering a trajectory of slow growth. Perceived political risk was reduced, as tensions with Ukraine eased amid signs that Russia is seeking to end its isolation under Western sanctions over Ukraine.

MSCI US$ price index return	**(%, US$)**
	Aug 2016
Emerging markets	2.3
Developed markets	-0.1
Emerging Asia	3.1
Latin America	0.4
EMEA	-2.7
Top five by country	
Colombia	9.5
China	7.4
Qatar	4.0
Korea	3.2
Thailand	3.0
Bottom five by country	
Czech Republic	-10.2
South Africa	-7.8
Peru	-4.4
Chile	-4.2
Singapore	-3.5

Source: MSCI Indices, Bank of America Merrill Lynch, 31 August 2016.

Invesco Perpetual

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Fixed Interest

- The Bank of England cut the UK bank rate to 0.25% and announced a £10bn corporate bond-buying scheme
- Sterling investment grade corporate bond issuance soared to its highest level since August 2009
- US Federal Reserve (Fed) chair, Janet Yellen, confirmed that the case for a US interest rate hike had strengthened in recent months

Sterling bond markets were the stand out performers amongst global bond markets this month. Helping to fuel returns for this sector was the Bank of England's announcement of a series of quantitative easing measures.

The Bank of England eased UK monetary policy, as it sought to provide additional support to the UK economy. Amongst the measures announced was a cut in UK bank rate to 0.25%, and a scheme to purchase £10bn of corporate bonds along with £60bn of UK government bonds. There was also an announcement to provide some assistance to banks that might otherwise find the move in interest rates toward zero squeezing their margins and therefore restrict their capacity to lend. Overall, the package of measures announced was well received by bond markets, which rallied strongly in response.

The announcement that the Bank of England would purchase corporate bonds had a marked effect on the sterling corporate bond market. Bond yields in the sector fell immediately following the announcement, and corporate treasurers sought to take advantage of the increase in demand. Vodafone was one of the first companies to capitalise, raising £1bn through a 40 year bond offering a 3% coupon. According to data from Barclays, £8.6bn of sterling denominated investment grade bonds were issued in August, making it the busiest month so far in 2016 and the busiest month overall since 2009.

Elsewhere, it was a relatively quiet month for bond markets. One area of focus was the annual meeting of central bankers at the Jackson Hole Economic Symposium. In particular, markets were focused on what the Fed Chair, Janet Yellen, would say about future US interest rate policy. While noting that the next move in US interest rates remained data dependent, Yellen stated that the rate hike case had strengthened in recent months. This, and further comments made by other members of the Fed that were viewed as supportive of a US rate hike, helped US Treasury yields to spike higher. However, these yields soon retraced to pre Jackson Hole levels. By 31 August 2016, the futures market was pricing in a 60% probability of a hike in US interest rates in December 2016. The probability was 36% on 31 July 2016.

According to data from Merrill Lynch, sterling investment grade corporate bonds returned 3.4%, while Gilts returned 2.8%. Euro investment grade corporate bonds by comparison returned 0.3%, and Bunds returned -0.5%. Sterling bank bonds returned 1.8%, with Euro Bank bonds returning 0.5%[3].

[3] Data is sourced from Merrill Lynch and shows total returns in local currency returns.

Government Bonds — **Yield to maturity (%)**

	31.08.16	31.07.16	31.05.16	29.02.16	31.08.15
US Treasuries 2 year	0.81	0.66	0.88	0.77	0.74
US Treasuries 10 year	1.58	1.45	1.85	1.73	2.22
US Treasuries 30 year	2.23	2.18	2.65	2.62	2.96
UK Gilts 2 year	0.14	0.11	0.43	0.38	0.69
UK Gilts 10 year	0.64	0.69	1.43	1.34	1.96
UK Gilts 30 year	1.27	1.55	2.22	2.31	2.58
German Bund 2 year	-0.62	-0.63	-0.51	-0.57	-0.20
German Bund 10 year	-0.07	-0.12	0.14	0.11	0.80
German Bund 30 year	0.46	0.34	0.85	0.84	1.52

Source: Bloomberg LP, Merrill Lynch data. Data as at 31 August 2016.

Corporate Bonds — **Yield to maturity (%)/Spread[5] (bps)**

	31.08.16		31.07.16		31.05.16		29.02.16		31.08.15	
£ AAA	1.24	31	1.52	40	2.27	48	2.46	71	2.81	61
£ AA	1.44	77	1.67	87	2.47	100	2.80	140	2.97	106
£ A	2.03	127	2.32	142	3.04	154	3.45	207	3.34	149
£ BBB	2.53	181	2.80	199	3.60	219	3.99	272	3.80	203
€ AAA	0.40	58	0.38	60	0.79	69	0.81	82	1.26	71
€ AA	0.21	64	0.21	68	0.53	76	0.63	91	0.99	75
€ A	0.48	89	0.51	96	0.84	107	0.99	130	1.23	100
€ BBB	0.99	136	1.02	143	1.41	162	1.75	203	1.84	155
European High Yield (inc € + £)	4.31	400	4.59	446	5.09	465	6.21	606	5.43	459

Source: Bloomberg LP, Merrill Lynch data. Data as at 31 August 2016.

[5] Credit spread - difference in yields offered by corporate bonds over government bonds, that have similar maturity but different credit quality. Option Adjusted Spread (OAS) is used to account for the optionality inherent in many corporate bonds.

Global equity and commodity index performance – figures to 31 August 2016 (%)

	1 Month	3 Months	6 Months	YTD	2014	2013	2012	2011
Global US & Canada								
MSCI World (US$)	0.1	3.3	12.9	5.5	5.5	24.7	16.5	-5.0
MSCI World Value (US$)	1.0	3.6	14.0	6.8	4.4	27.5	16.4	-4.9
MSCI World Growth (US$)	-0.7	2.9	11.8	4.1	6.6	27.2	16.6	-5.1
MSCI World Small Cap (US$)	0.2	3.8	16.7	8.4	2.3	32.9	18.1	-8.7
MSCI Emerging Markets (US$)	2.5	12.1	23.0	14.8	-1.8	-2.3	18.6	-18.2
FTSE World (US$)	0.2	3.8	13.5	6.2	4.8	24.7	17.0	-6.5
Dow Jones Industrials	0.3	4.2	12.9	7.7	10.0	29.7	10.2	8.4
S&P 500	0.1	4.1	13.6	7.8	13.7	32.4	16.0	2.1
NASDAQ	1.2	5.7	15.1	5.0	14.8	40.1	17.5	-0.8
Russell 2000	1.8	7.8	20.9	10.2	4.9	38.8	16.4	-4.2
S&P/ TSX Composite	0.3	4.5	15.3	14.4	10.6	13.0	7.2	-8.7
Europe & Africa								
FTSE World Europe ex-UK €	0.7	0.2	6.6	-2.6	0.2	25.2	17.8	-14.7
MSCI Europe	0.7	-0.1	6.0	-2.8	7.4	20.5	18.1	-7.5
CAC 40	0.0	-0.8	5.2	-1.1	2.7	22.2	20.4	-13.4
DAX	2.5	3.2	11.6	-1.4	2.7	25.5	29.1	-14.7
Ibex 35	1.9	-2.4	5.4	-12.5	8.0	30.0	1.8	-10.2
FTSEMIB	0.6	-5.3	-0.6	-18.2	3.0	20.5	12.2	-22.0
Swiss Market Index (capital returns)	0.9	-0.2	4.6	-7.0	9.5	20.2	14.9	-7.8
Amsterdam Exchanges	1.9	2.6	9.6	6.4	8.7	20.7	14.1	-8.8
HSBC European Smaller Cos ex-UK	1.4	0.8	9.7	0.4	5.2	34.0	20.4	-21.8
MSCI Russia (US$)	2.5	7.4	25.3	26.5	-45.9	1.4	14.4	-19.3
MSCI EM Europe, Middle East and Africa (US$)	1.8	4.7	15.0	13.6	-28.4	-3.9	25.1	-23.3
FTSE/JSE Africa All-Share (SA)	0.3	-1.6	8.4	5.8	10.9	21.4	26.7	2.6
UK								
FTSE All-Share	1.9	9.0	13.1	10.5	1.2	20.8	12.3	-3.5
FTSE 100	1.7	10.1	14.0	12.1	0.7	18.7	10.0	-2.2
FTSE 250	2.8	3.8	8.6	3.7	3.7	32.3	26.1	-10.1
FTSE Small Cap ex Investment Trusts	3.9	5.4	12.0	6.2	-2.7	43.9	36.3	-15.2
FTSE TechMARK 100	0.2	13.2	11.5	8.3	12.3	31.7	23.0	3.6
Asia Pacific & Japan								
Hong Kong Hang Seng	5.2	12.5	24.0	8.1	5.5	6.6	27.5	-17.4
China SE Shanghai Composite (capital returns)	3.6	5.8	14.8	-12.8	52.9	-6.7	3.2	-21.7
Singapore Times	-0.2	2.7	9.3	1.2	9.6	3.0	23.4	-14.5
Taiwan Weighted (capital returns)	0.9	6.3	7.8	8.8	8.1	11.9	8.9	-21.2
Korean Composite (capital returns)	0.9	2.6	6.2	3.7	-4.8	0.7	9.4	-11.0
Jakarta Composite (capital returns)	3.3	12.3	12.9	17.3	22.3	-1.0	12.9	3.2
Philippines Composite (capital returns)	-2.2	5.2	16.7	12.0	22.8	1.3	33.0	4.1
Thai Stock Exchange	2.3	9.6	19.2	23.7	19.1	-3.6	41.3	3.7
Mumbai Sensex 30	1.6	7.1	24.8	10.2	32.4	10.9	27.8	-22.2
Hang Seng China Enterprises index	6.5	13.8	25.5	2.9	15.6	-1.5	19.8	-19.7
ASX 200	-1.6	2.1	13.9	5.8	5.6	20.2	20.3	-10.5
Topix	0.6	-3.5	3.6	-13.0	10.3	54.4	20.9	-17.0
Nikkei 225 (capital returns)	1.9	-2.0	5.4	-11.3	7.1	56.7	22.9	-17.3
MSCI Asia Pac ex Japan (US$)	2.1	10.2	21.0	10.5	3.1	3.7	22.6	-15.4
Latin America								
MSCI EM Latin America (US$)	0.7	18.5	34.9	33.6	-12.0	-13.2	8.9	-19.1
MSCI Mexico (US$)	1.4	2.3	4.7	2.1	-9.2	0.2	29.1	-12.1
MSCI Brazil (US$)	0.9	32.6	65.1	62.6	-13.7	-15.8	0.3	-21.6
MSCI Argentina (US$)	-2.2	0.5	1.2	13.6	19.2	66.2	-37.1	-38.9
MSCI Chile (US$)	-4.1	5.0	11.7	14.6	-12.2	-21.4	8.3	-20.0
Commodities								
Oil - Brent Crude Spot (US$/BBL)	11.4	-5.9	28.9	26.7	-49.4	0.2	3.2	15.3
Oil - West Texas Intermediate (US$/BBL)	7.6	-9.0	36.5	20.3	-45.8	6.9	-7.1	8.2
Reuters CRB index	-0.4	-3.1	10.6	2.5	-17.9	-5.0	-3.3	-8.2
Gold Bullion LBM (US$/Troy Ounce)	-3.1	7.7	6.1	23.1	-1.8	-27.3	5.6	11.1
Baltic Dry index	8.4	16.2	116.1	48.7	-65.7	225.8	-59.8	-2.0

Source: Thomson Reuters Datastream, total returns in local currency unless otherwise stated. Data as at 02 September 2016.

Global currency movements – figures to 31 August 2016

	Current value	Change Over: 1 Month (%)	3 Months (%)	6 Months (%)	YTD (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)
Euro/US Dollar	1.12	-0.1	0.2	2.6	2.7	-12.0	4.2	1.9	-3.2
Euro/GB Sterling	0.85	0.5	10.5	8.7	15.3	-6.4	2.1	-2.4	-2.9
Euro/Swiss Franc	1.10	1.4	-0.7	1.1	0.9	-2.0	1.6	-0.5	-2.9
Euro/Swedish Krona	9.55	-0.1	3.0	2.5	4.1	6.6	3.2	-3.9	-0.6
Euro/Norwegian Krone	9.29	-1.5	-0.4	-1.7	-3.2	8.4	13.7	-5.4	-0.5
Euro/Danish Krone	7.44	0.1	0.1	-0.2	-0.3	-0.2	0.0	0.4	-0.3
Euro/Polish Zloty	4.36	0.1	-0.6	0.3	2.3	3.2	1.8	-8.6	12.6
Euro/Hungarian Forint	309.80	-0.5	-1.2	-0.1	-1.8	6.5	2.1	-7.6	13.2
US Dollar/Yen	103.43	1.3	-6.6	-8.2	-14.0	13.7	21.4	12.7	-5.2
US Dollar/Canadian Dollar	1.31	0.6	0.1	-3.2	-5.3	9.4	7.1	-2.7	2.3
US Dollar/South African Rand	14.74	6.2	-6.2	-7.2	-4.8	10.2	24.1	4.5	22.2
US Dollar/Brazilian Real	3.23	-0.7	-10.6	-19.7	-18.5	12.5	15.3	9.9	12.3
US Dollar/South Korean Won	1116.30	0.4	-6.2	-9.8	-5.1	4.1	-0.7	-8.2	3.4
US Dollar/Taiwan Dollar	31.74	-0.3	-2.6	-4.6	-3.3	6.1	2.7	-4.1	3.8
US Dollar/Thai Baht	34.63	-0.4	-3.2	-2.8	-3.9	0.6	6.9	-3.1	5.0
US Dollar/Singapore Dollar	1.36	1.7	-1.1	-3.1	-3.9	4.9	3.4	-5.8	1.1
US Dollar/GB Sterling	0.76	1.4	11.1	6.4	12.5	-5.9	1.9	4.6	-0.4
GB Sterling/South African Rand	19.35	5.4	-14.9	-12.4	-15.2	3.7	26.6	9.2	21.7
Australian Dollar/US Dollar	0.75	-1.0	3.9	5.3	3.3	-8.4	-14.2	1.6	0.1
New Zealand Dollar/US Dollar	0.73	0.6	7.2	10.0	6.2	-5.0	-0.9	6.4	-0.1

Source: Thomson Reuters Datastream, all figures subject to rounding. Data as at 02 September 2016.

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