Invesco

Monthly Market Roundup

August 2016 (covering July 2016)

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Global overview

Global equity markets for the most part rose in July, as markets participated in the post-EU Referendum equity rally. Investors' risk-on sentiment was supported by the prospect of global central banks keeping interest rates lower for an extended period, encouraging core economic data releases and a more confident view of the global economy. Meanwhile, the US Federal Reserve (Fed) left interest rates unchanged as expected in July, in part due to concerns over persistently low inflation. However, diminished near-term risks to the US economy and renewed job market momentum may leave the door open for a potential interest rate hike later this year. Overall, the MSCI AC World index managed to return 5.06% in July[1], with some of the strongest returns coming from cyclical and more economically sensitive sectors. In contrast, perceived 'defensive' sectors of the equity market underperformed, while shares in energy companies were hurt by declining oil and gas prices in July and negative Q2 earnings news.

Over the course of July, market expectations of a cautious Fed continuing to hold off tightening its monetary policy near term, an easing of Brexit concerns, and a more confident view of US economic developments helped to promote a steady improvement in investors' risk appetite. The risk-on mode, coupled with mostly well-received Q2 2016 corporate earnings, helped the S&P 500 index return 3.69% in July[2], continuing its extended run of positive monthly gains. Towards month end, US economic data releases showed robust Q2 US consumer household spending growth of 4.2%, with support coming from solid labour growth, encouraging – albeit slow – wage growth and growing discretionary household wealth. However, Q2 US gross domestic product (GDP) growth of 1.2% came in well-below market expectations, primarily attributed to sluggish US corporate activity and tentative global demand.

In the UK, the FTSE 100 index climbed to a 12-month high into the month end, pushed higher by the weakened sterling environment. Trading news from sectors whose fortunes are tied to energy and commodities prices were notably less upbeat due to declining energy prices. The mid-month appointment of Theresa May as UK Prime Minister provided some welcome reassurance for markets, but many were wrong-footed by the Bank of England's (BoE) Monetary Policy Committee's decision to keep interest rates unchanged at 0.5%. The BoE said it was likely to deliver stimulus in August once it gained a clearer idea of the Brexit impact. While UK Q2 GDP growth, at 0.6%, beat the earlier upward revision of expectations, Confederation of British Industry data showed UK retail sales in July slowing at their fastest rate since June 2012. July's Purchasing Managers Index (PMI) data, the first private sector reading since the EU Referendum, also indicated a contraction in the UK economy.

European equity markets recorded their best monthly gains year-to-date. An initial reading published by the European Union's statistics office showed that the eurozone GDP grew by 0.3% in Q2 2016. Eurozone headline inflation accelerated to 0.2%, beating market expectations and registering the highest level since January 2016, while core inflation (stripping out volatile components of energy and food) remained flat at 0.9% in July. Importantly, the European Central Bank left its monetary policies unchanged at its July meeting, preferring to give more time to the existing measures before making any policy amendments. Macroeconomic surveys suggested that the impact of Brexit on the European economy remained muted, while eurozone economic confidence unexpectedly improved in July. PMI readings for July showed that eurozone economic activity remained remarkably resilient, underpinning the slow – albeit steady – economic recovery.

The Japanese equity market ended the month higher (in local currency terms), driven by speculation surrounding policy easing in an effort to stimulate the fragile domestic economy. Despite July's positive gain, Japanese equity markets have fallen year-to-date on concerns about yen strength and the effectiveness of the Bank of Japan's (BoJ) monetary policy in stemming yen strength and boosting inflation. The governing coalition's victory in the upper house election paved the way for a sizeable fiscal stimulus package alongside additional monetary easing. Q2 corporate earnings results have, to date, delivered more positive than negative surprises – although downward earnings revisions to full-year guidance have outweighed upward revisions. Given the current low interest rates, corporates continued to buy back shares, providing support to the equity market.

Across Asia, equity markets made solid gains as global macroeconomic concerns eased, while further signs of stabilisation in China's economy helped to improve investor sentiment in July. Australia and Thailand were the region's best performing equity markets, recovering some of their recent underperformance as near-term risks to their economic outlooks diminished. Indonesia's equity market also made good gains as a sweeping cabinet reshuffle, aimed at boosting economic growth, helped bolster investor sentiment. In China, economic indicators for June were firm, especially consumer data, while Q2 GDP growth of 6.7% year-on-year was in line with market expectations. However, despite the improved outlook for corporate earnings, the Chinese equity market lagged the broader region, pulling back towards month end amid news that the banking regulator is planning to crack down on the China's huge market for wealth management products.

Finally, emerging equity markets, led by Latin America, registered healthy gains in July in anticipation that interest rates in the developed world would remain low for longer. Within Latin America, Brazil's equity market led gains. Although core economic indicators remain challenged, market confidence in Brazil was boosted by expectations of improving corporate earnings and a government committed to addressing the country's fiscal imbalances. South Africa was one of the strongest performers in EMEA (Europe, Middle East and Africa) in July. Market sentiment was buoyed by a rebound in consumer spending and factory production, while the South African rand appreciated by more than 6% against the US dollar in July. Turkey was the laggard in the region as it experienced a thwarted coup attempt by the military, while the Russian equity market held steady, despite lower oil prices, drawing support from better-than-expected economic data.

1 Data is sourced from Thomson Reuters and shows total returns in Sterling

2 Data is sourced from Thomson Reuters and shows total returns in US dollars

US

- US equity markets achieved new heights in post-EU Referendum rally
- US Federal Reserve (Fed) kept the interest rate on hold in July, remaining cautious on future hikes
- Q2 2016 Gross Domestic Product (GDP) growth disappointed, although positive US consumer spending data surprised

Over the course of July, expectations that a cautious Fed might continue holding off tightening its monetary policy, an easing of Brexit concerns, and a more confident view of the economy helped to promote a steady improvement in investors' risk appetite. The risk-on mode, coupled with mostly well-received Q2 2016 corporate earnings, propelled the S&P 500 index to a new record intra-day high for the seventh time in a month on 29 July. Overall, the index returned 3.69% in July, continuing its extended run of positive monthly gains, and is up 7.66% year-to-date[3]. At the end of the month, US economic data releases showed robust Q2 US consumer household spending growth of 4.2%, with support coming from solid labour growth, encouraging – albeit slow – wage growth and growing discretionary household wealth.

However, Q2 US GDP growth of 1.2% came in well-below market expectations of 2.6%, primarily attributed to sluggish US corporate activity and tentative global demand. Such divergence in GDP growth and household spending was in part due to how companies' record profits are being deployed. Instead of investing back into economic activity and future growth potential, companies, for the most part, are sitting idle on cash or using earnings to buy back shares and issue higher dividend payments. Although July saw a number of large-scale strategic merger and acquisition deals across the industry, US corporate share buyback activities represent one of the main reasons why the US stock market has been doing so well, reaching record highs in July. While it points to a healthy appetite for financial risk, it is in stark contrast to companies' more muted inclination to take business risks.

At the sector level, some of the strongest returns in July came from cyclical sectors, as investors adopted a more risk-oriented mode, with information technology leading advances. The more economically sensitive sectors, such as materials, industrials and consumer discretionary also performed well, while financials benefitted from better-than-expected Q2 2016 earnings results, with most large US financial institutions exceeding or meeting market expectations. Healthcare also performed strongly. However, the perceived 'defensive' consumer staples and utilities sectors underperformed, while the energy sector was hurt by declining oil and gas prices during the month (on news of rising US crude oil stockpiles) and negative Q2 2016 earnings news.

In US corporate news, while more than two-thirds of S&P 500 companies beat Q2 earnings estimates by month end, aggregate quarterly earnings growth of S&P 500 companies is expected to fall by 3% (according to Thomson Reuters). This is in line with May's Q2 2016 blended earnings growth estimate of -3.5%.

In M&A news, July saw heightened activity across multiple industry sectors, particularly at month end, as US wireless provider Verizon (which had previously acquired AOL in 2015) announced its acquisition of internet veteran Yahoo's core business for US$4.83 billion. This represents a big leap for Verizon, which has been seeking to add to its ad technology and digital content offerings. Within the energy sector, US oil giant ExxonMobil agreed to buy InterOil, a US company developing a large onshore natural gas project in Papua New Guinea, in a deal valued at up to US$3.6 billion. And, in a sign of further consolidation within the healthcare sector, Swiss pharmaceuticals group Galenica agreed to acquire California-based biopharmaceutical company Relypsa in a deal worth US$1.53 billion, which will give the company access to a US network and a market leading drug. Meanwhile, Bayer AG's intention to acquire US-based global agricultural group Monsanto, announced earlier this year, has hit some unexpected road bumps as Monsanto deemed the revised offer as 'insufficient', while some shareholders are concerned over the long-term value of the deal.

[3] Data is sourced from Thomson Reuters and shows total returns in US dollars

Europe

- European equity markets were up in July
- Eurozone GDP grew by 0.3% in Q2 2016, in line with expectations
- 2016 stress test showed the European Banking Authority (EBA) was relatively comfortable with EU banks' solvency

European equity markets rose in July, posting their best monthly gain of 2016. An initial reading published by the European Union (EU)'s statistics office showed that the eurozone GDP grew by 0.3% in Q2 2016. Headline inflation in the euro-area accelerated to 0.2% during the month, beating market expectations and registering the highest level since January 2016. Core inflation, which strips out volatile components, remained flat at 0.9% in July.

On a sector level, technology was the best performer in the FTSE World Europe ex-UK index, followed by the industrials sector. Meanwhile, oil and gas led the detractors amid a further fall in the oil price. On a stock level, Zalando, the German online cloths retailer, was the standout performer; its share price rose as much as 40% in July after the company posted strong Q2 results and raised its end-of-year profit margin forecasts. Steelmaker ArcelorMittal was another strong performer in July. The company's share price gained around 38.5% in July after reporting the highest quarterly profit since 2014 on the back of a recovery in steel prices. Conversely, Italian lender Banca Monte Paschi di Siena was among the leading detractors; concerns over the bank's asset quality (non-performing loans) and capital position having placed a notable drag on its share price. Mediaset, the Italian media company, was another large detractor in July, after the planned sale of its Premium pay-TV unit to the French media group Vivendi was cancelled.

On the macroeconomic front, the European Central Bank (ECB) left its monetary policies unchanged at its July policy meeting, preferring to give more time to the existing measures, and waiting for tangible evidence on the UK referendum's economic aftermath, before making any policy amendments. So far, macroeconomic surveys suggested that the impact of Brexit on the broader European economy remains muted. Euro-area economic confidence unexpectedly improved in July, with the European Commission reporting that an index of business and consumer sentiment rose to 104.6 from 104.4 the previous month (figures above 100 denote expansion, below 100 indicate contraction). Moreover, July Purchasing Managers Indices (PMIs), reflecting the first private sector surveys since Brexit, showed that eurozone economic activity remained remarkably resilient, underpinning the slow but steady economic recovery. Nevertheless, ECB president Mr. Draghi reiterated his readiness to act in the months ahead, should the UK's exit from the EU hurt growth or delay the return of inflation to the ECB's target.

At the end of July, the EBA released the results of its 2016 EU Banks stress test. Results showed that the regulator is relatively comfortable with the European banks' solvency; all banks, except Monte Paschi (who's capital situation was already known), would maintain core capital levels above the minimum regulatory requirements in the adverse scenario. The test also highlighted the significant improvement in the overall sector's capital levels compared to previous years.

UK

- Monetary Policy Committee (MPC) voted to keep interest rates unchanged, but Bank of England (BoE) stimulus is expected in August
- FTSE 100 index climbed to 12-month high while FTSE 250 surged back to pre-referendum levels
- Lloyds banking group announced plans to accelerate cost-cutting measures, with 200 planned branch closures and 3,000 job losses

UK equity indices recouped their post-referendum losses in July, but data releases and corporate news released during the month provided mixed indications of the economic impact of Brexit. The appointment of Theresa May as UK Prime Minister mid-month provided some welcome reassurance for markets, but many were wrong footed by the MPC's decision to keep rates unchanged at 0.5%. The BoE said it was likely to deliver stimulus in August, possibly as a package of measures, once it has gained a clearer idea of the Brexit impact.

Nearing month-end, data from the Office of National Statistics confirmed UK second quarter GDP growth at 0.6%, beating the MPC's earlier upward revision of expectations. Other indicators were less positive, however, as data from the Confederation of British Industry showed UK retail sales in July slowing at their fastest rate since June 2012; July's Purchasing Managers Index, the first private sector survey since Brexit, also indicated a contraction in the UK economy.

In the UK equity market, the FTSE 100 climbed to a 12-month high nearing month-end, pushed higher by the weakened sterling environment. The rally in commodities seen through Q2 slowed during the month, as Brent crude entered into technical bear market territory; nearing US$42 a barrel, down more than 20% from highs recorded in June, its lowest level for three months. Trading news from sectors whose fortunes are tied to energy and commodities prices were notably less upbeat, despite the tailwinds from weakened sterling. Oil giant BP missed second quarter forecasts, posting a 45% slump in earnings while Royal Dutch Shell reported a 70% slide in earnings for its first full quarter after the completion of its £35bn takeover of BG.

Brexit discussion dominated the month's corporate news flow; widespread profit warnings were offset by positive updates from certain companies and sectors, particularly those buoyed by overseas earnings. Lloyd's Banking Group cited the UK's "uncertain" economic outlook as a factor behind plans to accelerate its cost-cutting strategy, as it announced the planned closure of 200 branches and 3,000 job losses. Conversely, AstraZeneca confirmed expansion plans with an extra 2,000 jobs for its Cambridge-based research facility; the pharmaceutical giant's half-year results indicated strong advances in its "transformed pipeline" and 7% growth across its six growth platforms.

International Consolidated Airlines, the owner of British Airways, Iberia and Vueling, reported a negative currency impact of €148m for the second quarter, attributing the group's challenged performance to "refraining travelling behaviour" post-Brexit, depreciated sterling and increased terrorist activity.

Power generation company Drax's half-year earnings were hit by weaker energy markets and regulatory uncertainty; however, with signs of recovery in the forward power market and supply for this winter remaining tight, the company remains cautiously optimistic. Pork and poultry specialist Cranswick reported a positive first half of the year; Q2 revenues rose 11% year on year, supported by a 60% rise in the company's Far East export volumes.

Asia Pacific

- Asian equity markets made gains as global macro concerns eased
- Chinese economic data was firm
- Japan's equity market rose on speculation surrounding policy easing

Asian equity markets made solid gains in July, as global macro concerns eased, while further signs of stabilisation in China's economy also helped improve investor sentiment. Most Asian currencies either strengthened or held steady against the US dollar in July, with the Korean won performing best after the Bank of Japan's (BoJ) latest policy move disappointed. Malaysia was the home to the region's worst performing currency (ringgit) and equity market, owing to the decline in oil prices and the renewed focus on troubled state investment firm 1MDB.

In China, economic indicators for June were firm, especially consumer data with car sales accelerating to 18% year-on-year and residential house sales to 14% year-on-year, while Q2 GDP growth of 6.7% year-on-year was in line with expectations. The renminbi also stabilised against the US dollar after several weeks of declines. However, despite the improved outlook for corporate earnings, the Chinese equity market lagged the broader region, pulling back towards the end of the month amid news that the banking regulator is planning to crack down on the country's huge market for wealth management products.

Australia and Thailand were the region's best performing equity markets over the month, recovering some of their recent underperformance as near-term risks to their economic outlooks diminished. Indonesia's equity market also made good gains, as a sweeping cabinet reshuffle, aimed at boosting economic growth, helped bolster investor sentiment.

The Japanese equity market ended the month higher in local currency terms. This was driven by speculation surrounding policy easing by the Japanese authorities, as they attempt to stimulate the fragile domestic economy. Despite this positive gain, Japanese equity markets have fallen year-to-date on concerns about the strength of the yen and question marks about the effectiveness of the BoJ's monetary policy in stemming yen strength and boosting inflation.

The governing coalition's victory in the upper house election paved the way for a sizeable fiscal stimulus package alongside additional BoJ monetary easing. Prime Minister Abe pre-announced a fiscal stimulus package of Y28 trillion, which was widely expected by investors. While the BoJ increased purchases of Exchanged-Traded Funds (ETFs) and doubled the US dollar lending facility to support overseas activities of corporates, it defied expectations by not reducing negative interest rates further or expanding purchases of Japanese Government Bonds (JGBs). Meanwhile, corporate earnings results for the most recent quarter have, to date, delivered more positive than negative surprises, although downward earnings revisions to full-year guidance have outweighed upward revisions. Given the current low interest rates, corporates are continuing to do share buybacks, providing support to the equity market.

Emerging Markets

- The prospect of an easier overall global monetary policy for longer drove emerging equity markets higher in July
- Latin America was once again the best performing equity region, as Brazil extended its winning run
- Turkish equity market faltered following an attempted military coup in the country

Global emerging equity markets registered healthy gains during the month, in anticipation that interest rates in the developed world will remain low for longer, particularly in Europe, the UK and Japan. By contrast, the US Federal Reserve still appears to be in no rush to raise US interest rates, although the Federal Open Market Committee minutes were slightly hawkish in tone by saying that "near-term risks to the economic outlook have diminished". Latin America was the best performing regional equity market, followed by EMEA (Europe, Middle East and Africa). With the exception of Malaysia, all equity markets in emerging Asia delivered positive returns during July. From a sector perspective, technology hardware and materials were the best performers. All other sectors – apart from commercial services, food beverage and household products – posted gains. Emerging markets currencies had a mixed month. In Asian (representing oil importers) these appreciated in value, whereas the likes of the Russian rouble, Mexican peso and Colombian peso (oil exporting countries) lost ground. Oil prices corrected lower during the month with Brent crude dropping by US$10 a barrel.

Brazil led the gains within Latin American equity markets, drawing support from growing confidence that the worst may now be over for the Brazilian economy. Market confidence was also boosted by expectations of an improvement in corporate earnings and a government committed to addressing the country's fiscal imbalances. On a positive note, June's primary budget deficit narrowed unexpectedly. However, with interest rates at 14.25% – the inflation rate remains above its official target rate – and the unemployment rate rising, retail sales fell more than expected in May. By contrast, shoppers in Mexico were out in force, as retail sales increased by 8.6% year-on-year in May. There was also good news in the Mexican labour market, with the unemployment rate falling to 3.93% in June. Elsewhere in the region, interest rates in Colombia were raised by 25 basis points to 7.75% in order to combat inflationary pressures.

South Africa was one of the strongest performing equity markets in the EMEA region during July. Sentiment was buoyed by a rebound in consumer spending and factory production, fuelling hopes that the economy may be past its worst. Confidence towards the country was also reflected in the currency markets with the rand, the local currency, appreciating by more than 6% against the US dollar over the month. By contrast, Turkey was the laggard in the region as it experienced a thwarted coup by the military. President Erdogan declared a state of emergency as he widened a crackdown on opposition forces. Rating agency Moody's said it was reviewing Turkey's credit rating for a possible downgrade after the attempted military coup. The Russian equity market held steady, despite lower oil prices, drawing support from better-than-expected economic data.

MSCI US$ price index return	**(%, US$)**
	July 2016
Emerging markets	4.7
Developed markets	4.1
Latin America	5.4
EMEA	4.9
Emerging Asia	4.6
Top five by country	
Egypt	20.8
Brazil	9.8
South Africa	8.8
Qatar	8.3
Czech Republic	8.2
Bottom five by country	
Colombia	-6.0
Turkey	-5.8
Malaysia	-0.9
Russia	-0.4
Mexico	-0.4

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

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Monthly Market Roundup
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Fixed Interest

- Sterling corporate bonds delivered their strongest month of returns since August 2009
- Bank of England (BoE) kept UK interest rates on hold, but is widely expected to ease monetary policy in August
- Broadly positive European Banking Authority (EBA) stress tests showed continuing improvement in European banks capital levels

Bond markets continued to rebound from their initial post Brexit sell off during July. In the UK, investment grade corporate bonds enjoyed their strongest month since August 2009, delivering a total sterling return of 5.2%. The Gilt market also extended its gains from June, delivering a total sterling return of 2.1%[4].

Following the Brexit vote, there was immediately a widespread expectation that the BoE would cut interest rates, potentially as early as July. Instead UK interest rates were kept at 0.5% at the July meeting, with the bank preferring to wait for more economic data to see the effect of Brexit on the UK economy. Hard economic data has yet to be released, but a one off, intra-month publication of a monthly economic UK companies survey showed that UK business activity contracted at its fastest pace since the financial crisis in 2008. It is now widely expected that the bank will cut interest rates to at least 0.25% at the Monetary Policy Committee's 8 August 2016 meeting. The expectation of monetary easing helped Gilt markets to rally strongly, and in turn for sterling corporate bonds to rally.

Elsewhere, bond returns, although still positive, were more subdued. Euro investment grade corporate bonds returned 1.7%, European currency high yield bonds returned 2.4% and Bunds returned 0.2%[4]. The European banking sector, in particular Italian Bank Monte dei Paschi di Siena, remains an area of concern for bond markets. On 29 June, the EBA announced the results of its latest stress tests. Overall, the results were broadly positive, reflecting the significant strengthening of bank balance sheets in recent years. Issues were identified within Monte dei Paschi di Siena, however these were within expectations, with the bank announcing plans to improve its capital position.

European corporate bond issuance was strong through July. Data from Barclays shows that sterling investment grade issuance rose to £2.3bn during July, its highest level so far this year. Euro denominated investment grade issuance was €28.3bn, which compares to €23.0bn issued during the same month in 2015. European high yield markets saw €3.3bn of issuance, which compares to €9.1bn in July 2015.

According to data from Merrill Lynch, Gilt yields in aggregate fell 15 basis points (bps) to the end of July at 0.85%, while sterling investment grade corporate bond yields were 52bps lower, at 2.44%. Euro investment grade corporate bond yields fell 23bps to 0.70%. The yield of European currency high yield bonds were also lower, falling 45bps to 4.59%.

[4] Data is sourced from Merrill Lynch and shows total returns in local currency terms

Government Bonds	Yield to maturity (%)				
	Current	30.06.16	30.04.16	31.01.16	31.07.15
US Treasuries 2 year	0.66	0.58	0.78	0.77	0.66
US Treasuries 10 year	1.45	1.47	1.83	1.92	2.18
US Treasuries 30 year	2.18	2.28	2.68	2.74	2.91
UK Gilts 2 year	0.11	0.10	0.53	0.34	0.57
UK Gilts 10 year	0.69	0.87	1.60	1.56	1.88
UK Gilts 30 year	1.55	1.70	2.40	2.35	2.56
German Bund 2 year	-0.63	-0.66	-0.48	-0.49	-0.23
German Bund 10 year	-0.12	-0.13	0.27	0.33	0.64
German Bund 30 year	0.34	0.38	1.01	1.06	1.32

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

Corporate Bonds	Yield to maturity (%)/Spread[5] (bps)									
	Current		30.06.16		30.04.16		31.01.16		31.07.15	
£ AAA	1.52	40	1.81	51	2.41	47	2.56	66	2.75	54
£ AA	1.67	87	2.15	115	2.57	98	2.77	120	2.88	93
£ A	2.32	142	2.82	177	3.15	152	3.30	176	3.22	133
£ BBB	2.80	199	3.38	243	3.66	214	3.89	243	3.66	182
€ AAA	0.38	60	0.59	80	0.79	65	0.97	78	1.16	72
€ AA	0.21	68	0.36	81	0.58	72	0.71	84	0.88	73
€ A	0.51	96	0.70	115	0.87	102	1.03	119	1.13	98
€ BBB	1.02	143	1.30	173	1.43	155	1.85	198	1.67	145
European High Yield (inc € + £)	4.59	446	4.99	500	5.07	460	5.91	564	5.03	422

Source: Bloomberg LP, Merrill Lynch data. Data as at 31 July 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 July 2016 (%)

	1 Month	3 Months	6 Months	YTD	2014	2013	2012	2011
Global US & Canada								
MSCI World (US$)	4.3	3.8	12.0	5.3	5.5	24.7	16.5	-5.0
MSCI World Value (US$)	3.8	2.9	12.2	5.8	4.4	27.5	16.4	-4.9
MSCI World Growth (US$)	4.7	4.7	11.8	4.9	6.6	27.2	16.6	-5.1
MSCI World Small Cap (US$)	5.5	4.9	17.3	8.3	2.3	32.9	18.1	-8.7
MSCI Emerging Markets (US$)	5.1	5.3	19.8	12.0	-1.8	-2.3	18.6	-18.2
FTSE World (US$)	4.4	3.9	12.6	6.0	4.8	24.7	17.0	-6.5
Dow Jones Industrials	2.9	4.4	13.5	7.4	10.0	29.7	10.2	8.4
S&P 500	3.7	5.8	13.3	7.7	13.7	32.4	16.0	2.1
NASDAQ	6.7	8.5	12.6	3.8	14.8	40.1	17.5	-0.8
Russell 2000	6.0	8.3	18.8	8.3	4.9	38.8	16.4	-4.2
S&P/ TSX Composite	3.9	5.3	15.5	14.1	10.6	13.0	7.2	-8.7
Europe & Africa								
FTSE World Europe ex-UK €	4.0	1.7	3.3	-3.3	0.2	25.2	17.8	-14.7
MSCI Europe	3.5	1.6	2.9	-3.4	7.4	20.5	18.1	-7.5
CAC 40	4.9	2.8	3.8	-1.1	2.7	22.2	20.4	-13.4
DAX	6.8	3.0	5.5	-3.8	2.7	25.5	29.1	-14.7
Ibex 35	5.6	-3.8	-5.1	-14.1	8.0	30.0	1.8	-10.2
FTSEMIB	4.0	-6.8	-6.7	-18.7	3.0	20.5	12.2	-22.0
Swiss Market Index (capital returns)	1.3	2.1	-2.3	-7.8	9.5	20.2	14.9	-7.8
Amsterdam Exchanges	3.4	3.3	7.0	4.4	8.7	20.7	14.1	-8.8
HSBC European Smaller Cos ex-UK	5.4	2.0	6.8	-1.5	5.2	34.0	20.4	-21.8
MSCI Russia (US$)	2.3	-1.1	24.4	23.4	-45.9	1.4	14.4	-19.3
MSCI EM Europe, Middle East and Africa (US$)	2.6	-4.1	16.5	11.5	-28.4	-3.9	25.1	-23.3
FTSE/JSE Africa All-Share (SA)	1.2	-0.1	8.8	5.5	10.9	21.4	26.7	2.6
UK								
FTSE All-Share	4.0	7.7	11.9	8.5	1.2	20.8	12.3	-3.5
FTSE 100	3.4	8.7	13.1	10.3	0.7	18.7	10.0	-2.2
FTSE 250	6.4	3.6	6.5	0.8	3.7	32.3	26.1	-10.1
FTSE Small Cap ex Investment Trusts	7.2	1.9	8.5	2.2	-2.7	43.9	36.3	-15.2
FTSE TechMARK 100	10.0	15.3	14.0	8.1	12.3	31.7	23.0	3.6
Asia Pacific & Japan								
Hong Kong Hang Seng	5.3	6.3	14.4	2.8	5.5	6.6	27.5	-17.4
China SE Shanghai Composite (capital returns)	1.7	1.4	8.8	-15.8	52.9	-6.7	3.2	-21.7
Singapore Times	1.1	1.9	11.1	1.4	9.6	3.0	23.4	-14.5
Taiwan Weighted (capital returns)	3.7	7.2	11.2	7.8	8.1	11.9	8.9	-21.2
Korean Composite (capital returns)	2.3	1.1	5.5	2.8	-4.8	0.7	9.4	-11.0
Jakarta Composite (capital returns)	4.0	7.8	13.0	13.6	22.3	-1.0	12.9	3.2
Philippines Composite (capital returns)	2.1	11.2	19.1	14.5	22.8	1.3	33.0	4.1
Thai Stock Exchange	5.5	8.9	19.7	20.9	19.1	-3.6	41.3	3.7
Mumbai Sensex 30	4.0	10.0	13.8	8.5	32.4	10.9	27.8	-22.2
Hang Seng China Enterprises index	3.2	4.3	13.2	-3.4	15.6	-1.5	19.8	-19.7
ASX 200	6.3	6.9	13.7	7.5	5.6	20.2	20.3	-10.5
Topix	6.2	-1.2	-6.6	-13.5	10.3	54.4	20.9	-17.0
Nikkei 225 (capital returns)	6.4	-0.6	-5.4	-13.0	7.1	56.7	22.9	-17.3
MSCI Asia Pac ex Japan (US$)	5.6	6.3	17.4	8.2	3.1	3.7	22.6	-15.4
Latin America								
MSCI EM Latin America (US$)	5.5	5.0	39.0	32.6	-12.0	-13.2	8.9	-19.1
MSCI Mexico (US$)	-0.2	-7.0	4.3	0.7	-9.2	0.2	29.1	-12.1
MSCI Brazil (US$)	10.0	13.5	73.8	61.1	-13.7	-15.8	0.3	-21.6
MSCI Argentina (US$)	-0.2	3.1	12.1	16.2	19.2	66.2	-37.1	-38.9
MSCI Chile (US$)	3.0	2.7	18.4	19.5	-12.2	-21.4	8.3	-20.0
Commodities								
Oil - Brent Crude Spot (US$/BBL)	-14.1	-9.3	24.9	13.7	-49.4	0.2	3.2	15.3
Oil - West Texas Intermediate (US$/BBL)	-13.9	-9.7	23.4	11.9	-45.8	6.9	-7.1	8.2
Reuters CRB index	-6.0	-1.9	8.7	2.9	-17.9	-5.0	-3.3	-8.2
Gold Bullion LBM (US$/Troy Ounce)	2.1	4.4	20.8	27.0	-1.8	-27.3	5.6	11.1
Baltic Dry index	-0.6	-6.7	106.9	37.2	-65.7	225.8	-59.8	-2.0

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

Global currency movements – figures to 31 July 2016

	Current value	Change Over: 1 Month (%)	3 Months (%)	6 Months (%)	YTD (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)
Euro/US Dollar	1.12	0.6	-2.5	3.1	2.9	-12.0	4.2	1.9	-3.2
Euro/GB Sterling	0.84	1.3	7.8	11.1	14.7	-6.4	2.1	-2.4	-2.9
Euro/Swiss Franc	1.08	-0.1	-1.5	-2.3	-0.5	-2.0	1.6	-0.5	-2.9
Euro/Swedish Krona	9.56	1.7	3.9	2.8	4.2	6.6	3.2	-3.9	-0.6
Euro/Norwegian Krone	9.44	1.6	2.3	0.4	-1.7	8.4	13.7	-5.4	-0.5
Euro/Danish Krone	7.44	0.0	-0.1	-0.4	-0.3	-0.2	0.0	0.4	-0.3
Euro/Polish Zloty	4.36	-0.5	-0.4	-1.5	2.2	3.2	1.8	-8.6	12.6
Euro/Hungarian Forint	311.41	-1.4	-0.2	0.0	-1.3	6.5	2.1	-7.6	13.2
US Dollar/Yen	102.07	-1.2	-4.0	-15.7	-15.2	13.7	21.4	12.7	-5.2
US Dollar/Canadian Dollar	1.30	0.8	3.8	-6.7	-5.9	9.4	7.1	-2.7	2.3
US Dollar/South African Rand	13.88	-5.6	-2.5	-12.7	-10.3	10.2	24.1	4.5	22.2
US Dollar/Brazilian Real	3.25	1.1	-5.4	-18.8	-18.0	12.5	15.3	9.9	12.3
US Dollar/South Korean Won	1112.25	-3.5	-2.8	-7.9	-5.4	4.1	-0.7	-8.2	3.4
US Dollar/Taiwan Dollar	31.82	-1.2	-1.4	-5.0	-3.1	6.1	2.7	-4.1	3.8
US Dollar/Thai Baht	34.77	-1.0	-0.4	-2.7	-3.5	0.6	6.9	-3.1	5.0
US Dollar/Singapore Dollar	1.34	-0.6	-0.3	-5.9	-5.5	4.9	3.4	-5.8	1.1
US Dollar/GB Sterling	0.75	0.7	10.3	6.8	11.0	-5.9	1.9	4.6	-0.4
GB Sterling/South African Rand	18.36	-6.2	-11.7	-18.9	-19.5	3.7	26.6	9.2	21.7
Australian Dollar/US Dollar	0.76	2.0	-0.1	7.2	4.4	-8.4	-14.2	1.6	0.1
New Zealand Dollar/US Dollar	0.72	1.0	3.3	11.2	5.5	-5.0	-0.9	6.4	-0.1

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

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