Invesco Perpetual

Monthly Market Roundup
July 2017 (covering June 2017)

Global overview

- The shift in tone from central banks drove global financial markets
- Inflation expectations for the US and Europe fell
- Emerging market currencies held steady despite the US interest rate rise

The shift in tone from central banks drove global financial markets in June. The Bank of Canada, the Bank of England and the European Central Bank (ECB) are now seen as more likely than not to join the US Federal Reserve (Fed) in raising interest rates before the year is out. The Fed voted to raise interest rates by 0.25%, the second increase this year, bringing them to their highest level since 2008. It also confirmed its forecast for a further increase this year and three more in 2018. US Fed chair Janet Yellen signalled that the US economy would be able to withstand higher interest rates, though there were signs that the outlook for the US economy was mixed. While the rise was widely anticipated given a backdrop of low unemployment, other economic indicators, including inflation expectations, have been weaker.

The ECB kept its interest rate policy unchanged, yet there were subtle changes in its guidance and forecasts. The ECB dropped its guidance that interest rates might fall further, saying that it now expected borrowing costs to stay at present levels for an extended period. In addition, previous wording in the ECB introductory statement characterised the risks faced by the economy as tilted to the downside, and this was modified to indicate that risks are now broadly balanced given the pick-up in growth. Nonetheless, the ECB warned that inflation levels remained subdued, requiring continued easing in monetary policy. These developments added to the existing debate about the plans to wind-down the quantitative easing programme.

In the UK, the Monetary Policy Committee (MPC) voted by a majority of 5-3 to maintain rates at 0.25% in June, a significant narrowing from the 7-1 vote for no action seen in May. Faced with the question of how to accommodate rising inflation against a backdrop of an economic slowdown, the MPC made clear its position ahead of Brexit negotiations, stating that monetary policy cannot prevent the "necessary real adjustment as the United Kingdom moves towards its new international trading arrangements". Into month-end, money markets signalled expectations of an interest rate rise by March 2018. In a speech at Mansion House, Bank of England governor Mark Carney said removal of monetary stimulus is likely to become "necessary", but made clear that changes would be gradual and limited in scope.

Despite some lingering uncertainty over US economic policies, Japan's equity market ended the month higher, with solid earnings expectations providing support. For emerging markets, an improving economic landscape and some upbeat earnings results provided a comforting backdrop, with most emerging market currencies holding steady despite the US interest rate rise. Equity performance was mixed at both a country and sector level. Emerging Asia was the best performing region, led by the tech-heavy equity market of Taiwan. Elsewhere in Asia, Korea's gains were supported by positive earnings revisions and reduced political uncertainty, as well as hopes that chaebol (large family-owned business conglomerate) reforms could provide further support. The biggest sector gains within emerging markets were technology and healthcare, with the slump in oil prices having a negative effect on energy stocks.

The move higher in government bond yields led to some weakness in corporate bond markets, however, given the corporate sector is typically a beneficiary of positive economic data, corporate bonds outperformed government bonds over the month. Of particular note for the corporate bond sector was the decision by the Italian Government to rescue two of its troubled banks with a €17bn bailout. The decision has broadly been positively received helping to take some risk out of the banking sector.

US

- The US Federal Reserve voted to raise interest rates by 0.25%
- Technology came under renewed pressure amid concerns about valuations
- Financial stocks, and banks in particular, were supported by higher interest rates

The US equity market held on to gains over the month of June despite a rise in volatility as investors assessed the impact of the US Federal Reserve (Fed) raising interest rates. The Fed voted to raise interest rates by 0.25%, the second increase this year, bringing them to their highest level since 2008. It also confirmed its forecast for a further increase this year and three more in 2018. US Fed chair Janet Yellen signalled that the US economy would be able to withstand higher interest rates, though there were signs that the outlook for the US economy was mixed. While the rise was widely anticipated given a backdrop of low unemployment, other economic indicators, including inflation expectations, have been weaker.

Indeed, the US Department of Labor reported that prices for goods, excluding food and energy, increased by 1.7% from May 2016, slowing steadily from earlier in the year. This fell short of the Fed's target of 2%. Yellen said the bank was aware of the shortfall and that it was "essential" to move back to the target. But she said this year's data may be skewed by one-off factors, such as lower prices on cell phone plans. The weakness in inflation has added to signs that the US economic growth rate may be slower than forecast. The broad slowdown in capital goods orders and shipments raised the risk that business investment would provide less of a boost than anticipated to the economic rebound, leaving the heavy lifting to household spending. The outlook is clouded by cooling automobile sales, while overseas markets – though improving – are yet to show the kind of demand acceleration that would increase the call for exports of US-made goods.

Technology stocks, the strongest performing sector of the year so far, saw share prices fall more than any other sector over the month. The sector came under renewed pressure amid concerns about valuations and suggestions that the sector was 'over-owned'. At one point more than US$250bn was erased from equity values in the sector in June. Crude oil tumbled into a bear market territory on concerns that a global supply glut would persist. The fall in oil then dragged down the share price of energy stocks amid concerns that continuous production from US shale oil fields was overwhelming OPEC (Organisation of Petroleum Exporting Countries) efforts to ease the global supply glut. While the share prices of technology and energy stocks remained under pressure, financials, and banks in particular, were supported in the wake of higher interest rates to become the strongest performing sector over the month.

In terms of company news, Google-owner, Alphabet, crossed the US$1,000 share price threshold before it slumped after the European Union hit its Google unit with a US$2.7bn anti-trust fine, adding to the technology sector's woes. Amazon announced a US$13.7bn deal to acquire organic food chain WholeFoods, impacting food retailers.

Europe

- European equity markets retreated in June
- The European Central Bank raised its euro-area growth outlook, but cautioned about inflation remaining subdued
- The takeover of two regional lenders in Italy was seen as a step forward in the process of cleaning up the banking system

In local currency terms, European equity markets retreated in June. The month was marked by monetary policy headlines as the three major central banks – European Central Bank (ECB), Bank of England (BoE), and US Federal reserve (Fed) – all held policy meetings.

After its governing council meeting in Tallinn (Estonia), the ECB kept its interest rate policy unchanged. Yet the key development was the subtle changes in guidance and forecasts. The ECB dropped its guidance that interest rates might fall further, saying that it now expects borrowing costs to stay at present levels for an extended period. In addition, previous wording in the ECB introductory statement characterised the risks faced by the economy as tilted to the downside; this was modified to indicate that risks are now broadly balanced given the pick-up in growth. Nonetheless, the ECB warned that inflation levels remained subdued, requiring continued easing in monetary policy. These developments, as well as recent comments from ECB president Mario Draghi about 'persistence' in policy combined with talk of gradually 'adjusting policy parameters', added to the existing debate about the ECB's plans to wind-down the quantitative easing programme. In terms of forecasts, the ECB marginally raised its 2017 euro-area GDP growth projections to 1.9% from 1.8%, while reducing its 2017 inflation projections to 1.5% from 1.7%.

On the UK side, the BoE also kept interest rates unchanged, while the Fed hiked rates by 25 basis points, as expected.

In corporate news, shortly after the ECB declared that Veneto Banca and Popolare di Vicenza are failing, or likely to fail, their capital requirements, a resolution was found whereby Intesa SanPaolo agreed to take-over the good assets of the two Italian regional banks for a token amount of €1. As part of the deal, Intesa would also receive €5.2bn from the state to maintain its capital ratios. The agreement bolstered bank stocks across Europe as it represented another step forward in the process of cleaning up troubled European banks, and showed a resolute regulator allowing the implementation of swift solutions. Events in Italy came a few weeks after Spain organized an orderly sale of Banco Popular Espanol to Banco Santander without state aid.

On the macroeconomic front, eurozone first quarter GDP growth was revised upwards from 0.5% to 0.6%. The expansion in output continued to be largely attributed to domestic demand. Meanwhile, a preliminary reading of the eurozone services Purchasing Managers Index (PMI), a private sector activity survey, showed continued growth, but at a slower pace versus last month and at a level below expectations. On the manufacturing side, preliminary eurozone PMI indicated that the industry was expanding nicely, beating expectations.

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UK

- UK equity market retreated in June, underpinned by a divergence in the performance of international vs. domestic companies
- The Monetary Policy Committee maintained UK interest rates at 0.25%
- UK consumer data raised concerns over consumers' ability to bolster economic growth

The UK equity market looked set for another turbulent month following the surprise outcome of the general election. The Conservative party failed to win a parliamentary majority, falling short of Prime Minister Theresa May's aim of increasing her party's mandate and strengthening the Government's hand in upcoming Brexit negotiations. Sterling fell sharply on news of the result, echoing the dramatic moves in currency markets following last year's vote for Brexit. The move in currency put pressure on the share prices of companies perceived to be closely correlated with the UK economy, resulting in some divergence in the performance of internationally exposed companies relative to more domestically oriented businesses. However, these moves were noticeably less violent than those seen post-Brexit and followed some recovery of domestic stocks year-to-date.

The Monetary Policy Committee (MPC) voted by a majority of 5-3 to maintain interest rates at 0.25% in June, a significant narrowing from the 7-1 vote for no action seen in May. Faced with the question of how to accommodate rising inflation against a backdrop of an economic slowdown, the MPC made clear its position ahead of Brexit negotiations, stating that monetary policy cannot prevent the "necessary real adjustment as the United Kingdom moves towards its new international trading arrangements". Into month-end, money markets signalled expectations of an interest rate rise by March 2018. In a speech at Mansion House, Bank of England governor Mark Carney said removal of monetary stimulus is likely to become "necessary", but made clear that changes would be gradual and limited in scope.

Just 1.7% of household income was left unspent in the first quarter of the year – the lowest savings ratio since records began in 1963 – raising doubts over consumers' ability to bolster economic growth in the months ahead. The latest UK retail sales report added to these fears, as retail sales contracted by more than expected, falling 1.6% in May.

On the corporate news front, security services specialist G4S was promoted to the UK FTSE 100 index following recent strong share price performance. The London Stock Exchange bought Citigroup's global bond analytics business for US$685m, the first major deal since the collapse of the proposed merger with Deutsche Börse. British American Tobacco confirmed that continued sterling weakness would translate to significant tailwinds for earnings per share in the first half of the year. Full-year sales volumes are expected to outperform the wider industry, and the business anticipates continued growth in market share via its Global Drive Brands.

The share price of non-standard lender Provident Financial fell sharply after warning that disruption from a reorganisation of its home credit division will hit profits. The profit shortfall is the result of a planned move to a more efficient and effective home credit field organisation, namely the employment of full time employees to serve customers rather than using self-employed agents. Whitbread reported strong sales for the first quarter across its Premier Inn hotels, Costa Coffee and Beefeater restaurants divisions. Into month-end, energy giants Centrica and SSE rose strongly after the Queen's speech omitted any mention of electricity and gas price caps for consumers, instead opting for further consultation on energy market reform.

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Asia Pacific

- Asian equity markets continued to rally
- MSCI decided to include some of China's domestic A-shares in its global indices
- Japan's equity market was supported by solid earnings expectations

Asian equity markets continued to rally in June, with Taiwan, Korea, India and Indonesia all hitting new record highs. Taiwan benefited from the strong performance of its tech sector, while Korea's gains were supported by positive earnings revisions and reduced political uncertainty, as well as hopes that chaebol (large family-owned business conglomerate) reforms could provide further support going forward. India's equity market pulled back slightly after hitting its record high, with increased uncertainty in the outlook for growth ahead of the Goods & Services Tax implementation.

In China, economic indicators for May suggested a steady near-term growth path. MSCI finally decided to include some of China's domestic A-shares (shares that were previously unavailable to international investors) in its global indices, although the market reaction was muted with only a tiny weighting set to be added in mid-2018. Australia's equity market lagged, with the energy sector the biggest drag on performance as the oil price weakened, while a pick-up in bond yields led to a sharp sell-off in real estate investment trusts.

In corporate news, Alibaba raised its revenue guidance for the March 2018 fiscal year to 45-49% growth, which was significantly higher than consensus expectations of 35%, while the Chinese government announced that gas distributors' return-on assets will be set at 7%, which was higher than the original proposal of 6%.

Despite some lingering uncertainty over US economic policies, Japan's equity market ended the month higher, with solid earnings expectations providing support. While investor sentiment was somewhat dampened before the UK election, European Central Bank monetary policy meeting and former FBI Director James Comey's testimony before Congress, these events passed without any major negative surprises. The defensives sectors had a strong start to the period, but a cyclical rally towards the end of the month, driven by recovering commodity prices, resulted in the cyclical areas (those more sensitive to economic cycles) outperforming the more defensive sectors.

The Japanese equity market is becoming increasingly corporate earnings driven, with the recent results season for the year ending March delivering record earnings and dividends. Although the trend of improved shareholder returns is continuing, the pace of share buy backs (where companies buy back their own shares from the marketplace) has slowed. Some companies are showing a preference for emphasising investment for growth rather than shareholder returns, as it has become harder to buy back shares on rising share prices. This was reflected in the Nikkei's survey of corporate capital expenditure (capex) trends, which revealed that full year 2017 domestic capex plans for all industries were up 13.6% year-on-year.

On the economic front, signs of strength in the economy were evident in the Bank of Japan's latest "Tankan" survey, which showed stronger-than-expected business sentiment among major Japanese manufacturers. Furthermore, in May, real exports increased 1.9% month-on-month, and although industrial production fell by 3.3% month-on-month, this figure followed a robust 4% expansion the previous month.

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Emerging Markets

- Mexico followed the US in raising interest rates, as Russia makes another cut
- The latest Organisation of Petroleum Exporting Countries (OPEC) plan was deemed ineffective as oil prices dropped
- Asian technology stocks performed strongly

Emerging equity markets extended their winning ways by advancing higher in June, edging past developed markets for the sixth month in a row. An improving economic landscape and some upbeat earnings results provided a comforting backdrop with most emerging market currencies holding steady despite US interest rates being hiked for the third time in six months. Equity performance was mixed at both a country and sector level. Emerging Asia was the best performing region, led by the tech-heavy equity market of Taiwan. China also delivered positive returns as MSCI's decision to add the country's domestic A-shares (shares that were previously unavailable to international investors) to its global indices boosted the performance of larger companies, although Pakistan's promotion from frontier markets status had a less rewarding impact. The biggest sector gains within emerging markets were technology and healthcare, with the slump in oil prices having a negative effect on energy stocks.

While Mexico's equity market was unfazed by another hike in domestic interest rates – raised to 7% from 6.75%, the highest level in eight years – market confidence towards Brazil by contrast was dampened by news that President Temer had been indicted for corruption. Under the country's constitution, the Supreme Court must send the indictment to the lower house of congress for approval before any trial can take place. The political scandal has raised fresh questions on whether the Government will still be able to follow through on plans to overhaul the country's expensive pension system. After the latest hike in Mexican borrowing costs, consensus is building that interest rates could now be left on hold.

In EMEA (Europe, Middle East and Africa), strong performances from Greece and Turkey could not offset weakness from Qatar, Russia and South Africa. The decision by Saudi Arabia and three other Arab nations to sever diplomatic ties and cut off transport links with Qatar unnerved sentiment towards the latter, although fears that the spat could disrupt energy supplies appear to be unfounded, with Brent crude down 4.5% on the month. The knock-on effect of lower energy prices was felt in Russia, which was the weakest performing equity market in emerging Europe. Russia's central bank cut interest rates by 25 basis points to 9% and pledged more monetary policy easing this year amid a better economic outlook. A credit rating downgrade to South Africa from Moody's and continuing political wrangles diluted appetite for the local equity market. Meanwhile, a falling inflation rate, better than expected readings in forward-looking sentiment indicators and rising corporate earnings expectations added to the appeal of Turkish equities during June.

MSCI US$ price index return	**(%, US$)**
	Jun 2017
Emerging markets	0.5
Developed markets	0.2
Emerging Asia	1.1
Latin America	0.5
EMEA	-2.7
Top five by country	
Mexico	5.5
Greece	5.5
Turkey	3.6
Peru	3.6
Taiwan	3.2
Bottom five by country	
Qatar	-7.9
Pakistan	-6.5
Russia	-4.9
South Africa	-3.9
Czech Republic	-3.5

Source: MSCI Indices, Bank of America Merrill Lynch, 30 June 2017.

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Fixed Interest

- Government bond yields spiked sharply higher in the last week of the month
- The inconclusive result of the UK election weighed on sterling denominated bonds
- The Italian Government rescued two failing Veneto banks

The main story for bond markets this month was a shift in tone from the world's major central banks. The European Central Bank (ECB) and the Bank of England (BoE) both spoke about reducing the amount of economic stimulus they are providing. Meanwhile, as expected, the US Federal Reserve hiked its main interest rate by 25 basis points. The inconclusive result of the UK general election and increased speculation of higher Government spending was an additional drag on the sterling bond market.

The big move in interest rate expectations came in the last week of June. A speech given by ECB President, Mario Draghi, on 26th June was interpreted to mean the ECB would soon begin tapering the amount of purchases it is making as part of its quantitative easing programme. European government bond yields (which move inversely to prices) moved higher in response. The ECB issued subsequent statements suggesting the market had misunderstood Draghi's message, which was intended to strike a balanced tone. Nonetheless, yields continued to rise, and by 30 June the 10-year bund yield had reached 0.47%, an increase of 17 basis points (bps) over the month.

In the UK, a shift in tone was also apparent. Mid-month, the BoE's chief economist suggested that UK interest rates might have to rise this year to nip inflation in the bud. This statement was made a day after BoE governor, Mark Carney, said that now was not the time to begin raising UK interest rates. The bank's emphasis shifted at the end of the month following Mr Carney's comments at an ECB conference, in which he stated that some removal of monetary stimulus is likely to become necessary. Some parts of the UK market are now pricing in a hike in UK interest rates by March 2018. The yield of the 2-year Gilt (which is very sensitive to interest rate expectations) increased 23bps on the month, to end June at 0.36%.

The move higher in government bond yields led to some weakness in corporate bond markets, however, given the corporate sector is typically a beneficiary of positive economic data, corporate bonds outperformed government bonds over the month. Of particular note for the corporate bond sector was the decision by the Italian Government to rescue two of its troubled banks with a €17bn bailout. The decision has broadly been positively received, helping to take some risk out of the banking sector.

Government Bonds	Yield to maturity (%)				
	30.06.17	31.05.17	31.03.17	31.12.16	30.06.16
US Treasuries 2 year	1.38	1.28	1.25	1.19	0.58
US Treasuries 10 year	2.30	2.20	2.39	2.44	1.47
US Treasuries 30 year	2.83	2.86	3.01	3.07	2.28
UK Gilts 2 year	0.36	0.13	0.13	0.08	0.10
UK Gilts 10 year	1.26	1.05	1.14	1.24	0.87
UK Gilts 30 year	1.87	1.69	1.73	1.88	1.70
German Bund 2 year	-0.57	-0.71	-0.74	-0.77	-0.66
German Bund 10 year	0.47	0.30	0.33	0.21	-0.13
German Bund 30 year	1.25	1.16	1.11	0.94	0.38

Source: Bloomberg LP, Merrill Lynch data. Data as at 30 June 2017.

Corporate Bonds	Yield to maturity (%)/Spread[1] (bps)									
	30.06.17		31.05.17		31.03.17		31.12.16		30.06.16	
£ AAA	1.77	41	1.58	42	1.74	42	1.83	39	1.81	51
£ AA	1.89	71	1.71	75	1.79	79	1.90	78	2.15	115
£ A	2.45	116	2.29	120	2.42	129	2.54	131	2.82	177
£ BBB	2.79	158	2.62	163	2.81	180	2.96	185	3.38	243
€ AAA	0.88	60	0.72	62	0.78	66	0.71	68	0.59	80
€ AA	0.63	68	0.47	71	0.50	76	0.42	77	0.36	81
€ A	0.82	88	0.69	94	0.78	103	0.71	106	0.70	115
€ BBB	1.30	125	1.18	133	1.29	146	1.25	153	1.30	173
European High Yield (inc € + £)	3.79	301	3.85	314	4.18	369	4.26	390	4.99	500

Source: Bloomberg LP, Merrill Lynch data. Data as at 30 June 2017.

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

Global equity and commodity index performance – figures to 30 June 2017 (%)

	1 Month	3 Months	6 Months	YTD	2016	2015	2014	2013	2012
Global US & Canada									
MSCI World (US$)	0.4	4.2	11.0	11.0	8.2	-0.3	5.5	24.7	16.5
MSCI World Value (US$)	1.4	3.1	7.6	7.6	13.2	-4.1	4.4	27.5	16.4
MSCI World Growth (US$)	-0.5	5.4	14.6	14.6	3.2	3.5	6.6	27.2	16.6
MSCI World Small Cap (US$)	1.6	4.4	10.0	10.0	13.3	0.1	2.3	32.9	18.1
MSCI Emerging Markets (US$)	1.1	6.4	18.6	18.6	11.6	-14.6	-1.8	-2.3	18.6
FTSE World (US$)	0.5	4.4	11.6	11.6	8.7	-1.4	4.8	24.7	17.0
Dow Jones Industrials	1.7	4.0	9.4	9.4	16.5	0.2	10.0	29.7	10.2
S&P 500	0.6	3.1	9.3	9.3	12.0	1.4	13.7	32.4	16.0
NASDAQ	-0.9	4.2	14.7	14.7	8.9	7.0	14.8	40.1	17.5
Russell 2000	3.5	2.5	5.0	5.0	21.3	-4.4	4.9	38.8	16.4
S&P/ TSX Composite	-0.8	-1.6	0.7	0.7	21.1	-8.3	10.6	13.0	7.2
Europe & Africa									
FTSE World Europe ex-UK €	-2.1	2.4	9.9	9.9	3.4	10.9	0.2	25.2	17.8
MSCI Europe	-2.5	1.0	7.2	7.2	3.2	8.8	7.4	20.5	18.1
CAC 40	-2.7	2.4	8.1	8.1	8.9	11.9	2.7	22.2	20.4
DAX	-2.3	0.1	7.4	7.4	6.9	9.6	2.7	25.5	29.1
Ibex 35	-3.7	0.7	13.7	13.7	-4.8	-3.8	8.0	30.0	1.8
FTSEMIB	-0.6	2.7	9.7	9.7	-6.5	15.8	3.0	20.5	12.2
Swiss Market Index (capital returns)	-1.2	2.9	8.4	8.4	-6.8	-1.8	9.5	20.2	14.9
Amsterdam Exchanges	-3.1	-0.2	7.2	7.2	13.6	7.4	8.7	20.7	14.1
HSBC European Smaller Cos ex-UK	-1.7	5.0	12.9	12.9	6.4	23.5	5.2	34.0	20.4
MSCI Russia (US$)	-3.6	-9.8	-14.0	-14.0	55.9	5.0	-45.9	1.4	14.4
MSCI EM Europe, Middle East and Africa (US$)	-0.9	1.3	2.8	2.8	22.8	-14.7	-28.4	-3.9	25.1
FTSE/JSE Africa All-Share (SA)	-3.5	-0.4	3.4	3.4	2.6	5.1	10.9	21.4	26.7
UK									
FTSE All-Share	-2.5	1.4	5.5	5.5	16.8	1.0	1.2	20.8	12.3
FTSE 100	-2.4	1.0	4.7	4.7	19.1	-1.3	0.7	18.7	10.0
FTSE 250	-2.9	3.0	8.5	8.5	6.7	11.2	3.7	32.3	26.1
FTSE Small Cap ex Investment Trusts	-2.0	2.9	8.8	8.8	12.5	13.0	-2.7	43.9	36.3
FTSE TechMARK 100	-2.9	2.1	4.9	4.9	10.0	16.6	12.3	31.7	23.0
Asia Pacific & Japan									
Hong Kong Hang Seng	1.4	8.5	19.5	19.5	4.3	-3.9	5.5	6.6	27.5
China SE Shanghai Composite (capital returns)	2.4	-0.9	2.9	2.9	-12.3	9.4	52.9	-6.7	3.2
Singapore Times	0.5	2.8	13.8	13.8	3.8	-11.2	9.6	3.0	23.4
Taiwan Weighted (capital returns)	3.5	6.0	12.3	12.3	11.0	-10.4	8.1	11.9	8.9
Korean Composite (capital returns)	1.9	10.7	18.0	18.0	3.3	2.4	-4.8	0.7	9.4
Jakarta Composite (capital returns)	1.6	4.7	10.1	10.1	15.3	-12.1	22.3	-1.0	12.9
Philippines Composite (capital returns)	0.1	7.3	14.7	14.7	-1.6	-3.9	22.8	1.3	33.0
Thai Stock Exchange	0.9	1.1	4.1	4.1	23.9	-11.2	19.1	-3.6	41.3
Mumbai Sensex 30	-0.6	4.8	17.1	17.1	3.7	-3.5	32.4	10.9	27.8
Hang Seng China Enterprises index	-0.5	2.9	12.5	12.5	1.5	-16.9	15.6	-1.5	19.8
ASX 200	0.2	-1.6	3.2	3.2	11.8	2.6	5.6	20.2	20.3
Topix	3.0	6.8	7.4	7.4	0.3	12.1	10.3	54.4	20.9
Nikkei 225 (capital returns)	2.0	6.0	4.8	4.8	0.4	9.1	7.1	56.7	22.9
MSCI Asia Pac ex Japan (US$)	1.9	6.3	19.9	19.9	7.1	-9.1	3.1	3.7	22.6
Latin America									
MSCI EM Latin America (US$)	0.7	-1.6	10.3	10.3	31.5	-30.8	-12.0	-13.2	8.9
MSCI Mexico (US$)	5.9	7.3	24.5	24.5	-9.0	-14.2	-9.2	0.2	29.1
MSCI Brazil (US$)	-1.7	-6.6	3.1	3.1	66.7	-41.2	-13.7	-15.8	0.3
MSCI Argentina (US$)	-3.4	5.0	41.6	41.6	5.1	-0.4	19.2	66.2	-37.1
MSCI Chile (US$)	-1.3	-1.5	14.4	14.4	16.8	-16.8	-12.2	-21.4	8.3
Commodities									
Oil - Brent Crude Spot (US$/BBL)	-4.7	-9.6	-14.7	-14.7	51.6	-33.5	-49.4	0.2	3.2
Oil - West Texas Intermediate (US$/BBL)	-4.7	-8.9	-14.4	-14.4	44.8	-30.5	-45.8	6.9	-7.1
Reuters CRB index	-2.7	-5.8	-8.9	-8.9	9.7	-23.4	-17.9	-5.0	-3.3
Gold Bullion LBM (US$/Troy Ounce)	-1.9	-0.3	7.4	7.4	9.0	-10.5	-1.8	-27.3	5.6
Baltic Dry index	2.6	-30.5	-6.2	-6.2	101.0	-38.9	-65.7	225.8	-59.8

Source: Thomson Reuters Datastream, total returns in local currency unless otherwise stated. Data as at 05 July 2017.

Global currency movements – figures to 30 June 2017

	Current value	Change Over: 1 Month (%)	3 Months (%)	6 Months (%)	YTD (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)
Euro/US Dollar	1.14	1.6	7.3	8.7	8.7	-3.2	-10.2	-12.0	4.2	1.9
Euro/GB Sterling	0.88	0.6	3.4	2.9	2.9	15.7	-5.1	-6.4	2.1	-2.4
Euro/Swiss Franc	1.09	0.6	2.5	2.2	2.2	-1.6	-9.5	-2.0	1.6	-0.5
Euro/Swedish Krona	9.63	-1.4	0.8	0.5	0.5	4.4	-2.7	6.6	3.2	-3.9
Euro/Norwegian Krone	9.54	0.6	4.1	5.0	5.0	-5.4	6.2	8.4	13.7	-5.4
Euro/Danish Krone	7.44	0.0	0.0	0.1	0.1	-0.5	0.2	-0.2	0.0	0.4
Euro/Polish Zloty	4.23	1.2	-0.1	-3.9	-3.9	3.3	-0.6	3.2	1.8	-8.6
Euro/Hungarian Forint	308.78	0.2	0.0	-0.1	-0.1	-2.0	-0.3	6.5	2.1	-7.6
US Dollar/Yen	112.38	1.4	0.9	-3.9	-3.9	-2.8	0.5	13.7	21.4	12.7
US Dollar/Canadian Dollar	1.30	-4.0	-2.6	-3.5	-3.5	-2.9	19.1	9.4	7.1	-2.7
US Dollar/South African Rand	13.06	-0.4	-2.8	-5.0	-5.0	-11.2	33.8	10.2	24.1	4.5
US Dollar/Brazilian Real	3.31	2.5	5.9	1.6	1.6	-17.8	49.0	12.5	15.3	9.9
US Dollar/South Korean Won	1145.44	2.3	2.5	-5.1	-5.1	2.7	7.5	4.1	-0.7	-8.2
US Dollar/Taiwan Dollar	30.43	1.1	0.3	-6.2	-6.2	-1.2	3.8	6.1	2.7	-4.1
US Dollar/Thai Baht	33.93	-0.3	-1.2	-5.4	-5.4	-0.5	9.5	0.6	6.9	-3.1
US Dollar/Singapore Dollar	1.38	-0.5	-1.5	-5.0	-5.0	2.2	6.9	4.9	3.4	-5.8
US Dollar/GB Sterling	0.77	-0.6	-3.7	-4.9	-4.9	19.3	5.8	-5.9	1.9	4.6
GB Sterling/South African Rand	17.01	0.6	0.9	0.3	0.3	-25.7	26.6	3.7	26.6	9.2
Australian Dollar/US Dollar	0.77	3.5	0.8	6.6	6.6	-0.9	-10.9	-8.4	-14.2	1.6
New Zealand Dollar/US Dollar	0.73	3.5	4.7	5.6	5.6	1.7	-12.4	-5.0	-0.9	6.4

Source: Thomson Reuters Datastream, all figures subject to rounding. Data as at 05 July 2017.

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