Monthly Market Roundup
September 2018 (covering August 2018)

Global overview

- The downgrading of risk to the global economy boosted global equity markets
- Speculation mounted that the Trump administration would continue to de-escalate global trade skirmishes
- Global equity markets reacted favourably to news of the breakthrough on trade announced by the US and Mexico

Global equity markets ended August in positive territory on the back of the downgrading of risk to the global economy. Chinese policy makers have moved to push back against a potential disorderly depreciation of the yuan, Mexico and the US have made progress on trade negotiations, and speculation mounted that the Trump administration would continue to de-escalate global trade skirmishes.

In the US, the main equity market continued its record-setting run in August to reach twin landmarks: an all-time high and the longest bull run in history. The US Federal Reserve (Fed) signalled a gradual pace of interest-rate rises amid signs of economic expansion, which, along with the revived US-Mexico trade deal, and double-digit corporate profit growth, boosted equity market returns.

UK equity markets fell during August, caused mainly by continued trade tensions and speculation of their impact on sectors such as mining. Sterling ended the month weaker against the US dollar, despite a notable rally into month end, which was driven by dollar weakness and improved Brexit headlines. Comments from the Bank of England on the "uncomfortably high" prospect of a 'no deal' saw sterling fall to a 13-month low against the US dollar, before strengthening on supportive comments from the EU's Chief Negotiator, Michel Barnier.

European equity markets also retrenched in August due to concerns over the Italian budget combined with contagion fears over Turkish Lira weakness.

Weakness in emerging equity markets during August was broad based with all the regions registering losses. Sentiment towards the asset class was soured by further threats to global trade as the US prepared to impose harsher tariffs on an additional US$200 billion worth of Chinese imports. While the prospect of a deepening trade spat pushed Chinese equity markets into negative territory, Latin America, not Asia, was the worst performing region, with losses in Brazil accentuated by political uncertainties and currency weakness.

Amid emerging market volatility, developed market bonds held up reasonably well with many of the major sectors providing positive returns. In sterling and euro denominated bond markets, investment grade (IG) corporate bonds outperformed high yield. In the US, high yield corporate bonds outperformed investment grade. Both US and German Government bonds benefitted from the broader market uncertainty.

US

- US equity markets hit fresh highs on the heels of the longest-ever bull run
- US consumer confidence surged to an 18-year high
- Apple became the first US firm to be valued at US$1 trillion

The US equity market continued its record-setting run in August to reach twin landmarks: an all-time high and the longest bull run in history. The US Federal Reserve (Fed) signalled a gradual pace of interest-rate rises amid signs of economic expansion, which, along with a revived US-Mexico trade deal, and double-digit corporate profit growth, boosted equity market returns. It has also been an easing of some of the concerns hanging over the market this summer – trade wars, and a strengthening US dollar – which provided additional support.

US consumer confidence surged to an 18-year high in August, well ahead of economists' expectations, as households remained upbeat on the jobs market. Consumers' confidence in their ability to get a job and the overall economy are seen as important indicators of how freely they will spend, especially on big-ticket items such as cars, in coming months. Consumer spending accounts for 70% of economic activity in the US.

Cyclical sectors tied to global growth performed the strongest over the month including technology and consumer discretionary. The so-called Faang stocks (Facebook, Amazon, Apple, Netflix and Google's parent company Alphabet) continued to dominate market performance. The total value of the five companies amounts to a staggering 19% of total US GDP.

Indeed, Apple became the first US firm to be valued at US$1 trillion thanks to a combination of robust iPhone sales and a vast capital returns programme running into hundreds of billions of dollars. Hitting the trillion-dollar mark will be a moment of vindication for Tim Cook, Apple's chief executive, who has faced recurring questions about his leadership since succeeding Steve Jobs, who died in 2011. Shares of Amazon and Google-parent Alphabet rose after Morgan Stanley raised its price targets, which projects the future price level of a financial security through assumptions of future activity.

Energy firms were the weakest performers over the month, despite oil rallying more than 10% in the past two weeks. Getting back to within touching distance of its 2018 high of US$80 a barrel (driven by Iran and the looming drop in supplies, with US sanctions tied to its nuclear programme set to be reintroduced in November) didn't translate to share price gains.

In terms of corporate news, Australian packaging group Amcor agreed to take over US rival Bemis for US$6.8bn in a deal which aims to give the Australian packaging group a stronger foothold in the Americas.

Europe

- European equity markets fell in August
- Italian budget concerns weighed on markets
- Eurozone economic surprise index swings back into positive territory

European equity markets retrenched in August due to concerns over the Italian budget combined with contagion fears over Turkish Lira weakness. Financials and telecoms bore the brunt of the sell-off, while technology proved the only sector to hold on to positive territory over the month. In country terms, Switzerland posted modest gains and France was only marginally negative, while Italy bore witness to the most pronounced weakness.

Relations between Italy's populist government and the European Union (EU) continued to worry markets in August. With plans to meet budget pledges that some estimate to be over €100bn, the government is on a collision course over its fiscal plans. Adding to the tension, Deputy premier Luigi Di Maio said in a recent interview that Italy may breach the EU's deficit limit if that is what is needed to increase investment spending to boost the economy. The fatal collapse of a bridge near Genoa mid-month has also thrown the spotlight on Italy's creaking infrastructure. EU Affairs Minister, Paolo Savona, wants a 50-billion euro investment plan to help boost economic growth, and Deputy Premier Matteo Salvini has said that higher infrastructure spending does not need to be counted in the EU deficit rules.

Elsewhere, Turkey was in the spotlight in August, with sanctions from the US and the subsequent Turkish reaction driving moves in the currency throughout the month, and also contributing to equity market volatility.

The risk that the US imposes tariffs on imports from the EU appears to have risen again. President Trump repeated his threat to impose a 25% tariff on car imports from the EU, despite the supposed tariff ceasefire while the US and EU negotiate cutting trade barriers. However, despite the protectionist threat, it is encouraging that domestic demand in Germany is healthy. The second estimate of German GDP in the second quarter of 2018 confirmed that growth in the first half of the year was driven by investment and household consumption. By contrast, net exports were a drag on GDP, as imports rose more sharply than exports.

Elsewhere in macroeconomic news, the Citi Economic Surprise Index, which shows how economic data are progressing relative to the consensus forecasts of market economists, has swung back into positive territory, rebounding from lows in May and June. Manufacturing PMI (Purchasing Managers' Index) numbers showed a small increase, which is consistent with a strong economy and provides the European Central bank with some assurance that they are right to be thinking about normalising monetary policy.

The European Commission survey, published in August did show that inflation expectations are consistent with slightly higher core inflation. Meanwhile, data released in August showed that the region's unemployment rate was 8.2% in July, below its pre-crisis average of 8.6%. As labour markets continue to recover in countries where the unemployment-wage growth relationship is strong, such as Spain and Italy, eurozone wage growth should start to pick up.

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UK

- UK equity markets fell during August as trade tensions grew
- The Bank of England voted to increase interest rates to 0.75%, the highest rate in almost a decade
- The near-collapse of House of Fraser, sale of hot drinks company Costa Coffee and collapse of payday lender Wonga dominated company headlines

UK equity markets fell during August, caused mainly by continued trade tensions and speculation of their impact on sectors such as mining. Sterling ended the month weaker against the US dollar, despite a notable rally into month end, which was driven by dollar weakness and improved Brexit headlines. Comments from the Bank of England (BoE) on the "uncomfortably high" prospect of a 'no deal' saw sterling fall to a 13-month low against the US dollar, before strengthening on supportive comments from the EU's Chief Negotiator Michel Barnier, on the likelihood of a post-Brexit partnership.

The Bank of England's Monetary Policy Committee (MPC) voted unanimously to increase the UK's base interest rate at its August meeting. The market had widely anticipated the 0.25% rise, as it offers the MPC greater flexibility to pare back interest rates if deemed necessary following the final deal negotiated for the UK's exit from the European Union.

Economic data released in August showed that unemployment fell to 4% between April and June of this year, the lowest figures on record, while UK wage growth slipped narrowly to 2.4%. Meanwhile, inflation accelerated to 2.5%.

August proved another challenging month for the UK high-street. Headlines focused on the woes of House of Fraser, as the struggling department store was forced to appoint administrators after failing to find a buyer. However, a last-minute deal with Sports Direct boss Mike Ashley kept the company from closing its doors. Elsewhere HomeBase agreed a deal to close 42 of its UK stores in a bid to keep the company from insolvency. Card Factory released a profit warning, revising down profit estimates for the full-year. The company cited unseasonable weather and challenges from the high-street.

Meanwhile healthcare group Spire warned shareholders that annual earnings would be "materially lower" due to cuts in NHS spending. Security services provider G4S also received negative press attention as the government announced it would take 'failing' Birmingham Prison back under state control for a six-month period. However, August was most disastrous for payday loan company Wonga, which collapsed in to administration at month end after emergency measures to save the company failed. A spike in compensation claims against the lender have been cited as a key architect of the company's collapse.

In more positive company news, Whitbread announced it had agreed a £3.9bn deal to sell its Costa Coffee business to Coca Cola, the world's largest beverage company. The deal, which requires shareholder and regulatory approval, follows a move earlier this year to spin-off Costa Coffee as a separate company. Elsewhere shares in insurance company Esure rose sharply mid-month, following news of a bid from Bain Capital to take the company back into private ownership.

Asia Pacific

- China dragged Asian equity markets lower
- Trade tensions continued to escalate
- Japan's corporate earnings season was positive

Most Asian equity markets had a decent month, but the weak performance of China, Hong Kong and Australia meant regional indices ended August lower with some downwards revisions to corporate earnings expectations. Asian currencies were also generally weaker against the US dollar due to contagion fears from emerging markets outside the region (Turkey and Argentina).

Escalating trade tensions between the US and China continued to dampen investor sentiment, given China's perceived vulnerability to a trade war, as Trump raised tariffs from 10% to 25% on an additional US$200bn worth of Chinese imports. Monthly economic data in China was also slightly weaker than expected again, suggesting slower growth in industrial production and fixed asset investment, while retail sales also eased modestly.

Elsewhere, the Korean Government unveiled an expansionary budget for 2019, which envisages a 10% increase in government spending. The Philippines central bank raised interest rates by 0.5% in an attempt to clamp down on inflation. Thailand's economy cooled slightly in the second quarter of 2018, after expanding at its fastest pace in five years in the first quarter, although its stock market performed better thanks to its lower perceived currency risk and higher oil prices. Finally, Australia's equity market was impacted by weaker metals prices and domestic political uncertainty after the prime minster lost control of the ruling Liberal party.

Japan's equity market ended the month lower in local currency terms, amid limited visibility on the US-China trade dispute and its potential negative impact on the wider region. The quarterly corporate earnings season delivered solid results, suggesting that the positive momentum in corporate earnings remains on track. In terms of economic data, Japanese second quarter GDP growth was estimated to be 0.5% quarter-on-quarter, recovering from a decline of 0.2% in the first quarter of 2018. This improvement was underpinned by strong domestic demand, specifically consumption and investment. Lower than expected inflation led the Bank of Japan to make only small adjustments to its policy, and the bank confirmed that the current low interest rate policy would be maintained for "an extended period of time". On the political front, the ruling Liberal Democratic Party announced that a leadership election would be called on 20 September.

Emerging Markets

- Emerging equity markets retreated as trade war woes between the US and China escalated
- Currency weakness prompted several central banks to raise interest rates
- Argentina and Turkey remained in the spotlight as volatility increased

Weakness in emerging equity markets was broad based with all the regions registering losses during August. Sentiment towards the asset class was soured by further threats to global trade as the US prepared to impose harsher tariffs on an additional US$200bn worth of Chinese imports. While the prospect of a deepening trade spat pushed Chinese equity markets into negative territory, Latin America, not Asia, was the worst performing region. The latter's performance was boosted by equity gains in Korea, India, Indonesia and the Philippines. Korea staged a mild recovery following the decision to hold a third summit with North Korea. To combat local currency weakness, interest rates were increased in the other three countries. A strengthening US dollar was a feature last month with the Argentine peso, Turkish lira and South African rand among those coming under the most pressure. From a sector perspective, healthcare was the only one to advance in emerging markets.

It was a challenging month for Latin America equity markets, with losses in Brazil accentuated by political uncertainties and currency weakness. The Brazilian real approached an all-time low, prompting the central bank to intervene for the first time since June. While the country's top electoral court decided that Lula da Silva has been banned for running for president in October, the leftist former president was comfortably ahead in the opinion polls. With support among the other candidates fragmented, the court's decision has complicated what is proving to be one of the most unpredictable election contests in recent history. Equity weakness was less pronounced in Mexico as the country reached an agreement with the US to overhaul the North American Free Trade Agreement (NAFTA). Previously, the US had softened its position on a sunset clause that would have forced a renegotiation every five years. Argentina President Macri's request to the International Monetary Fund to speed up the release of its US$50bn bailout to shore up next year's budget unnerved financial markets, prompted a plunge in the peso and led the country's central bank to aggressively raise interest rates to 60% from 45%.

The EMEA (Europe, Middle East and Africa) region was dragged down by Turkey, where heavy losses in its equity markets reflected the depreciation of the lira. Confidence towards the country was knocked by the imposition of sanctions and trade tariffs by the US with diplomatic relations between the two countries remaining strained. Qatar pledged US$15bn of direct investments in Turkey in support of its economic recovery effort amidst the currency crisis. Equity markets in South Africa were unnerved by a proposal from the ruling ANC party to put through parliament an amendment to the constitution that would permit the seizing of land without expropriation. Equity performance in emerging Europe was more upbeat with small gains being posted in Hungary and Poland, although Russia lost ground despite higher energy prices – both Brent crude oil and natural gas prices advanced by more than 4% over the month.

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Fixed Interest

- Developed market corporate bonds held up relatively well amid emerging market weakness centred on Argentina and Turkey
- The US and Mexico made a breakthrough in NAFTA talks
- Concerns over Italian Government's spending plans led to further weakness in its government bonds

Amid emerging market volatility, developed market bonds held up reasonably well with many of the major sectors providing positive returns. In sterling and euro denominated bond markets, investment grade (IG) corporate bonds outperformed high yield. In the US, high yield corporate bonds outperformed investment grade. Both US and German government bonds benefitted from the broader market uncertainty.

Over the course of the month, the premium over government bonds that both investment grade and high yield companies need to pay to borrow (the credit spread) increased.

Emerging market uncertainty was focused on Turkey and Argentina with concerns spilling over to the wider emerging market sector. In Turkey, trade tariffs imposed by the US Government added to pressure on the lira. President Erdogan's insistence that Turkey would not hike interest rates to support the currency exacerbated concerns, with the lira falling some 25% over the month. The Argentinian peso also sold off aggressively in August and like the lira, the Argentinian peso has been weakening for much of 2018. The latest sell-off was sparked by the Argentinian President, Mauricio Macri's request that the International Monetary Fund (IMF) speed up the release of its US$50bn bailout. In response to the currency weakness, the Central Bank of Argentina hiked interest rates to 60%. The negative sentiment from both Turkey and Argentina overshadowed the news that the US and Mexico had made a breakthrough in the NAFTA (North American Free Trade Agreement) talks.

In developed markets, Italian Government bonds (BTP's) continued to come under pressure. By 31 August, the yield on the 10-year BTP had increased to 2.96%, up from 2.45% at the start of the month and above the highs reached during the volatility earlier in the summer. Concerns over the Italian Government's spending plans were compounded by the negative sentiment surrounding emerging markets.

Sterling had another volatile month as Brexit negotiations remain a key source of the uncertainty. After falling to US$1.27, the pound recovered to end August at US$1.30.

Data from Barclays shows that this was the busiest August for euro denominated IG corporate bond issuance since 2008. On the other hand, sterling IG had its lowest month of issuance so far this year, with levels below those of August 2017. European high yield corporate bond markets followed the usual seasonal pattern of subdued supply, with Barclays reporting just €0.5bn of new supply.

Investment risks
The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested.

Government Bonds					Yield to maturity (%)
	31.08.18	31.07.18	31.05.18	28.02.18	31.08.17
US Treasuries 2 year	2.63	2.67	2.43	2.25	1.33
US Treasuries 10 year	2.86	2.96	2.86	2.86	2.12
US Treasuries 30 year	3.02	3.08	3.03	3.12	2.73
UK Gilts 2 year	0.73	0.77	0.61	0.78	0.18
UK Gilts 10 year	1.43	1.33	1.23	1.50	1.03
UK Gilts 30 year	1.77	1.77	1.70	1.89	1.70
German Bund 2 year	-0.61	-0.57	-0.66	-0.54	-0.73
German Bund 10 year	0.33	0.44	0.34	0.66	0.36
German Bund 30 year	1.01	1.09	1.03	1.30	1.12

Source: Bloomberg LP, Merrill Lynch data. Data as at 31 August 2018.

Corporate Bonds										Yield to maturity (%)/Spread[1] (bps)
	31.08.18		31.07.18		31.05.18		28.02.18		31.08.17	
£ AAA	2.14	55	2.16	57	2.03	66	2.18	53	1.57	41
£ AA	2.01	75	2.05	78	1.97	80	2.07	68	1.68	72
£ A	2.68	130	2.71	132	2.62	135	2.68	116	2.24	115
£ BBB	3.15	176	3.17	176	3.02	176	2.99	148	2.59	157
€ AAA	0.65	59	0.71	57	0.67	61	0.74	38	0.65	54
€ AA	0.47	68	0.51	65	0.52	72	0.50	46	0.41	64
€ A	0.81	97	0.83	92	0.82	100	0.76	68	0.63	86
€ BBB	1.45	151	1.41	138	1.38	145	1.21	98	1.11	122
European High Yield (inc € + £)	4.10	378	3.98	364	4.15	380	3.73	297	3.56	288

Source: Bloomberg LP, Merrill Lynch data. Data as at 31 August 2018.

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 currency movements – figures to 31 August 2018

	Current value	Change Over: 1 Month (%)	3 Months (%)	6 Months (%)	YTD (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)
Euro/US Dollar	1.16	-0.8	-0.8	-4.9	-3.3	14.1	-3.2	-10.2	-12.0	4.2	1.9
Euro/GB Sterling	0.90	0.5	1.8	1.0	0.8	4.2	15.7	-5.1	-6.4	2.1	-2.4
Euro/Swiss Franc	1.12	-2.9	-2.5	-2.4	-3.8	9.2	-1.6	-9.5	-2.0	1.6	-0.5
Euro/Swedish Krona	10.62	3.3	3.0	5.0	7.9	2.7	4.4	-2.7	6.6	3.2	-3.9
Euro/Norwegian Krone	9.73	2.0	1.8	1.0	-1.2	8.4	-5.4	6.2	8.4	13.7	-5.4
Euro/Danish Krone	7.46	0.0	0.2	0.1	0.1	0.2	-0.5	0.2	-0.2	0.0	0.4
Euro/Polish Zloty	4.30	0.6	-0.3	3.0	3.0	-5.1	3.3	-0.6	3.2	1.8	-8.6
Euro/Hungarian Forint	326.67	1.8	2.2	4.1	5.1	0.5	-2.0	-0.3	6.5	2.1	-7.6
US Dollar/Yen	111.04	-0.7	2.0	4.1	-1.5	-3.6	-2.8	0.5	13.7	21.4	12.7
US Dollar/Canadian Dollar	1.30	0.2	0.6	1.6	3.7	-6.4	-2.9	19.1	9.4	7.1	-2.7
US Dollar/South African Rand	14.69	10.6	15.6	24.5	18.7	-9.9	-11.2	33.8	10.2	24.1	4.5
US Dollar/Brazilian Real	4.06	8.0	8.9	24.9	22.4	1.8	-17.8	49.0	12.5	15.3	9.9
US Dollar/South Korean Won	1115.64	0.2	3.2	2.8	4.5	-11.6	2.7	7.5	4.1	-0.7	-8.2
US Dollar/Taiwan Dollar	30.68	0.3	2.3	4.6	3.4	-8.6	-1.2	3.8	6.1	2.7	-4.1
US Dollar/Thai Baht	32.77	-1.3	2.2	4.0	0.6	-9.2	-0.5	9.5	0.6	6.9	-3.1
US Dollar/Singapore Dollar	1.37	0.8	2.6	3.6	2.6	-7.7	2.2	6.9	4.9	3.4	-5.8
US Dollar/GB Sterling	0.77	0.9	2.4	6.0	4.1	-8.7	19.3	5.8	-5.9	1.9	4.6
GB Sterling/South African Rand	19.04	9.3	12.7	17.3	13.9	-1.4	-25.7	26.6	3.7	26.6	9.2
Australian Dollar/US Dollar	0.72	-3.2	-5.0	-7.4	-7.8	8.1	-0.9	-10.9	-8.4	-14.2	1.6
New Zealand Dollar/US Dollar	0.66	-2.9	-5.4	-8.2	-6.6	2.0	1.7	-12.4	-5.0	-0.9	6.4

Source: Thomson Reuters Datastream, all figures subject to rounding.

Global equity and commodity index performance - figures to 31 August 2018 (%)

	1 Month	3 Months	6 Months	YTD	2017	2016	2015	2014	2013	2012
Global US & Canada										
MSCI World (US$)	1.3	4.5	4.2	5.3	23.1	8.2	-0.3	5.5	24.7	16.5
MSCI World Value (US$)	-0.5	3.1	1.1	0.1	18.0	13.2	-4.1	4.4	27.5	16.4
MSCI World Growth (US$)	3.0	5.8	7.3	10.4	28.5	3.2	3.5	6.6	27.2	16.6
MSCI World Small Cap (US$)	2.2	3.2	7.1	6.5	23.2	13.3	0.1	2.3	32.9	18.1
MSCI Emerging Markets (US$)	-2.7	-4.5	-10.0	-6.9	37.8	11.6	-14.6	-1.8	-2.3	18.6
FTSE World (US$)	1.0	3.8	3.0	4.1	24.1	8.7	-1.4	4.8	24.7	17.0
Dow Jones Industrials	2.6	7.0	5.0	6.7	28.1	16.5	0.2	10.0	29.7	10.2
S&P 500	3.3	7.8	8.0	9.9	21.8	12.0	1.4	13.7	32.4	16.0
NASDAQ	5.9	9.2	12.1	18.3	29.6	8.9	7.0	14.8	40.1	17.5
Russell 2000	4.3	6.9	15.8	14.3	14.6	21.3	-4.4	4.9	38.8	16.4
S&P/ TSX Composite	-0.8	2.0	6.9	2.3	9.1	21.1	-8.3	10.6	13.0	7.2
Europe & Africa										
FTSE World Europe ex-UK €	-1.8	1.8	2.4	1.2	13.0	3.4	10.9	0.2	25.2	17.8
MSCI Europe	-2.2	0.2	3.3	0.9	10.9	3.2	8.8	7.4	20.5	18.1
CAC 40	-1.9	0.6	4.4	4.6	12.7	8.9	11.9	2.7	22.2	20.4
DAX	-3.5	-1.9	-0.6	-4.3	12.5	6.9	9.6	2.7	25.5	29.1
Ibex 35	-4.4	0.4	-2.5	-3.9	11.4	-4.8	-3.8	8.0	30.0	1.8
FTSEMIB	-8.8	-6.5	-7.9	-4.5	17.3	-6.5	15.8	3.0	20.5	12.2
Swiss Market Index (capital returns)	-2.2	6.1	0.8	-4.4	14.1	-6.8	-1.8	9.5	20.2	14.9
Amsterdam Exchanges	-2.0	1.9	7.0	5.6	16.5	13.6	7.4	8.7	20.7	14.1
HSBC European Smaller Cos ex-UK	-0.6	0.5	2.4	2.7	18.6	6.4	23.5	5.2	34.0	20.4
MSCI Russia (US$)	-7.0	-2.4	-12.0	0.0	6.1	55.9	5.0	-45.9	1.4	14.4
MSCI EM Europe, Middle East and Africa (US$)	-5.9	-1.9	-13.3	-8.2	16.5	22.8	-14.7	-28.4	-3.9	25.1
FTSE/JSE Africa All-Share (SA)	2.3	4.9	2.3	0.4	21.0	2.6	5.1	10.9	21.4	26.7
UK										
FTSE All-Share	-2.8	-1.7	5.6	0.2	13.1	16.8	1.0	1.2	20.8	12.3
FTSE 100	-3.3	-2.1	5.4	-0.2	12.0	19.1	-1.3	0.7	18.7	10.0
FTSE 250	-0.6	-0.1	6.9	1.7	17.8	6.7	11.2	3.7	32.3	26.1
FTSE Small Cap ex Investment Trusts	-0.9	-3.1	3.0	-1.8	15.6	12.5	13.0	-2.7	43.9	36.3
FTSE TechMARK 100	-1.3	-0.7	8.0	2.1	9.8	10.0	16.6	12.3	31.7	23.0
Asia Pacific & Japan										
Hong Kong Hang Seng	-2.1	-7.0	-7.2	-4.1	41.3	4.3	-3.9	5.5	6.6	27.5
China SE Shanghai Composite (capital returns)	-5.3	-12.0	-16.4	-17.6	6.6	-12.3	9.4	52.9	-6.7	3.2
Singapore Times	-2.2	-4.9	-5.8	-2.5	22.1	3.8	-11.2	9.6	3.0	23.4
Taiwan Weighted (capital returns)	0.1	1.7	2.3	4.0	15.0	11.0	-10.4	8.1	11.9	8.9
Korean Composite (capital returns)	1.2	-4.1	-4.3	-5.9	21.8	3.3	2.4	-4.8	0.7	9.4
Jakarta Composite (capital returns)	1.4	0.6	-8.8	-5.3	20.0	15.3	-12.1	22.3	-1.0	12.9
Philippines Composite (capital returns)	2.4	4.8	-7.3	-8.2	25.1	-1.6	-3.9	22.8	1.3	33.0
Thai Stock Exchange	1.7	0.3	-3.8	0.6	17.3	23.9	-11.2	19.1	-3.6	41.3
Mumbai Sensex 30	2.9	9.8	13.9	14.5	29.8	3.7	-3.5	32.4	10.9	27.8
Hang Seng China Enterprises index	-1.3	-6.5	-8.9	-3.7	29.6	1.5	-16.9	15.6	-1.5	19.8
ASX 200	1.4	6.2	7.3	7.2	11.8	11.8	2.6	5.6	20.2	20.3
Topix	-1.0	-0.5	-0.7	-3.4	22.2	0.3	12.1	10.3	54.4	20.9
Nikkei 225 (capital returns)	1.4	3.0	3.6	0.4	19.1	0.4	9.1	7.1	56.7	22.9
MSCI Asia Pac ex Japan (US$)	-1.1	-3.7	-5.6	-4.0	37.3	7.1	-9.1	3.1	3.7	22.6
Latin America										
MSCI EM Latin America (US$)	-8.3	-2.9	-18.3	-10.9	24.2	31.5	-30.8	-12.0	-13.2	8.9
MSCI Mexico (US$)	-3.1	15.1	2.4	2.6	16.3	-9.0	-14.2	-9.2	0.2	29.1
MSCI Brazil (US$)	-11.3	-9.0	-28.3	-17.8	24.5	66.7	-41.2	-13.7	-15.8	0.3
MSCI Argentina (US$)	-23.6	-32.0	-50.7	-52.2	73.6	5.1	-0.4	19.2	66.2	-37.1
MSCI Chile (US$)	-8.9	-9.5	-16.6	-13.8	43.6	16.8	-16.8	-12.2	-21.4	8.3
Commodities										
Oil - Brent Crude Spot (US$/BBL)	3.4	0.3	16.0	14.9	20.9	51.6	-33.5	-49.4	0.2	3.2
Oil - West Texas Intermediate (US$/BBL)	-0.1	4.3	13.7	15.5	12.5	44.8	-30.5	-45.8	6.9	-7.1
Reuters CRB index	-0.6	-4.4	0.4	0.7	1.7	9.7	-23.4	-17.9	-5.0	-3.3
Gold Bullion LBM (US$/Troy Ounce)	-1.6	-7.8	-8.8	-7.7	12.6	9.0	-10.5	-1.8	-27.3	5.6
Baltic Dry index	-9.6	44.9	32.5	15.6	42.1	101.0	-38.9	-65.7	225.8	-59.8

Past performance is not a guide to future returns.
Source: Thomson Reuters Datastream, total returns in local currency unless otherwise stated.

Investment risks

The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested.

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