Invesco Perpetual

Monthly Market Roundup

January 2017 (covering December 2016)

Global overview

Improving commodity prices and encouraging core economic data prints helped the MSCI AC World index to close out 2016 on a positive note. For December, the index recorded a healthy gain of 3.34% (total return, sterling), up 29.4% (total return, sterling) for the year. Having initially hinted at the prospects of four gradual increases in 2016, the US Federal Reserve's (Fed) growing confidence in its outlook of the US economy and inflation underpinned its decision to finally raise the interest rate by 0.25% in December. Supported by encouraging core economic developments in recent months, its long-awaited hike marked only the second time it has done so in a decade. Global equity markets also benefitted from stronger manufacturing business conditions, which improved at the fastest rate for nearly three years at the end of 2016, indicating that the recovery from the stagnation experienced at the start of 2016 continued to gather momentum. In a sign that proves the Organization of the Petroleum Exporting Countries (OPEC) and non-OPEC members are ready to support the market when oil prices fall, both groups agreed on a deal in December to jointly reduce output to try to tackle global oversupply and boost prices. Meanwhile, coal prices continued to rebound after years of decline, driven by a sharp cut in Chinese coal output coupled with rising demand across Asia Pacific and Europe.

US equity markets benefitted from a number of encouraging economic data prints in December. The US Manufacturing Purchasing Managers Index (PMI) hit a 21-month high, pointing to improving manufacturing conditions, while consumer optimism about the state of the US economy increased to the highest level since August 2001. Although the Fed's renewed hawkish tone about the future path of US interest rates took some steam out of the post-US election stock market rally, the S&P 500 index managed to post solid returns of 4.53% (total return, sterling) in December. With stock sectors across the board recording positive monthly returns, so-called 'defensive' sectors, led by stocks in the telecommunication services sector, for the most part outperformed softer-performing energy and more economically sensitive sectors. In a sign that the post-US election rally was expanding, investors regained interest in 'defensive' sectors while profit taking weighed somewhat on the performance of financials stocks, which emerged as one of the biggest winners in recent months, and more economically sensitive areas of the market. Overall, the index enjoyed a strong year, returning 35.16% (total return, sterling) in 2016. This was mostly attributed to a return to strength among oil and gas stocks, financials and more economically sensitive areas of the equity market.

UK equity markets continued to rise in December, ending an initially volatile year on a strongly positive note. On the back of a 'Santa Claus' rally, the FTSE All-Share index closed 2016 at an all-time high. As was so often the case in 2016, the mining and oil and gas sectors fuelled much of the rise; following an agreement by OPEC on a production cap, the oil price hit its highest level since 2015 while stronger-than-expected growth in China and weakened sterling supported the performance of many global mining companies. On the macroeconomic front, the Consumer Price Index (CPI) rose by 1.2% in the 12 months to November 2016, its highest level in two years. However, market expectations of the impact of Brexit in 2017 weighed on sterling, which faltered against the euro and US dollar into the Christmas period.

In Europe, equity markets advanced in December, posting one of the best monthly performances in 2016. Markets surged in the aftermath of the Italian referendum. Cyclical sectors (more sensitive to economic cycles) continued to perform strongly, reversing the trend observed in the early months of 2016, where deflationary fears dominated investment decisions. In economic news, the European Central Bank (ECB) decided in December to extend its quantitative easing (QE) programme to the end of 2017, or beyond if necessary, until it sees a sustainable increase in eurozone inflation towards the 'below 2%' target level. In parallel, the ECB decided to reduce the amount of monthly purchases, starting from April 2017 onwards, which was seen as simultaneously dovish (QE extension) and hawkish (QE pace reduction).

Turning to Japan, the equity market ended the month higher in local currency terms, rallying on a combination of a better outlook for global growth in 2017 and yen weakness versus the US dollar post the US election. Macroeconomic data releases were generally positive in December that saw the Bank of Japan upgrade its economic outlook, stating that the economy has continued a moderate recovery trend, and maintained all components of its monetary policy. The potential for rising US interest rates has reduced the risk of yen appreciation, which has supported the performance of currency sensitive sectors. Over the month, the earnings revision momentum across the Japanese equity market has improved while, at the same time, corporates are using their balance sheet strength to engage in share buybacks given the low interest rate environment.

Returns from the MSCI Asia Pacific (ex-Japan) Index in December were largely flat (total return, sterling). However, there was a notable divergence in performance between the region's equity markets, with Australia joining in the broader post-US election rally. Higher commodity prices helped support Australia's equity market performance, which also benefited from further rotation into financials. However, equity markets were dragged down by the underperformance of China and Hong Kong as investor sentiment in China was impacted by an apparent shift in policymakers' focus from prioritising growth to concentrating on credit risks. The People's Bank of China had been quietly tightening liquidity conditions for a while as it tried to encourage deleveraging after concerns over rising debt levels and speculative behaviour in certain segments of the market. However, the US election result and consequent rise in US bond yields and the US dollar triggered a sell-off in China's bond market, with increased expectations of renminbi depreciation and capital outflows.

It was a quiet end to the year for global emerging equity markets, although there was significant dispersion of performance between the regions. The EMEA (Europe, Middle East and Africa) region came out on top with all countries here registering gains for December. Russia's equity market led advances, drawing support from higher oil and gas prices. While rising commodity prices and strengthening local currencies provided a positive backdrop for Latin America markets, this failed to translate into any material equity gains for the month. Aside from a strong performance from Colombia, which got a boost from an interest rate cut and the approval of a tax reform in Congress, all other equity markets in Latin America, including Brazil, experienced a tepid end to 2016 following a year of outperformance for the region versus peers in both the emerging and developed world.

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US

- US Federal Reserve raised US interest rates for only the second time in a decade
- Growing confidence in the path of the US economy and inflation sees Fed hinting at the likelihood of three interest rate hikes in 2017
- US stock indices reach new all-time highs as post-US election rally extends into December

Having initially hinted at the prospects of four gradual interest rate increases in 2016, the US Federal Reserve's (Fed) growing confidence in its outlook of the US economy and inflation underpinned its decision to finally raise the interest rate by 0.25% in December. The Fed's long-awaited hike was in line with overall market expectations, marking only the second time it has done so in a decade. However, its more aggressive policy stance and profit taking among investors as they positioned themselves for 2017 offset some of December's otherwise strong performance. Nevertheless, the post-US election rally saw the S&P 500 index hold onto the previous month's gains to post solid returns of 1.98% (total return, US dollar) in December. Stock sectors, led by so called 'defensives', across the board recorded positive monthly returns. For the year ending on 31 December 2016, the index returned 11.96% (total return, US dollar), which was mostly attributed to a return to strength among oil and gas stocks, financials and more economically sensitive areas of the equity market.

With the US Manufacturing Purchasing Managers Index (PMI) hitting a 21-month high in December, US manufacturing ended 2016 on a strong note. In line with the market's consensus forecast, the Institute of Supply Management's PMI rose to 54.7 in December (a reading above 50 signals expansion within the sector) and saw the biggest increase in new orders in more than seven years. US Manufacturers reported stronger hiring and higher prices for raw materials, which support other signs of labour market strength and higher inflation, pointing to improving manufacturing conditions. December also saw consumer optimism about the state of the US economy increase to the highest level since August 2001, recording an estimate-beating 113.7 for the month and adding further strength to an already strong US dollar, while US GDP growth for the third quarter 2016 surprised markets with a better-than-expected growth rate of 3.5%. Positive contributions to GDP growth came mainly from exports, private inventory investment, personal consumption expenditure and federal government spending. Supported by such encouraging core economic developments in recent months, the Fed has exhibited an increasing optimism about the US economy and signalled that interest rates would rise at a faster pace than previously projected. In announcing its intention to raise interest rates three times in 2017, the central bank indicated that it would likely raise interest rates by 0.25% each time. Fed officials pointed to a strengthening labour market that is nearing full employment and inflation moving more rapidly toward its targeted levels. However, its renewed hawkish tone about the future path of US interest rates took some steam out of the post-US election stock market rally.

In December, so-called 'defensive' sectors, led by stocks in the telecommunication services sector, for the most part outperformed softer-performing energy, despite improving commodity prices, and more economically sensitive sectors. In a sign that the post-US election rally was expanding, investors regained interest in so-called 'defensive' sectors while profit taking by investors weighed somewhat on the performance of financials stocks, which emerged as one of the biggest winners in recent months, and more economically sensitive areas of the market towards month end. Healthcare shares lagged most other sectors during the month. In particular, biotechnology companies in the S&P 500 tumbled the most since October 2016 after Trump declared himself an opponent of high drug prices.

In corporate news, merger and acquisition activity (M&A) in December was relatively quiet. However, among the more notable year-end deals, media giant 21st Century Fox announced its intention to acquire the remaining stake in UK-based European media company Sky for about US$23.23bn. It already owns 39.1% of Sky. Given the growing confidence in the corporate and political landscape, an abundance of capital available at historically low borrowing rates and investor pressure on corporates to find growth will likely see more deal making in 2017. In particular, the US is expected to keep its position as the number one destination for deal activity. Having outlined plans to slash the US corporate tax rate and allow for the repatriation of offshore funds, Trump's presidency should especially benefit domestic M&A activity.

Europe

- European equity markets rallied in December
- The European Central Bank decided to extend QE until the end of 2017
- ECB QE pace to be reduced from €80bn to €60bn per month, from April 2017 onwards

European equity markets advanced in December, posting one of the best monthly performances in 2016. Markets surged in the aftermath of the Italian referendum, a political event which had been significantly weighing on sentiment over the last few months. With the vote out of the way, market participants regained confidence amid increased talks of fiscal stimulus globally, aimed at spurring economic growth.

Within European markets, cyclical sectors (more sensitive to economic cycles) continued to perform strongly, reversing the trend observed in the early months of 2016 where deflationary fears dominated investment decisions. European equity markets were also characterized by a pick-up in M&A activity in December. Among the most prominent transactions involved Linde, the German chemicals company that agreed to be acquired by Praxair, its American peer, for around €33.9bn to create the world's biggest supplier of industrial gases. Praxair won over Linde's board by agreeing to keep operations in Munich and preserve jobs. Elsewhere, markets reacted to news that Sanofi, the French pharmaceutical company, was in talks to acquire Swiss biotech firm Actelion, after similar discussions between the American group Johnson & Johnson and the Swiss firm failed.

On the macroeconomic front, the month of December witnessed important decisions from central banks in Europe and overseas. Following its governing council meeting on 8 December, the European Central Bank (ECB) decided to extend its quantitative easing (QE) programme by 9-months, to the end of 2017, or beyond if necessary, until it sees a sustainable increase in eurozone inflation towards the 'below 2%' target level. In parallel, the ECB decided to reduce the amount of monthly purchases, starting from April 2017 onwards, from €80bn to €60bn. The move was seen as simultaneously dovish (QE extension) and hawkish (QE pace reduction), allowing the ECB to initiate a taper but without the tantrum that accompanied a similar action by the US Federal Reverse (Fed) back in 2013. On the US side, the Fed was widely expected to raise interest rates this month, and delivered just that after its meeting on 14 December. Chair Janet Yellen announced a 25bps increase in the federal funds rate target range, moving to a 0.5%-0.75% range from the 0.25%-0.5% range. This was its first and only interest rate increase of 2016. The Fed's path to tighter monetary policy has been delayed throughout 2016, as first instability in Chinese markets, then the shock votes for Brexit and Donald Trump pressed policy makers to be more cautious in raising borrowing costs.

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UK

- The UK's blue chip FTSE 100 index ended the year at an all-time high
- UK inflation rose by 1.2% in the year to November
- The European Central Bank announced plans to extend its quantitative easing (QE) program

UK equity markets continued to rise in December, ending an initially volatile year on a strongly positive note. On the back of a "Santa Claus" rally, the FTSE All-Share index closed the year at an all-time high. As was so often the case in 2016, the mining and oil & gas sectors fuelled much of the rise; following agreement by OPEC members on a production cap, the oil price hit its highest level since 2015, while stronger-than-expected growth in China and weakened sterling supported the performance of many global mining companies.

On the macroeconomic front – at the end of a year of extremes and the unexpected - the Consumer Price Index (CPI) rose by 1.2% in the 12 months to November 2016, its highest level in two years. UK house prices rose more than expected in December, up 0.8% in the month, after a flat November. Market expectations of the impact of Brexit in 2017 weighed on sterling, which faltered against the Euro and US Dollar into the Christmas period. The European Central Bank (ECB) announced plans to extend its QE program by nine months, albeit a scaled down version.

Corporate news flow was quiet during the month, punctuated by M&A activity for a number of UK majors. The London Stock Exchange is expected to unveil plans to sell its French clearing arm to rival Euronet, a move which should clear the regulatory pathway for its proposed merger with Deutsche Börse. The share price of Rentokil Initial rose as it announced a deal to streamline its business model, moving its European work wear businesses to a German rival.

Thread and zip maker Coats was instructed to pay £255m into its pension schemes by The Pensions Regulator, a significant move by the watchdog in an environment of inflated deficits. One of the leading companies in Imperial Innovations' portfolio secured a license agreement for its novel cancer treatment PsiOxus, an "armed" oncolytic virus which targets solid tumours.

Drax's share price rose to a five-month high after gaining EU approval for a UK government subsidy to support the conversion of one of its coal-fired units to biomass. There was good news from Centrica, which announced that it had stemmed the flow of domestic customers switching suppliers, hoisting its annual earnings outlook on the back of faster-than-expected cost cutting.

Asia Pacific

- China sustained positive economic momentum, although market weakened on slight monetary tightening
- Australia joined developed market rally
- Japan's equity market saw the continuation of positive earnings momentum

Returns from the MSCI Asia Pacific ex Japan Index in December were largely flat in sterling terms, although there was a notable divergence in performance between the region's equity markets with Australia joining in the broader rally in developed markets, while Hong Kong and China were the notable laggards. Most Asian currencies continued to weaken relative to the US dollar with expectations that the US Federal Reserve will raise interest rates further in 2017.

Investor sentiment towards China was impacted by an apparent shift in policymakers' focus from prioritising growth to concentrating on credit risks. The People's Bank of China had been quietly tightening liquidity conditions for a while, with little market response, as it tries to encourage deleveraging given concerns over rising debt levels and speculative behaviour in certain segments of the market. However, the US election result and consequent strength in US bond yields and the dollar triggered a sell-off in China's bond market, with increased expectations of renminbi depreciation and capital outflows. The recent pick-up in inflation and sustained positive momentum in economic activity has also raised concerns that further monetary tightening is to come.

Higher commodity prices, particularly for crude oil and iron ore, helped support Australia's equity market performance, which also benefited from further rotation into financials. In India, there were lingering concerns surrounding the disruptive impact that Prime Minister Modi's surprise demonetisation of high-value currency will have on consumption and economic activity, although it appeared investor sentiment picked-up later in the month on expectations that government policy will be accommodative. Finally, South Korean industrial production rebounded more strongly than expected in November, with signs that fiscal policy is gaining traction amid political uncertainty.

The Japanese equity market ended the month higher in local currency terms. The market has rallied due to a better outlook for global growth in 2017 combined with yen weakness versus the US dollar post the US election.

Macroeconomic data releases were generally positive over the month. The Bank of Japan upgraded its economic outlook stating that the economy has continued a moderate recovery trend, and maintained all components of its monetary policy. This combined with the potential for US interest rates to continue to rise has reduced the risk of yen appreciation which has supported the performance of currency sensitive sectors. Over the month, the earnings revision momentum across the Japanese equity market has improved while, at the same time, corporates are using their balance sheet strength to engage in share buybacks given the low interest rate environment.

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Emerging Markets

- Year-end rally for Russian equity markets bolstered by rising oil and gas prices
- Little festive cheer in China however as concerns over devaluation and capital outflows remain
- Tepid end to 2016 for Latin American equity markets

It was a quiet end to the year for global emerging equity markets although there was significant dispersion of performance between the regions. The EMEA (Europe, Middle East and Africa) region came out on top with all countries here registering gains for December. The Russian equity market led the advance, drawing support from higher oil and gas prices. Latin American equities treaded water for most of the month with most countries here trading flat, except Colombia which got a boost from an interest rate cut. In emerging Asia, equity markets were dragged down by the underperformance of China and Hong Kong due to renewed fears of renminbi devaluation and capital outflows. In other developments, interest rates were raised in the US for only the second time since the global financial crisis and the European Central Bank slowed down the pace of its bond purchase programme.

For the second consecutive month, the Russian equity market advanced strongly with the energy sector benefiting from the commitment of global oil producers to cut supply. Sentiment towards Russia was also enhanced by a belief that relations between the country and the US are set to improve in 2017 following Trump's presidential election victory. Russia's inflation rate continued its downward trend in December with the annual CPI rate falling to 5.8%. While not enough to trigger any change in monetary policy, Russia's central bank said it would consider an opportunity to cut interest rates during the first half of 2017. The central bank also expects to see the economy return to growth next year. Equity markets in central Europe were unfazed by the constitutional referendum result in Italy which prompted the resignation of Italian Prime Minister Renzi. The equity markets of Poland and Hungary both enjoyed healthy gains for the month. Fears that South Africa could lose its investment-grade status from ratings agency S&P did not materialise.

Rising commodity prices and strengthening local currencies provided a positive backdrop for Latin America markets although this failed to translate into any material equity gains for the month. Aside from Colombia, all other equity markets in Latin America experienced a tepid end to 2016 following a year of outperformance for the region versus peers in both the emerging and developed world. For the first time since March 2013, interest rates were cut in Colombia, declining to 7.5% from 7.75%. The country's positive performance was also underpinned by the approval of tax reform in Congress. Better inflation readings and progress in government's attempts to cap spending provided further encouragement that the Brazilian economy is returning to good health - Brazilian senators passed a public spending ceiling proposed by President Temer to control a widening budget deficit.

MSCI US$ price index return	**(%, US$)**
	Dec 2016
Emerging markets	-0.1
Developed markets	2.3
EMEA	7.0
Latin America	0.5
Emerging Asia	-2.3
Top five by country	
Russia	11.8
Poland	8.0
Hungary	7.6
Colombia	7.5
Qatar	6.9
Bottom five by country	
Hong Kong	-6.4
China	4.1
Taiwan	-1.3
Korea	-0.7
Chile	-0.6

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

Fixed Interest

- The recent sell-off in bond markets moderated
- The US Federal Reserve hiked interest rates to 0.75%
- Deutsche Bank agreed a US$7.9bn settlement with the US Department of Justice (DoJ)

The sell-off in government bond markets moderated in December, with markets rallying in the last 10 days. The 10-year Gilt yield fell 18 basis points (bps) to end the year at 1.24%. US government bond yields were higher following the hike in US interest rates, however, the pace of the increase was more modest than recent months with the yield of the 10 year US Treasury rising 6bps to 2.44%. Given the more benign government bond market, corporate bonds outperformed.

As was widely expected, the US Federal Reserve (Fed) hiked US interest rates 25 basis points to 0.75% at its December meeting. In the accompanying statement the Fed noted the considerable pickup in inflation and decline in the unemployment rate. The median forecast from members of the committee responsible for setting US interest rates increased, with three 25bps hikes now expected in 2017.

In Europe, the Italian constitutional referendum provided financial markets with one last political shock. The government-supported constitutional reforms were widely rejected and in conceding defeat the prime minister, Matteo Renzi resigned from office. The market reaction was however muted with Italian government bonds delivering an overall positive return for the month. Toward the end of the month, the Italian government announced it would rescue troubled bank Monte dei Paschi di Siena using a new €20bn bailout package. The announcement followed the banks failure to secure sufficient private sector funds to address its capital shortfall.

Separately, Deutsche Bank announced it had agreed a US$7.2bn settlement with the DoJ. This is significantly below the US$14bn figure initially proposed in the summer and the market reaction to the news was positive. Credit Suisse and Barclays are both also facing litigation from the DoJ. Credit Suisse announced it had settled on a figure of US$5.3bn. Barclays meanwhile, has chosen not to settle but to instead challenge the DoJ in court.

The European Central Bank (ECB) announced a scaling back of its quantitative easing programme. From April 2017 the ECB will reduce the amount of purchases made through the programme by €20bn. The programme will however be extended to December 2017. The ECB also widened the universe of bonds eligible for purchase. The minimum maturity of bonds is now one rather than two years and bonds with yields less than the ECB's deposit rate will now also be eligible.

Government Bonds					**Yield to maturity (%)**
	31.12.16	**30.11.16**	**30.09.16**	**30.06.16**	**31.12.15**
US Treasuries 2 year	1.19	1.11	0.76	0.58	1.05
US Treasuries 10 year	2.44	2.38	1.59	1.47	2.27
US Treasuries 30 year	3.07	3.03	2.32	2.28	3.02
UK Gilts 2 year	0.08	0.13	0.10	0.10	0.65
UK Gilts 10 year	1.24	1.42	0.75	0.87	1.96
UK Gilts 30 year	1.88	2.05	1.49	1.70	2.67
German Bund 2 year	-0.77	-0.73	-0.68	-0.66	-0.35
German Bund 10 year	0.21	0.28	-0.12	-0.13	0.63
German Bund 30 year	0.94	0.95	0.45	0.38	1.49

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

Corporate Bonds										**Yield to maturity (%)/Spread[1] (bps)**
	31.12.16		**30.11.16**		**30.09.16**		**30.06.16**		**31.12.15**	
£ AAA	1.83	39	2.01	41	1.42	32	1.81	51	2.80	56
£ AA	1.90	78	2.07	83	1.55	77	2.15	115	2.95	102
£ A	2.54	131	2.73	137	2.17	129	2.82	177	3.37	148
£ BBB	2.96	185	3.17	192	2.65	183	3.38	243	3.92	209
€ AAA	0.71	68	0.78	68	0.41	63	0.59	80	1.09	67
€ AA	0.42	77	0.45	74	0.21	69	0.36	81	0.90	78
€ A	0.71	106	0.76	105	0.48	95	0.70	115	1.17	107
€ BBB	1.25	153	1.35	158	1.03	145	1.30	173	1.90	175
European High Yield (inc € + £)	4.26	390	4.57	432	4.35	428	4.99	500	5.93	520

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

[1] 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 December 2016 (%)

	1 Month	3 Months	6 Months	YTD	2015	2014	2013	2012	2011
Global US & Canada									
MSCI World (US$)	2.4	2.0	7.1	8.2	-0.3	5.5	24.7	16.5	-5.0
MSCI World Value (US$)	3.5	5.6	11.1	13.2	-4.1	4.4	27.5	16.4	-4.9
MSCI World Growth (US$)	1.3	-1.7	3.1	3.2	3.5	6.6	27.2	16.6	-5.1
MSCI World Small Cap (US$)	2.4	2.8	10.4	13.3	0.1	2.3	32.9	18.1	-8.7
MSCI Emerging Markets (US$)	0.3	-4.1	4.7	11.6	-14.6	-1.8	-2.3	18.6	-18.2
FTSE World (US$)	2.4	1.7	7.0	8.7	-1.4	4.8	24.7	17.0	-6.5
Dow Jones Industrials	3.4	8.7	11.7	16.5	0.2	10.0	29.7	10.2	8.4
S&P 500	2.0	3.8	7.8	12.0	1.4	13.7	32.4	16.0	2.1
NASDAQ	1.2	1.7	11.8	8.9	7.0	14.8	40.1	17.5	-0.8
Russell 2000	2.8	8.8	18.7	21.3	-4.4	4.9	38.8	16.4	-4.2
S&P/ TSX Composite	1.7	4.5	10.2	21.1	-8.3	10.6	13.0	7.2	-8.7
Europe & Africa									
FTSE World Europe ex-UK €	6.4	6.2	11.2	3.4	10.9	0.2	25.2	17.8	-14.7
MSCI Europe	5.9	6.2	10.7	3.2	8.8	7.4	20.5	18.1	-7.5
CAC 40	6.4	9.7	15.4	8.9	11.9	2.7	22.2	20.4	-13.4
DAX	7.9	9.2	18.6	6.9	9.6	2.7	25.5	29.1	-14.7
Ibex 35	8.0	7.6	17.0	-4.8	-3.8	8.0	30.0	1.8	-10.2
FTSEMIB	13.6	17.6	19.6	-6.5	15.8	3.0	20.5	12.2	-22.0
Swiss Market Index (capital returns)	4.4	1.0	2.5	-6.8	-1.8	9.5	20.2	14.9	-7.8
Amsterdam Exchanges	5.7	7.3	12.4	13.6	7.4	8.7	20.7	14.1	-8.8
HSBC European Smaller Cos ex-UK	6.2	4.6	13.8	6.4	23.5	5.2	34.0	20.4	-21.8
MSCI Russia (US$)	12.6	18.7	29.3	55.9	5.0	-45.9	1.4	14.4	-19.3
MSCI EM Europe, Middle East and Africa (US$)	8.7	7.5	13.0	22.8	-14.7	-28.4	-3.9	25.1	-23.3
FTSE/JSE Africa All-Share (SA)	1.0	-2.1	-1.6	2.6	5.1	10.9	21.4	26.7	2.6
UK									
FTSE All-Share	5.0	3.9	12.0	16.8	1.0	1.2	20.8	12.3	-3.5
FTSE 100	5.4	4.3	11.7	19.1	-1.3	0.7	18.7	10.0	-2.2
FTSE 250	3.3	1.7	12.6	6.7	11.2	3.7	32.3	26.1	-10.1
FTSE Small Cap ex Investment Trusts	6.1	4.6	18.0	12.5	13.0	-2.7	43.9	36.3	-15.2
FTSE TechMARK 100	3.5	-0.5	11.9	10.0	16.6	12.3	31.7	23.0	3.6
Asia Pacific & Japan									
Hong Kong Hang Seng	-3.5	-5.3	6.9	4.3	-3.9	5.5	6.6	27.5	-17.4
China SE Shanghai Composite (capital returns)	-4.5	3.3	5.9	-12.3	9.4	52.9	-6.7	3.2	-21.7
Singapore Times	-0.6	0.8	3.5	3.8	-11.2	9.6	3.0	23.4	-14.5
Taiwan Weighted (capital returns)	0.1	1.0	6.8	11.0	-10.4	8.1	11.9	8.9	-21.2
Korean Composite (capital returns)	2.2	-0.8	2.9	3.3	2.4	-4.8	0.7	9.4	-11.0
Jakarta Composite (capital returns)	2.9	-1.3	5.6	15.3	-12.1	22.3	-1.0	12.9	3.2
Philippines Composite (capital returns)	0.9	-10.3	-12.3	-1.6	-3.9	22.8	1.3	33.0	4.1
Thai Stock Exchange	2.3	4.2	8.1	23.9	-11.2	19.1	-3.6	41.3	3.7
Mumbai Sensex 30	0.0	-4.0	-0.6	3.7	-3.5	32.4	10.9	27.8	-22.2
Hang Seng China Enterprises index	-4.5	-1.9	8.5	1.5	-16.9	15.6	-1.5	19.8	-19.7
ASX 200	4.4	5.2	10.6	11.8	2.6	5.6	20.2	20.3	-10.5
Topix	3.5	15.0	23.2	0.3	12.1	10.3	54.4	20.9	-17.0
Nikkei 225 (capital returns)	4.4	16.2	22.7	0.4	9.1	7.1	56.7	22.9	-17.3
MSCI Asia Pac ex Japan (US$)	-1.1	-4.9	4.4	7.1	-9.1	3.1	3.7	22.6	-15.4
Latin America									
MSCI EM Latin America (US$)	0.9	-0.8	4.6	31.5	-30.8	-12.0	-13.2	8.9	-19.1
MSCI Mexico (US$)	0.6	-7.8	-9.9	-9.0	-14.2	-9.2	0.2	29.1	-12.1
MSCI Brazil (US$)	0.9	2.2	13.8	66.7	-41.2	-13.7	-15.8	0.3	-21.6
MSCI Argentina (US$)	-2.7	-12.2	-9.8	5.1	-0.4	19.2	66.2	-37.1	-38.9
MSCI Chile (US$)	-0.3	2.4	0.6	16.8	-16.8	-12.2	-21.4	8.3	-20.0
Commodities									
Oil - Brent Crude Spot (US$/BBL)	12.6	14.6	14.5	51.6	-33.5	-49.4	0.2	3.2	15.3
Oil - West Texas Intermediate (US$/BBL)	8.8	11.7	11.4	44.8	-30.5	-45.8	6.9	-7.1	8.2
Reuters CRB index	1.7	3.4	0.2	9.7	-23.4	-17.9	-5.0	-3.3	-8.2
Gold Bullion LBM (US$/Troy Ounce)	-1.4	-12.4	-12.4	9.0	-10.5	-1.8	-27.3	5.6	11.1
Baltic Dry index	-20.2	9.8	45.6	101.0	-38.9	-65.7	225.8	-59.8	-2.0

Source: Thomson Reuters Datastream, total returns in local currency unless otherwise stated. Data as at 04 January 2017.

Global currency movements – figures to 31 December 2016

	Current value	Change Over: 1 Month (%)	3 Months (%)	6 Months (%)	YTD (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)
Euro/US Dollar	1.05	-0.7	-6.4	-5.3	-3.2	-10.2	-12.0	4.2	1.9	-3.2
Euro/GB Sterling	0.85	0.7	-1.6	2.2	15.7	-5.1	-6.4	2.1	-2.4	-2.9
Euro/Swiss Franc	1.07	-0.6	-1.9	-1.2	-1.6	-9.5	-2.0	1.6	-0.5	-2.9
Euro/Swedish Krona	9.58	-1.9	-0.6	2.0	4.4	-2.7	6.6	3.2	-3.9	-0.6
Euro/Norwegian Krone	9.09	0.7	1.2	-2.2	-5.4	6.2	8.4	13.7	-5.4	-0.5
Euro/Danish Krone	7.43	-0.1	-0.2	-0.1	-0.5	0.2	-0.2	0.0	0.4	-0.3
Euro/Polish Zloty	4.40	-1.2	2.4	0.5	3.3	-0.6	3.2	1.8	-8.6	12.6
Euro/Hungarian Forint	309.17	-1.1	0.3	-2.1	-2.0	-0.3	6.5	2.1	-7.6	13.2
US Dollar/Yen	116.90	2.1	15.3	13.2	-2.8	0.5	13.7	21.4	12.7	-5.2
US Dollar/Canadian Dollar	1.34	0.0	2.3	3.9	-2.9	19.1	9.4	7.1	-2.7	2.3
US Dollar/South African Rand	13.74	-2.5	0.1	-6.6	-11.2	33.8	10.2	24.1	4.5	22.2
US Dollar/Brazilian Real	3.25	-3.8	-0.2	1.3	-17.8	49.0	12.5	15.3	9.9	12.3
US Dollar/South Korean Won	1207.26	2.5	9.6	4.8	2.7	7.5	4.1	-0.7	-8.2	3.4
US Dollar/Taiwan Dollar	32.45	1.7	3.6	0.7	-1.2	3.8	6.1	2.7	-4.1	3.8
US Dollar/Thai Baht	35.85	0.4	3.6	2.1	-0.5	9.5	0.6	6.9	-3.1	5.0
US Dollar/Singapore Dollar	1.45	1.0	6.3	7.5	2.2	6.9	4.9	3.4	-5.8	1.1
US Dollar/GB Sterling	0.81	1.1	5.1	8.2	19.3	5.8	-5.9	1.9	4.6	-0.4
GB Sterling/South African Rand	16.95	-3.8	-4.8	-13.4	-25.7	26.6	3.7	26.6	9.2	21.7
Australian Dollar/US Dollar	0.72	-2.3	-5.8	-3.2	-0.9	-10.9	-8.4	-14.2	1.6	0.1
New Zealand Dollar/US Dollar	0.69	-1.9	-4.7	-2.6	1.7	-12.4	-5.0	-0.9	6.4	-0.1

Source: Thomson Reuters Datastream, all figures subject to rounding. Data as at 04 January 2017.

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