Invesco

Monthly Market Roundup
November 2018 (covering October 2018)

Global overview

- October was the worst month for global equity markets in more than six years
- Markets grew cautious in the face of a cocktail of factors
- Increases in US interest rates signalled the end of the 'cheap money' that has driven the nine-year bull market

October 2018 was looking to be the worst month for global stock markets since the global financial crisis until the two-day rally at the very end of the month meant that it was still their worst month in more than six years (since May 2012). Markets grew cautious in the face of a cocktail of factors including signs that trade tensions are fuelling a global economic slowdown, some disappointing earnings from 'big tech' companies, and a budget row between Italy and the European Union. Meanwhile, increases in US interest rates have signalled the end of cheap money that has driven a near decade-long bull market for global equities.

The technology sector was at the centre of last month's weakness. Amazon gave a cautious outlook for the Christmas holiday shopping season and Alphabet revealed that its advertising business had slowed by more than expected in the third quarter. The scale of the drop has undoubtedly soured sentiment. However, it was Facebook's earnings topping expectations which helped drive the two-day rally at the end of the month – the biggest two-day surge for the US equity market since February, helping to offset concerns that corporate profitability may have peaked.

As with other regions, the eurozone also suffered sharp falls during October. Only the telecoms sector was able to deliver positive returns, as the technology and materials sectors suffered the worst falls. Focusing on politics, the European Union rejected the draft budget (and resultant budget deficit) submitted by Italy, which had a negative impact on markets, but later reports that Italy would target lower budget deficits for 2020 (2.1%) and 2021 (1.8%) offered some relief. In Germany, after suffering heavy defeats in the Hesse state elections, Angela Merkel announced that the current term would be her last.

A combination of the above mentioned global issues, as well as ongoing Brexit concerns, meant that the UK equity market also struggled, ending the month in negative territory. Economic news from the region was more upbeat however, with inflation falling more into line with targets and wages indicating steady, if unspectacular, economic growth.

Emerging equity markets fell sharply in October with only two countries – Brazil and Qatar – posting gains. Asia was the weakest performing region, led by Korea, Taiwan and China. Sentiment towards the latter was adversely affected by threats of additional US tariffs, whereas Korea and Taiwan suffered from the high weightage of technology stocks in their respective local indices. Latin America stood out as the only region to finish in positive territory, due to a strong rally in Brazilian equity markets following the victory of market-friendly Jair Bolsonaro in the country's presidential election.

After the relative calm of September, the return of volatility in October helped to drive a 'risk-off' market sentiment. Gilts and Bunds benefitted from this, as market participants sought perceived lower risk investments. Amid the deterioration in sentiment, issuance within European corporate bond markets fell. Barclays reported that this was the quietest October for European investment grade corporate bond issuance since 2008, with just €23.5bn of new supply. European high yield corporate bond supply was also lower, with Barclays reporting year-to-date issuance down 29% on the same period last year.

US

- A volatile month for the US equity market cast the nine-year bull run in doubt
- Technology shares fell out of favour and concerns about US-China trade tensions grew
- Markets were encouraged by robust US economic growth

The US equity market ended October in negative territory as technology shares fell out of favour and markets grew concerned about US-China trade tensions. It was a volatile month overall for the US equity market, as concerns about the global economy, the trade war with China, the outlook for technology companies and the pace of interest rate rises all conspired to cast the nine-year bull run in doubt. Despite the two-day rally at the very end of the month, October was still the worst month for US equities in more than six years (since May 2012).

Suggestions that the US was preparing a new round of tariffs on Chinese imports, while the US Federal Reserve reiterated plans to raise interest rates, unsettled markets. However, patchy third quarter corporate earnings results have weighed further on sentiment. Earnings from US industrial bellwethers including Caterpillar and 3M showed that weaker growth outside the US was beginning to dent profits. Adding to the jitters has been the uncertainty surrounding the upcoming US mid-term elections.

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While consumer discretionary, energy and industrials were the weakest sectors over the month, markets rewarded stocks less vulnerable to a slowing economy such as consumer staples stocks, which was the only sector in positive territory over the month.

Markets were encouraged by US economic growth which expanded at an annual rate of 3.5% in the third quarter. Buoyant consumer spending – which accounts for over two-thirds of the economy – drove US economic growth beyond analyst expectations. Though still robust, US economic growth continued at a slower pace compared to an annual rate of 4.2% in the previous quarter, as exports slowed amid mounting headwinds from the trade war. The housing market also cooled. Sales of existing houses declined each month and sales of new homes dropped in September to their lowest rate since the end of the Obama administration.

In terms of corporate news, Microsoft reclaimed its crown as the second most valuable US company after overtaking Amazon towards the end of the month. Keeping with technology, IBM announced that it was buying open-source software pioneer Red Hat for US$34bn, in the biggest acquisition in the technology veteran's 107-year history. The deal will help both companies accelerate the move to cloud computing among big corporate clients, as well as provide a much-needed boost to IBM's revenue growth.

Europe

- Eurozone equity markets suffered sharp falls during October
- Telecoms was the only sector to deliver positive performance
- After heavy defeats in state elections, Merkel announced that the current term would be her last

Eurozone equities suffered sharp falls during October, posting the weakest monthly performance in more than six years. Slightly softer macroeconomic data in Europe as well as China and the US, ongoing Italian budget battles, political uncertainty in Germany, Brexit negotiations and a falling oil price all contributed to the weaker market sentiment. Against this backdrop, telecoms performed well and were the only sector to deliver positive returns. Technology and materials sectors suffered the worst falls.

The European Union rejected Italy's draft budget and asked them to submit a new one within three weeks. Italian bond yields rose to a four and a half year high of 3.8% during October, and the difference in yield (yield spread) compared to 10-year German bonds moved to a five and a half year high of 330 basis points. Subsequent reports emerged that Italy would target lower budget deficits for 2020 (2.1%) and 2021 (1.8%), which offered some relief. Moody's cut its rating on Italy just one notch above 'junk' to 'Baa3', but moved its rating outlook to 'stable'. S&P kept its BBB rating on Italy, two notches above non-investment grade, but cut its rating outlook to 'negative'.

Elsewhere, following a poor result in the Hesse state election at the weekend, Mrs Merkel announced to her party, the Christian Democratic Union of Germany, that she will not run again as leader at the party convention on 7 December. There was muted market reaction given the fact that she intends to remain as Chancellor until the next election in 2021.

Economic data in Germany and the eurozone more generally appeared to soften from previously strong levels. The German Ifo index (indicating business confidence) fell to 102.8 from 103.7. The fall was driven by a drop in both the current conditions and expectations indices, but it remained at relatively high levels by past standards. Consequently, on the basis of past form, the German Ifo index looks consistent with healthy annual German GDP growth of over 2%. Data on car production implied that delays related to emissions testing may have been entirely responsible for the slowdown in overall eurozone GDP growth from 0.4% in the second quarter of 2018 to 0.2% in the third. Car companies have argued that they were not given enough time to prepare, leading to bottlenecks at testing centres which caused major delays in production.

The rise in headline inflation from 2.1% in September to 2.2% in October was in line with the consensus forecast. It reflected a combination of higher energy and core inflation, which more than offset a decline in food inflation. Admittedly, the core rate (which excludes the volatile energy, food, alcohol and tobacco components) is still low at 1.1%, however, it remains above the average for the past year and survey measures of firms' and consumers' inflation expectations suggest that it will rise further as the European Central Bank forecasts.

The latest labour market data support other indications that the economy is still in pretty good health. The unemployment rate was unchanged at 8.1% in September as expected, which was the joint lowest rate since November 2008 and suggests that the recent tentative upward trend in eurozone wage growth should continue.

UK

- UK equity markets fell during October
- Brexit negotiations and trade war tensions continued
- Concerns of a global economic slowdown continued to weigh on market sentiment

UK Equity markets fell during October but ended slightly higher than their lowest point, having experienced a period of notable weakness through the middle of the month. The UK market was driven lower along with global markets as concerns around geopolitical factors, such as Brexit and the escalating trade war between the US and China, continued. This sell off in risk assets principally centred on fears of a weaker growth environment and a slowdown in corporate earnings in 2019. The normalisation of monetary policy also perturbed markets; Europe will be ending their stimulus at the end of 2018 and we will likely see a 4th rise in US interest rates this year in December. The combination of these factors sparked an increase in volatility.

In terms of UK economic data released over the course of the month, September's headline CPI inflation rate dropped to 2.4% from 2.7% in August, while the core rate (which excludes volatile items such as energy, food and alcohol) fell from 2.1% to 1.9%.

UK unemployment remained unchanged at 4% and wage growth accelerated to 3.1%, the fastest pace since January 2009, pointing to steady, if unspectacular, economic growth in the UK. In the Budget the Chancellor stated that the Office for Budget Responsibility forecasts GDP to grow 0.5% in Q3 2018 and 0.4% in Q4 2018, and expects annual GDP growth of 1.3% in 2018 and 1.6% in 2019.

On Brexit we find ourselves with less than 6 months to go until 29 March 2019. The last week of October saw hopes raised of a deal being struck by the end of November after weeks of apparent stalemate. Some commentators say this is too optimistic, but it would appear a tentative agreement has been reached on trade in the financial services sector after Brexit.

The price of oil fell almost 9% over the month to US$75, as Saudi Arabia pledged to increase production to cover any shortfall left by Iran.

In company news, Whitbread maintained its full year profit guidance but cautioned on future forecasts following flat interim earnings. The company owns the Premier Inn hotel chain and is in the process of selling Costa Coffee to Coca-Cola. Meanwhile IAG released third quarter results stating that operating profit rose marginally despite rising fuel prices and unfavourable currency movements.

BP reported strong quarterly numbers doubling quarterly profit from a year ago boosted by higher production and profit margins. Trouble on the high street continued with Debenhams confirming plans to close up to 50 stores over the next 3 years as it announced an annual loss of close to £500m.

Asia Pacific

- Asia sold off sharply as global market sentiment was shaken
- Concerns over a global slowdown grew following growth trade tensions and weak economic data from China
- The Japanese equity market was hit the hardest in Asia

Equity markets across Asia suffered a sharp sell-off in October as a number of factors dented global investor confidence. A spike in US government bond yields, resurgent dollar strength and escalating trade tensions combined with some soft economic data from China, raising concerns over a slowdown in the global economy, further fuelling investor risk aversion.

All markets ended the month lower, with South Asian equity markets tending to outperform their North Asian peers. In terms of sector performance, financials and less economically sensitive sectors like telecoms and utilities proved more resilient, while the tech sector and more economically sensitive or cyclical sectors declined the most.

In China, third-quarter GDP growth of 6.5% year-on-year confirmed domestic economic activity had slowed. Monthly economic data for September was mixed, but showed limited signs of recovery, despite anticipation of stimulus measures to kick in. Retail sales were moderately better than expected and there was a pick-up in exports growth, although this was largely due to a 'front-loading' of sales before year-end – making purchases before expected US tariffs on a range of products increase from 10% to 25%, in order to save costs. Chinese policymakers announced a number of measures aimed at easing conditions, including: a cut in banks' reserve requirements, increased export tax rebates, tax deductions on household income, additional support measures for smaller private enterprises and revised corporate law to simplify share buybacks (when a company buys back its own shares from the marketplace).

South Korea was the region's weakest equity market given a number of additional domestic headwinds. A number of companies reported weaker-than-expected earnings, largely in the autos and consumer sectors, while some weak domestic economic data and currency weakness only added to selling pressure.

ASEAN equity markets declined less, with the Philippines most resilient thanks to overseas remittance inflows and expectations of an interest rate hike next month. Australia's equity market fell in line with global markets, but slightly outperformed regional indices for Asia.

Japan's equity market also fell sharply as the risk of a global economic downturn increased with the deterioration in investor sentiment. The yen strengthened relative to the US dollar after a period of weakness, reflecting the mixed macroeconomic outlook. Those areas of the market most exposed to external demand fell furthest, while the more domestically driven and less economically sensitive areas held up better.

In terms of macroeconomic data, the Bank of Japan's quarterly Tankan survey showed business sentiment worsened in the third quarter of 2018, both in terms of production and demand, amidst a wave of natural disasters. Heavy rains, flooding, a typhoon and an earthquake disrupted supply chains and suspended production for a number of large manufacturers. As expected, monthly manufacturing surveys weakened and although plans for capital expenditure remain strong, overall domestic economic momentum appeared lacklustre.

Emerging Markets

- It was a tough month for emerging equity markets, with only Brazil and Qatar posting gains
- There was a spike in global bond yields and US-China trade war woes hurt confidence
- Brazil's equity market was buoyed by the election victory of market-friendly candidate, Jair Bolsonaro

Global emerging equity markets fell sharply in October with only two countries – Brazil and Qatar – posting gains. Undermining market confidence was a spike in global bond yields and further negative headlines on the US-China trade war. Asia was the weakest performing region, led by Korea, Taiwan and China. Sentiment towards the latter was adversely affected by threats of additional US tariffs, whereas Korea and Taiwan suffered from the high weightage of technology stocks in their respective local indices. Although all emerging market sectors fell, technology and healthcare were the laggards. Latin America stood out as the only region to finish in positive territory. This was down to a strong rally in Brazilian equity markets following the victory of Jair Bolsonaro in the country's presidential election. Aside from the notable exceptions of the Brazilian real and Turkish lira, most other emerging market currencies declined in value versus the US dollar. Oil prices slumped towards US$75 a barrel, industrial metals were broadly down 5% and copper sold off on global growth concerns.

While equity markets in Brazil reacted favourably to the Bolsonaro election victory – in anticipation of pro-market reforms – Mexico's decision to cancel the partially built airport in New Mexico City was not warmly welcomed. As a result, Mexico was the biggest drag on equity performance in Latin America, with October being the country's worst month since the global financial crisis. Confidence was also knocked by fears that interest rates could rise further due to persistent inflation. By contrast, all sectors in Brazil posted double-digit gains, with energy leading the pack. Disperse performance was also in evidence in the currency markets with the Brazilian real gaining 7.8% against the US dollar, whereas the Mexican peso depreciated by 8%. Elsewhere in the region, Colombia's equity market fell in line with weaker oil prices and interest rates were raised in Chile by 25 basis points.

Equity markets lost ground in the EMEA (Europe, Middle East and Africa) region, with South Africa being the laggard. Although economic data from the latter was broadly positive – retail sales for August comfortably beat consensus expectations – overall performance was dragged down by index heavyweight Naspers (down 18.5% in local currency terms). Similarly, upbeat data on the Russian economy – industrial production up and unemployment down – couldn't stop a slide in local equity prices, with oil and gas companies losing appeal from weaker energy prices. The easing of tensions between Turkey and the US following the release of American pastor Andrew Brunson provided lift to the lira currency and also helped to limit losses on the equity front.

Fixed Interest

- Gilts and Bunds benefitted from a deterioration in the market's appetite for risk
- Italy was downgraded by rating agency Moody's to the lowest investment grade rating
- Tesco was upgraded by rating agency Fitch to investment grade

After the relative calm of September, October saw a return of volatility to financial markets with 'risk-off' the dominant sentiment. Against this backdrop, government bonds outperformed corporate bonds with investment grade in turn outperforming high yield bonds.

At the start of the month, European government bond markets came under pressure over concerns about the Italian Government's proposed spending plans and resultant budget deficit. The spending plans led rating agency Moody's to downgrade Italy to Baa3, the lowest investment grade rating. S&P cut its outlook on Italy but affirmed its BBB rating. The market took the news that Italy remained investment grade positively.

In the US, strong economic data led to a rise in US Treasury yields as the market contemplated more interest rate hikes from the US Federal Reserve. The 10-year US Treasury yield increased to a high of 3.23%, which is its highest level since 2011. In turn, this led to volatility across other asset classes. As sentiment deteriorated, government bonds benefitted, with US Treasury yields falling back to 3.15% by month end.

The premium over government bonds that companies need to pay to borrow (the credit spread) increased over the month. Credit spreads in sterling investment grade corporate bond markets increased by 8 basis points (bps), while euro denominated investment grade credit spreads increased 13bps. High yield bond markets saw a larger rise in credit spreads. For European currency high yield bonds, the increase was 49bps and for US high yield the increase was 48bps.

The two weakest sectors of the sterling investment grade market were capital goods and autos, while medical and retail were the two best performing. In European currency high yield markets, returns were negative across most sectors with the two weakest being insurance and banks. The only sector delivering a positive return within European currency high yield was energy.

Amid the deterioration in sentiment, issuance within European corporate bond markets fell. Barclays reported that this was the quietest October for European investment grade corporate bond issuance since 2008, with just €23.5bn of new supply. European high yield corporate bond supply was also lower, with Barclays reporting year-to-date issuance down 29% on the same period last year.

One new issue of note was Tesco. The UK grocer raised €750m in the Euro market as part of its capital restructuring plans aimed at returning the company to investment grade. These plans are starting to bear fruit with Fitch upgrading the grocer to investment grade during October. However, both Moody's and S&P maintain their high yield rating for the company.

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 (%)

	31.10.18	30.09.18	31.07.18	30.04.18	31.10.17
US Treasuries 2 year	2.87	2.82	2.67	2.49	1.60
US Treasuries 10 year	3.14	3.06	2.96	2.95	2.38
US Treasuries 30 year	3.39	3.21	3.08	3.12	2.88
UK Gilts 2 year	0.75	0.82	0.77	0.78	0.46
UK Gilts 10 year	1.44	1.57	1.33	1.42	1.33
UK Gilts 30 year	1.86	1.92	1.77	1.83	1.90
German Bund 2 year	-0.62	-0.52	-0.57	-0.59	-0.75
German Bund 10 year	0.39	0.47	0.44	0.56	0.36
German Bund 30 year	1.02	1.08	1.09	1.24	1.23

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

Corporate Bonds

Yield to maturity (%)/Spread[1] (bps)

	31.10.18		30.09.18		31.07.18		30.04.18		31.10.17	
£ AAA	2.25	65	2.27	58	2.16	57	2.16	58	1.81	39
£ AA	2.07	79	2.14	75	2.05	78	2.04	71	1.93	70
£ A	2.78	138	2.81	130	2.71	132	2.64	120	2.49	111
£ BBB	3.29	192	3.29	178	3.17	176	3.04	155	2.78	145
€ AAA	0.69	60	0.74	56	0.71	57	0.74	46	0.57	44
€ AA	0.53	71	0.57	64	0.51	65	0.56	57	0.36	58
€ A	0.92	104	0.91	93	0.83	92	0.81	79	0.57	77
€ BBB	1.59	164	1.51	144	1.41	138	1.29	112	0.99	106
European High Yield (inc € + £)	4.44	424	4.12	367	3.98	364	3.82	314	3.33	254

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

	Current value	Change Over: 1 Month (%)	3 Months (%)	6 Months (%)	YTD (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)
Euro/US Dollar	1.13	-2.6	-3.2	-6.3	-5.7	14.1	-3.2	-10.2	-12.0	4.2	1.9
Euro/GB Sterling	0.89	-0.5	-0.5	1.0	-0.2	4.2	15.7	-5.1	-6.4	2.1	-2.4
Euro/Swiss Franc	1.14	0.1	-1.5	-4.7	-2.4	9.2	-1.6	-9.5	-2.0	1.6	-0.5
Euro/Swedish Krona	10.37	0.5	0.9	-1.9	5.4	2.7	4.4	-2.7	6.6	3.2	-3.9
Euro/Norwegian Krone	9.54	0.9	0.1	-1.4	-3.1	8.4	-5.4	6.2	8.4	13.7	-5.4
Euro/Danish Krone	7.46	0.0	0.1	0.1	0.2	0.2	-0.5	0.2	-0.2	0.0	0.4
Euro/Polish Zloty	4.34	1.4	1.5	2.5	4.0	-5.1	3.3	-0.6	3.2	1.8	-8.6
Euro/Hungarian Forint	324.61	0.3	1.2	3.5	4.4	0.5	-2.0	-0.3	6.5	2.1	-7.6
US Dollar/Yen	112.94	-0.7	1.0	3.3	0.2	-3.6	-2.8	0.5	13.7	21.4	12.7
US Dollar/Canadian Dollar	1.32	1.9	1.1	2.4	4.6	-6.4	-2.9	19.1	9.4	7.1	-2.7
US Dollar/South African Rand	14.79	4.5	11.4	18.6	19.5	-9.9	-11.2	33.8	10.2	24.1	4.5
US Dollar/Brazilian Real	3.72	-8.1	-0.9	6.1	12.4	1.8	-17.8	49.0	12.5	15.3	9.9
US Dollar/South Korean Won	1142.02	2.9	2.6	6.7	7.0	-11.6	2.7	7.5	4.1	-0.7	-8.2
US Dollar/Taiwan Dollar	30.95	1.6	1.2	4.4	4.3	-8.6	-1.2	3.8	6.1	2.7	-4.1
US Dollar/Thai Baht	33.12	2.4	-0.2	5.0	1.7	-9.2	-0.5	9.5	0.6	6.9	-3.1
US Dollar/Singapore Dollar	1.39	1.4	1.8	4.5	3.6	-7.7	2.2	6.9	4.9	3.4	-5.8
US Dollar/GB Sterling	0.78	2.1	2.7	7.8	5.9	-8.7	19.3	5.8	-5.9	1.9	4.6
GB Sterling/South African Rand	18.88	2.4	8.4	10.0	12.9	-1.4	-25.7	26.6	3.7	26.6	9.2
Australian Dollar/US Dollar	0.71	-2.2	-4.8	-6.1	-9.3	8.1	-0.9	-10.9	-8.4	-14.2	1.6
New Zealand Dollar/US Dollar	0.65	-1.5	-4.4	-7.4	-8.0	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 October 2018 (%)

	1 Month	3 Months	6 Months	YTD	2017	2016	2015	2014	2013	2012
Global US & Canada										
MSCI World (US$)	-7.3	-5.6	-1.9	-1.9	23.1	8.2	-0.3	5.5	24.7	16.5
MSCI World Value (US$)	-5.3	-4.8	-2.6	-4.2	18.0	13.2	-4.1	4.4	27.5	16.4
MSCI World Growth (US$)	-9.2	-6.3	-1.3	0.4	28.5	3.2	3.5	6.6	27.2	16.6
MSCI World Small Cap (US$)	-9.9	-9.2	-5.8	-5.3	23.2	13.3	0.1	2.3	32.9	18.1
MSCI Emerging Markets (US$)	-8.7	-11.6	-16.3	-15.4	37.8	11.6	-14.6	-1.8	-2.3	18.6
FTSE World (US$)	-7.4	-5.9	-3.1	-2.9	24.1	8.7	-1.4	4.8	24.7	17.0
Dow Jones Industrials	-5.0	-0.6	5.1	3.4	28.1	16.5	0.2	10.0	29.7	10.2
S&P 500	-6.8	-3.3	3.4	3.0	21.8	12.0	1.4	13.7	32.4	16.0
NASDAQ	-9.2	-4.5	3.9	6.7	29.6	8.9	7.0	14.8	40.1	17.5
Russell 2000	-10.9	-9.3	-1.4	-0.6	14.6	21.3	-4.4	4.9	38.8	16.4
S&P/ TSX Composite	-6.3	-7.9	-2.3	-5.0	9.1	21.1	-8.3	10.6	13.0	7.2
Europe & Africa										
FTSE World Europe ex-UK €	-5.7	-7.4	-4.9	-4.5	13.0	3.4	10.9	0.2	25.2	17.8
MSCI Europe	-5.3	-6.9	-4.3	-3.9	10.9	3.2	8.8	7.4	20.5	18.1
CAC 40	-7.2	-7.4	-5.6	-1.3	12.7	8.9	11.9	2.7	22.2	20.4
DAX	-6.5	-10.6	-9.2	-11.4	12.5	6.9	9.6	2.7	25.5	29.1
Ibex 35	-4.9	-8.9	-9.0	-8.4	11.4	-4.8	-3.8	8.0	30.0	1.8
FTSEMIB	-8.0	-14.0	-18.5	-10.0	17.3	-6.5	15.8	3.0	20.5	12.2
Swiss Market Index (capital returns)	-0.7	-1.7	1.5	-3.8	14.1	-6.8	-1.8	9.5	20.2	14.9
Amsterdam Exchanges	-5.6	-9.0	-5.1	-1.9	16.5	13.6	7.4	8.7	20.7	14.1
HSBC European Smaller Cos ex-UK	-7.2	-8.8	-6.7	-5.8	18.6	6.4	23.5	5.2	34.0	20.4
MSCI Russia (US$)	-4.4	-2.3	3.7	5.0	6.1	55.9	5.0	-45.9	1.4	14.4
MSCI EM Europe, Middle East and Africa (US$)	-3.5	-4.6	-5.3	-6.9	16.5	22.8	-14.7	-28.4	-3.9	25.1
FTSE/JSE Africa All-Share (SA)	-5.8	-7.6	-8.5	-9.4	21.0	2.6	5.1	10.9	21.4	26.7
UK										
FTSE All-Share	-5.2	-7.2	-3.5	-4.4	13.1	16.8	1.0	1.2	20.8	12.3
FTSE 100	-4.9	-6.9	-3.1	-3.9	12.0	19.1	-1.3	0.7	18.7	10.0
FTSE 250	-6.7	-8.7	-5.4	-6.6	17.8	6.7	11.2	3.7	32.3	26.1
FTSE Small Cap ex Investment Trusts	-7.1	-8.1	-9.0	-9.0	15.6	12.5	13.0	-2.7	43.9	36.3
FTSE TechMARK 100	-7.7	-8.8	-3.4	-5.6	9.8	10.0	16.6	12.3	31.7	23.0
Asia Pacific & Japan										
Hong Kong Hang Seng	-10.0	-11.8	-16.6	-13.7	41.3	4.3	-3.9	5.5	6.6	27.5
China SE Shanghai Composite (capital returns)	-7.7	-9.5	-15.6	-21.3	6.6	-12.3	9.4	52.9	-6.7	3.2
Singapore Times	-7.3	-8.0	-14.3	-8.2	22.1	3.8	-11.2	9.6	3.0	23.4
Taiwan Weighted (capital returns)	-10.9	-11.4	-8.0	-7.9	15.0	11.0	-10.4	8.1	11.9	8.9
Korean Composite (capital returns)	-13.4	-11.6	-19.3	-17.7	21.8	3.3	2.4	-4.8	0.7	9.4
Jakarta Composite (capital returns)	-2.4	-1.8	-2.7	-8.2	20.0	15.3	-12.1	22.3	-1.0	12.9
Philippines Composite (capital returns)	-1.9	-6.9	-8.7	-16.6	25.1	-1.6	-3.9	22.8	1.3	33.0
Thai Stock Exchange	-4.8	-1.0	-4.9	-2.1	17.3	23.9	-11.2	19.1	-3.6	41.3
Mumbai Sensex 30	-4.8	-8.1	-1.3	2.4	29.8	3.7	-3.5	32.4	10.9	27.8
Hang Seng China Enterprises index	-8.0	-7.6	-14.4	-9.8	29.6	1.5	-16.9	15.6	-1.5	19.8
ASX 200	-6.1	-5.9	-0.4	-0.5	11.8	11.8	2.6	5.6	20.2	20.3
Topix	-9.4	-5.3	-6.4	-7.6	22.2	0.3	12.1	10.3	54.4	20.9
Nikkei 225 (capital returns)	-9.1	-2.8	-2.4	-3.7	19.1	0.4	9.1	7.1	56.7	22.9
MSCI Asia Pac ex Japan (US$)	-10.3	-12.5	-15.4	-15.0	37.3	7.1	-9.1	3.1	3.7	22.6
Latin America										
MSCI EM Latin America (US$)	3.5	-0.7	-9.6	-3.4	24.2	31.5	-30.8	-12.0	-13.2	8.9
MSCI Mexico (US$)	-17.4	-18.7	-16.6	-13.9	16.3	-9.0	-14.2	-9.2	0.2	29.1
MSCI Brazil (US$)	17.8	11.9	-4.1	3.6	24.5	66.7	-41.2	-13.7	-15.8	0.3
MSCI Argentina (US$)	-1.9	-21.8	-45.6	-51.0	73.6	5.1	-0.4	19.2	66.2	-37.1
MSCI Chile (US$)	-8.3	-14.0	-21.4	-18.7	43.6	16.8	-16.8	-12.2	-21.4	8.3
Commodities										
Oil - Brent Crude Spot (US$/BBL)	-9.5	0.9	-1.4	12.2	20.9	51.6	-33.5	-49.4	0.2	3.2
Oil - West Texas Intermediate (US$/BBL)	-10.7	-6.5	-4.7	8.0	12.5	44.8	-30.5	-45.8	6.9	-7.1
Reuters CRB index	-1.9	-1.3	-4.5	0.1	1.7	9.7	-23.4	-17.9	-5.0	-3.3
Gold Bullion LBM (US$/Troy Ounce)	2.0	-0.5	-7.4	-6.8	12.6	9.0	-10.5	-1.8	-27.3	5.6
Baltic Dry index	-3.3	-14.7	11.1	9.1	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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