Invesco Perpetual

Monthly Market Roundup

June 2018 (covering May 2018)

Global overview

- Global equity markets ended May in positive territory despite concerns about trade tensions and increased political and economic uncertainty
- Corporate earnings growth far exceeded expectations in the first quarter of the year
- The prospect of snap Italian elections – which could effectively become a referendum on the euro – brought the vulnerability of the European Union back into focus

Global equity markets ended May in positive territory despite concerns about trade tensions and increased political and economic uncertainty. The prospect of snap Italian elections and mixed signals from the Trump administration on talks with North Korea overshadowed strong corporate earnings growth, which far exceeded expectations in the first quarter of the year. The US equity market shrugged off concerns over the tariffs on steel and aluminium announced by the Trump administration and the retaliatory measures launched by other countries to end the month on a strong footing.

UK equity markets continued their positive run over May as a whole, despite a sell off towards month end on concerns over contagion from the political situation in both Italy and Spain. In Italy, the government formation process took a critical twist after the president vetoed the candidate nominated for the Finance ministry who is known for his anti-euro rhetoric. Meanwhile in Spain, the socialist opposition party PSOE filed a motion for a vote of no-confidence against Prime Minister Rajoy. Both events raised the threat of another euro-area crisis in the eyes of many investors and led to a sudden shift towards less risky assets.

Most Asian equity markets ended the month lower, with China and Australia the region's best performing markets, while Malaysia and Singapore lagged furthest. A number of factors impacted on investor sentiment, including concerns over the protracted nature of trade renegotiations, political developments in Italy, US dollar strength, a higher oil price and questions over how synchronised global growth is with signs of weaker growth in Europe and Japan.

A stronger US dollar undermined sentiment towards emerging equity markets during May. Equity weakness was felt across the board in Latin America. Sentiment in emerging Europe was adversely impacted by political developments in Italy, with equity markets in Greece and Turkey registering steep losses, as countries with relative high debt levels and current account deficits came under increased scrutiny.

Against the backdrop of political uncertainty, core government bonds (US Treasuries, UK Gilts and German Bunds) rallied, while peripheral European government and high yield corporate bonds came under pressure. The biggest move was in Italian government bonds, with 2-year Italian government bond yields briefly over 300 basis points higher than at the start of the month. There was also an increase in the Spanish bond yields, as the prospect of a no-confidence vote against current Prime Minister Rajoy weighed on sentiment.

US

- The US equity market shrugged off concerns over the tariffs on steel and aluminium
- US first-quarter growth was revised down marginally to an annualised rate of 2.2%
- The unemployment rate fell to the lowest level since the end of 2000

The US equity market shrugged off concerns over the tariffs on steel and aluminium announced by the Trump administration and the retaliatory measures launched by other countries, ending May in positive territory. It remained on a strong footing despite geo-political uncertainty, including the prospect of snap Italian elections – which could effectively become a referendum on the euro, bringing the vulnerability of the European Union back into focus – and mixed signals from the Trump administration on talks with North Korea.

The impact of rising US interest rates and a stronger US dollar saw consumer staples, telecoms and utilities stocks in negative territory. The prospect of higher interest rates is an issue for these sectors, which as dividend payers, tend to struggle during periods of rising interest rates. Meanwhile, some industries and sectors are more sensitive to shifts in the US dollar than others. Consumer staples stocks have significant overseas exposure, tech companies too, which as a group derive more than half of their revenue from outside the US (source FT.com). Yet the tech sector was the strongest performing area over the month.

Other areas of strength included energy and healthcare. Energy gained as Brent crude oil pushed through US$80 a barrel for the first time in three and a half years as stocks shook off fears of a correction and supply worries gripped the oil markets. The US's adoption of a harder line on Iran and the economic crisis faced by Venezuela, another oil exporter, sparked a rally in crude oil prices. In terms of the healthcare sector, while President Trump unveiled a plan to keep drug prices in check, he stopped short of measures that would restrain US pharmaceutical firms' profits. As such, healthcare stocks rallied following Trump's speech on relief among investors that the plan did not contain radical measures likely to hurt profits in the US healthcare industry.

US first-quarter growth was revised down marginally to an annualised rate of 2.2%, reflecting a slower pace of inventory investment. The earlier estimate from the Bureau of Economic Analysis pegged first-quarter growth at 2.3%. That marks a slower rate of growth than in the final three months of 2017, when the US economy grew at 2.9%. The deceleration was driven by a sharp slowdown in consumer spending, which expanded at 1% in the first three months of the year, compared with 4% in the last quarter of 2017.

Nonetheless, broader indicators suggest the US economy remains on a firm footing so far in 2018, and the data is not expected to deter the US Federal Reserve (Fed) from lifting interest rates by another quarter point in June. The unemployment rate fell to 3.9% in April, the lowest level since the end of 2000. The US is adding jobs at a healthy pace, with monthly payroll gains averaging 200,000 so far this year. Headline inflation has returned to the Fed's 2% target.

In terms of corporate news, Nestle is paying US$7.15bn for the rights to market products of Starbucks. Xerox, the printer and photocopier maker, called off the US$6.1bn sale to its long-time Japanese partner Fujifilm, after it had failed to deliver audited financials. German pharmaceuticals and chemicals group, Bayer, meanwhile, cleared the final major hurdle to its US$66bn takeover of Monsanto, as US antitrust authorities approved the deal providing Bayer sells off US$9bn worth of business and assets in order to reduce competition concerns.

Europe

- European equity markets retreated in May
- Political risk resurfaced in Europe and weighed on market sentiment
- Despite higher risks, economic fundamentals remained resilient

For European equities, the month of May was a story of two tales. European stocks rose in the first half of the month amid good corporate earnings data. However, equity markets in Europe finished the month in negative territory. A sharp correction was witnessed in the second half of May, paring year-to-date gains, as political risk in Europe returned to haunt investors.

The technology sector was the best performer this month. Amid high market volatility, the sector's stable growth attributes and strong cash reserves appealed to investors. The healthcare sector was another leading outperformer, benefiting from its perceived defensiveness (i.e. lower sensitivity to economic cycles). Meanwhile, the financials sector was the biggest detractor this month. Share prices in the sector were heavily impacted by the political instability in Italy and Spain, and the renewed fears of a sovereign debt crisis in Europe's periphery.

On a stock level, Altice, the French cable and telecoms company, was the best performer; its share price surged in May amid talks of consolidation within the French telecommunications sector. Puma, the German apparel company, was also among the strongest performers this month given increased earnings growth expectations for the company. Meanwhile, Banco BPM, the Italian lender was among the biggest detractors, dragged by the Italian political uncertainty. Aryzta, the Swiss packaged food company, was another big detractor after issuing a profit warning citing profit margins below management's expectations.

Political events in Italy and Spain produced high volatility in financial markets at the end of May. In Italy, the government formation process took a critical twist after the president vetoed the candidate nominated for the Finance ministry who is known for his anti-euro rhetoric. Meanwhile in Spain, the socialist opposition party PSOE filed a motion for a vote of no-confidence against Prime Minister Rajoy. Both events raised the threat of another euro-area crisis in the eyes of many investors and led to a sudden shift towards less risky assets. However, a new government was finally installed in Italy (with a different finance minister), ending months of deadlock, while the Socialist-led opposition in Spain succeeded in ousting Rajoy and installing PSOE-leader Sanchez at the helm of a new government. This has helped to dissipate investors' concerns while keeping market participants very alert to political risks, particularly in Italy.

On the macroeconomic front, the euro-area posted a GDP growth rate of 0.4% in the first quarter of 2018. The number was in-line with expectations but slightly below the growth rate achieved in the previous quarter, as private sector activity growth normalized from very buoyant levels at the end of 2017. A short-term inventory cycle (high surge then retreat in the production of inventories) and strength in the euro currency witnessed at the start of 2018 contributed to this moderation in economic growth. Nonetheless, eurozone activity indicators and economic sentiment remained at very healthy levels. Economic growth in the euro-area continued to be underpinned by resilient domestic demand and gradually falling unemployment.

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UK

- UK equity markets provided another month of positive returns in May
- The Bank of England's Monetary Policy Committee (MPC) voted to hold the interest rate
- Despite headline negativity, we saw some promising signs from UK retailers

UK equity markets continued their positive run over May as a whole, despite a sell off towards month end on concerns over contagion from the political situation in Italy. The market's positive returns were driven by a spike in the price of Brent crude oil, which climbed to around US$80 per barrel during the month – its highest level in three years. Performance was also supported by sterling's continued weakness against the US dollar, which bolstered the returns of the market's many international constituents.

The Bank of England's Monetary Policy Committee (MPC) voted 7-2 to keep the central bank base rate at 0.5%, citing weaker than expected domestic growth for first quarter 2018. The decision was in line with consensus expectations following unseasonably cold weather in March, which had kept consumers and builders at home.

However, data released in May showed that earnings growth outstripped inflation during the first quarter of 2018, the first time that UK workers have had a rise in real pay in over a year. There were some encouraging signs of a recovery beginning in consumer spending, as retail sales exceeded expectations in April – helped by the warmer weather.

Despite the well-publicised negativity around UK retailers, there was some encouraging company news within the sector during May. Next released a positive trading update, which forecast higher-than-expected full year profits. The news boosted the company's share price. Marks & Spencer also received a boost towards month end, as the market responded well to annual results that were in line with guidance. The company also announced an increase in its planned store closures, aimed at consolidating footfall and reducing costs.

The oil sector continued to benefit from rising oil prices for much of May, with Royal Dutch Shell and BP making positive returns over the month. BP announced strong results for the first three months of 2018, also announcing the continuation of its share buyback programme and an unchanged dividend.

In other company news, Provident Financial Group issued a positive trading update in May, which included news that its Vanquis Bank arm had delivered higher than anticipated profits for the year to end April. The share price of telecommunications firm BT, however, came under significant pressure during May, as the company announced a deal to address the multibillion-pound deficit in its pension fund and plans to restructure, which included cutting 13,000 back-office and management roles by 2021.

Babcock International's year-end results were well received by the market, which responded warmly to news of a 5% increase in the dividend and single digit growth in profit and revenue.

Shareholder activity hit the headlines during May, as a number of companies – across a range of market areas – faced heavy criticism of executive pay deals at their Annual General Meetings. The activity suggests investors are becoming more aware of their collective ability to challenge companies on a range of issues, including the remuneration of their top officials.

Asia Pacific

- US-China trade tensions rumbled on
- The Malaysian general election ended with a shock result
- Japan's corporate earnings announcements were in line with consensus estimates

Most Asian equity markets ended the month lower, with China and Australia the region's best performing markets, while Malaysia and Singapore lagged furthest. A number of factors impacted on investor sentiment, including concerns over the protracted nature of trade renegotiations, political developments in Italy, US dollar strength, a higher oil price and questions over how synchronised global growth is with signs of weaker growth in Europe and Japan.

China's equity markets started the month positively, with economic data suggesting positive growth momentum was being sustained, but gains were pared as tensions surrounding trade negotiations with the US increased, while other external events saw an uptick in general investor risk aversion. Meanwhile, Taiwan's equity market recorded decent gains, helped by a recovery in electronics stocks, while Australian healthcare and consumer discretionary stocks helped buoy that market.

Malaysia saw a massive political upset in last month's general election, with the incumbent coalition ousted by a resurgent opposition led by former Prime Minister Mahathir Mohamad, bringing about an end to their 61-year hold on power. Investors took the result in their stride, but markets were spooked later in the month by the revelation that public debt could be as high as 65% of GDP, compared with the previous government's estimate of 54%. Elsewhere, Indonesia's central bank governor raised interest rates by 25 basis points twice in two weeks in an attempt to stabilise the rupiah, which has weakened amid concerns over capital flight (a large scale withdrawal of financial assets from an economy).

Korea's equity market was weaker as earnings growth momentum slowed, while the macroeconomic backdrop saw India underperform, as the higher oil price caused the currency and bond markets to come under pressure, while monthly economic data was mixed.

After a strong start, Japan's equity market ended the month lower as, similar to other markets, sentiment was dampened by concerns surrounding the US-North Korea summit and US-China trade negotiations. Meanwhile, corporate earnings announcements for companies with March year ends came in broadly in line with consensus estimates, with results showing net profits up 22% for the full year. There was a higher percentage of companies whose earnings came in as negative surprises than the percentage which came in as positive surprises. By sector, positive surprises exceeded negative ones in sectors such as real estate, electric power & gas and steel. However, negative surprises exceeded positive ones in the food and retail sectors and in global/commodity-cyclical sectors such as electric machinery, chemicals & raw materials and energy. There are signs that earnings momentum for the overall market has stopped deteriorating, and is beginning to rebound from its low level in March.

Meanwhile, on the economic front (April), the Japanese unemployment rate held at 2.5%, industrial production rose 0.3%, while core inflation slowed more than expected to 0.7% year-on-year. Finally, Japan's upcoming revised corporate governance code is expected to encourage companies to unwind their strategic shareholdings. This should help speed up the reduction of cross-shareholdings.

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Emerging Markets

- Confidence towards emerging equity markets was knocked by a resurgent US dollar
- Currency woes prompted interest rate hikes in Turkey, Argentina, Indonesia and the Philippines
- Russia drew support from higher crude oil prices

A stronger US dollar undermined sentiment towards emerging equity markets during May. To combat local currency weakness, interest rates were raised in Turkey, Argentina, Indonesia and the Philippines. The renewal of US sanctions on Iran, increased political uncertainty in Italy and the prospect of a trade war between America and its key allies also provided headwinds. Latin America was the worst performing region, followed by EMEA (Europe, Middle East and Africa). Equity losses were less pronounced in Asia however, as China registered gains ahead of June's changes to MSCI indices, when more than 200 A-listed Chinese companies will be added to the benchmark emerging markets index. Buoyed by higher crude oil prices, Russia was the other equity market to close higher in May. From a sector perspective only healthcare and technology finished in positive territory, with telecoms and financials being the laggards. Apart from the Russian rouble and Indonesian rupiah, all other emerging market currencies lost ground against the US dollar.

Equity weakness was felt across the board in Latin America. Brazil registered the biggest losses, followed by Mexico. Worries that a strike by Brazilian truckers and oil workers will harm the country's economic recovery negatively weighed on sentiment. In an effort to break the strike the government announced plans to lower diesel prices by R$0.46 per litre. Brazil's central bank left interest rates unchanged at 6.5%. President Michel Temer scrapped plans to run for re-election in Brazil. With Mexico's presidential election only a few weeks away, an opinion poll showing left wing candidate Andres Manuel Lopez Obrador (AMLO) extending his lead over his conservative rivals unnerved financial markets on concerns that he would lead a new government with less financial discipline. Interest rates were left on hold at 7.5%, although Mexico's central bank left the door open for a hike if inflation stays stubbornly above its 3% target. In Argentina, the central bank was forced to take drastic action to stabilise the country's currency by raising interest rates to 40%.

Sentiment in emerging Europe was adversely impacted by political developments in Italy, with equity markets in Greece and Turkey registering steep losses as countries with relative high debt levels and current account deficits came under increased scrutiny. In response to a weakening currency, Turkey's central bank hiked its top interest rate to 16.5% from 13.5%, prompting a sharp rally in the lira. One currency that did not come under pressure last month was the Russian rouble, which appreciated against the US dollar. Despite Western sanctions, the Russian economy continued to show resilience, supported by real wage growth and higher energy prices. Furthermore, the economy benefited from a subdued inflation rate and lower interest rates.

Fixed Interest

- Political risk resurfaced in Europe, with 2-year Italian government bond yields briefly over 3% higher than at the start of the month
- Vodafone announced it had agreed to purchase Liberty Global's European assets
- Amid the uncertain backdrop, European corporate bond issuance fell, with some issuers pulling deals

May 2018 was a busy month with the ongoing trade dispute between the US and China, on-off US North Korea talks and a surge in European political risk. Of these, by far the most significant for bond markets was the increase in political risk, primarily in Italy, but also Spain.

Meanwhile, in the UK, the Bank of England left UK interest rates on hold after much weaker data changed expectations from what until a few weeks ago appeared to be a near-certain May hike.

Against the backdrop of political uncertainty, core government bonds (US Treasuries, UK Gilts and German Bunds) rallied, while peripheral European government and high yield corporate bonds came under pressure.

The biggest move was in Italian government bonds (BTP). The 2-year BTP began the month with a yield of -0.3%. Political uncertainty led to a surge in BTP yields, with the 2-year BTP yield reaching an intra-day high of 2.78% on 29 May 2018. Concerns were tempered after news that a government had been formed. As the market's fears abated, BTP's rallied. By 31 May the 2-year yield was back at 1.07%.

There was also an increase in the Spanish bond yields as the prospect of a no-confidence vote against current Prime Minister Rajoy weighed on sentiment. The 2-year yield increased from -0.3% at the start of the month to an intra-day peak of 0.02%, before falling back to -0.08% at the 31 May 2018.

The political uncertainty raised demand for the perceived safety of core government bond markets, which in turn benefitted the more interest rate sensitive, investment grade (IG) corporate bond market. At a sector level the best performing area of the high yield bond market was utilities, while in investment grade the industrial sector outperformed. In both markets the financial sector underperformed.

Merger and acquisition activity within the telecoms sector continued, with Vodafone confirming it has agreed a US$23bn deal to purchase Liberty Global's European Assets. US$11.5bn of bonds were issued in the US market to help fund the planned purchase. Demand for the bonds for the bonds was high, with US$35bn of orders received.

The European new issue market, which is normally strong during May, was negatively impacted by the uncertainty. Barclays reported €42.7bn of euro IG (investment grade) issuance and £2.3bn of sterling issuance. In both markets this is below the amounts issued in May 2017. Furthermore, two investment grade companies; German broadcaster, Bertlesmann and US based appliance manufacturer, Whirlpool both pulled €500m deals amid the volatile market conditions.

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 (%)

	31.05.18	30.04.18	28.02.18	30.11.17	31.05.17
US Treasuries 2 year	2.43	2.49	2.25	1.78	1.28
US Treasuries 10 year	2.86	2.95	2.86	2.41	2.20
US Treasuries 30 year	3.03	3.12	3.12	2.83	2.86
UK Gilts 2 year	0.61	0.78	0.78	0.52	0.13
UK Gilts 10 year	1.23	1.42	1.50	1.33	1.05
UK Gilts 30 year	1.70	1.83	1.89	1.88	1.69
German Bund 2 year	-0.66	-0.59	-0.54	-0.68	-0.71
German Bund 10 year	0.34	0.56	0.66	0.37	0.30
German Bund 30 year	1.03	1.24	1.30	1.19	1.16

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

Corporate Bonds

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

	31.05.18		30.04.18		28.02.18		30.11.17		31.05.17	
£ AAA	2.03	66	2.16	58	2.18	53	1.84	42	1.58	42
£ AA	1.97	80	2.04	71	2.07	68	1.93	71	1.71	75
£ A	2.62	135	2.64	120	2.68	116	2.51	114	2.29	120
£ BBB	3.02	176	3.04	155	2.99	148	2.83	149	2.62	163
€ AAA	0.67	61	0.74	46	0.74	38	0.60	48	0.72	62
€ AA	0.52	72	0.56	57	0.50	46	0.37	56	0.47	71
€ A	0.82	100	0.81	79	0.76	68	0.62	76	0.69	94
€ BBB	1.38	145	1.29	112	1.21	98	1.05	106	1.18	133
European High Yield (inc € + £)	4.15	380	3.82	314	3.73	297	3.47	286	3.85	314

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

	Current value	Change Over: 1 Month (%)	3 Months (%)	6 Months (%)	YTD (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)
Euro/US Dollar	1.17	-3.2	-4.1	-1.8	-2.6	14.1	-3.2	-10.2	-12.0	4.2	1.9
Euro/GB Sterling	0.88	0.2	-0.8	-0.1	-1.0	4.2	15.7	-5.1	-6.4	2.1	-2.4
Euro/Swiss Franc	1.15	-3.7	0.1	-1.6	-1.4	9.2	-1.6	-9.5	-2.0	1.6	-0.5
Euro/Swedish Krona	10.31	-2.5	1.9	3.4	4.7	2.7	4.4	-2.7	6.6	3.2	-3.9
Euro/Norwegian Krone	9.56	-1.2	-0.7	-3.4	-2.9	8.4	-5.4	6.2	8.4	13.7	-5.4
Euro/Danish Krone	7.44	-0.1	-0.1	0.0	0.0	0.2	-0.5	0.2	-0.2	0.0	0.4
Euro/Polish Zloty	4.32	1.8	3.4	2.7	3.3	-5.1	3.3	-0.6	3.2	1.8	-8.6
Euro/Hungarian Forint	319.69	2.0	1.9	2.1	2.9	0.5	-2.0	-0.3	6.5	2.1	-7.6
US Dollar/Yen	108.82	-0.5	2.0	-3.3	-3.4	-3.6	-2.8	0.5	13.7	21.4	12.7
US Dollar/Canadian Dollar	1.30	0.9	1.0	0.5	3.0	-6.4	-2.9	19.1	9.4	7.1	-2.7
US Dollar/South African Rand	12.70	1.9	7.7	-7.3	2.7	-9.9	-11.2	33.8	10.2	24.1	4.5
US Dollar/Brazilian Real	3.72	6.2	14.7	13.8	12.4	1.8	-17.8	49.0	12.5	15.3	9.9
US Dollar/South Korean Won	1080.59	0.9	-0.4	-0.7	1.2	-11.6	2.7	7.5	4.1	-0.7	-8.2
US Dollar/Taiwan Dollar	29.99	1.2	2.2	0.0	1.1	-8.6	-1.2	3.8	6.1	2.7	-4.1
US Dollar/Thai Baht	32.06	1.6	1.8	-1.8	-1.5	-9.2	-0.5	9.5	0.6	6.9	-3.1
US Dollar/Singapore Dollar	1.34	0.9	1.0	-0.8	0.0	-7.7	2.2	6.9	4.9	3.4	-5.8
US Dollar/GB Sterling	0.75	3.5	3.5	1.7	1.7	-8.7	19.3	5.8	-5.9	1.9	4.6
GB Sterling/South African Rand	16.89	-1.6	4.1	-8.8	1.0	-1.4	-25.7	26.6	3.7	26.6	9.2
Australian Dollar/US Dollar	0.76	0.5	-2.5	0.0	-3.0	8.1	-0.9	-10.9	-8.4	-14.2	1.6
New Zealand Dollar/US Dollar	0.70	-0.5	-2.9	2.5	-1.2	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 May 2018 (%)

	1 Month	3 Months	6 Months	YTD	2017	2016	2015	2014	2013	2012
Global US & Canada										
MSCI World (US$)	0.7	-0.2	2.2	0.8	23.1	8.2	-0.3	5.5	24.7	16.5
MSCI World Value (US$)	-1.2	-1.9	-1.4	-2.9	18.0	13.2	-4.1	4.4	27.5	16.4
MSCI World Growth (US$)	2.6	1.4	5.7	4.3	28.5	3.2	3.5	6.6	27.2	16.6
MSCI World Small Cap (US$)	2.7	3.8	4.8	3.2	23.2	13.3	0.1	2.3	32.9	18.1
MSCI Emerging Markets (US$)	-3.5	-5.7	1.0	-2.5	37.8	11.6	-14.6	-1.8	-2.3	18.6
FTSE World (US$)	0.1	-0.9	1.9	0.3	24.1	8.7	-1.4	4.8	24.7	17.0
Dow Jones Industrials	1.4	-1.9	1.7	-0.2	28.1	16.5	0.2	10.0	29.7	10.2
S&P 500	2.4	0.2	3.2	2.0	21.8	12.0	1.4	13.7	32.4	16.0
NASDAQ	5.5	2.6	8.8	8.3	29.6	8.9	7.0	14.8	40.1	17.5
Russell 2000	6.1	8.4	6.5	6.9	14.6	21.3	-4.4	4.9	38.8	16.4
S&P/ TSX Composite	3.1	4.8	1.5	0.3	9.1	21.1	-8.3	10.6	13.0	7.2
Europe & Africa										
FTSE World Europe ex-UK €	-0.9	0.6	-0.8	-0.6	13.0	3.4	10.9	0.2	25.2	17.8
MSCI Europe	0.3	3.1	1.5	0.7	10.9	3.2	8.8	7.4	20.5	18.1
CAC 40	-0.6	3.8	3.0	4.0	12.7	8.9	11.9	2.7	22.2	20.4
DAX	-0.1	1.4	-3.2	-2.4	12.5	6.9	9.6	2.7	25.5	29.1
Ibex 35	-4.8	-2.8	-5.5	-4.2	11.4	-4.8	-3.8	8.0	30.0	1.8
FTSEMIB	-7.6	-1.6	-0.2	2.1	17.3	-6.5	15.8	3.0	20.5	12.2
Swiss Market Index (capital returns)	-4.8	-5.1	-9.3	-9.9	14.1	-6.8	-1.8	9.5	20.2	14.9
Amsterdam Exchanges	0.2	5.1	4.5	3.7	16.5	13.6	7.4	8.7	20.7	14.1
HSBC European Smaller Cos ex-UK	1.2	1.9	3.9	2.2	18.6	6.4	23.5	5.2	34.0	20.4
MSCI Russia (US$)	1.2	-9.9	5.5	2.4	6.1	55.9	5.0	-45.9	1.4	14.4
MSCI EM Europe, Middle East and Africa (US$)	-4.8	-11.6	-1.3	-6.4	16.5	22.8	-14.7	-28.4	-3.9	25.1
FTSE/JSE Africa All-Share (SA)	-3.5	-2.5	-4.7	-4.4	21.0	2.6	5.1	10.9	21.4	26.7
UK										
FTSE All-Share	2.8	7.4	6.7	1.9	13.1	16.8	1.0	1.2	20.8	12.3
FTSE 100	2.8	7.6	7.0	1.9	12.0	19.1	-1.3	0.7	18.7	10.0
FTSE 250	3.1	7.0	5.9	1.8	17.8	6.7	11.2	3.7	32.3	26.1
FTSE Small Cap ex Investment Trusts	1.3	6.4	4.2	1.4	15.6	12.5	13.0	-2.7	43.9	36.3
FTSE TechMARK 100	5.2	8.7	5.6	2.8	9.8	10.0	16.6	12.3	31.7	23.0
Asia Pacific & Japan										
Hong Kong Hang Seng	-0.4	-0.3	5.7	3.0	41.3	4.3	-3.9	5.5	6.6	27.5
China SE Shanghai Composite (capital returns)	0.4	-5.0	-6.7	-6.4	6.6	-12.3	9.4	52.9	-6.7	3.2
Singapore Times	-4.3	-1.0	1.8	2.5	22.1	3.8	-11.2	9.6	3.0	23.4
Taiwan Weighted (capital returns)	2.0	0.6	3.0	2.2	15.0	11.0	-10.4	8.1	11.9	8.9
Korean Composite (capital returns)	-3.7	-0.2	-2.2	-1.8	21.8	3.3	2.4	-4.8	0.7	9.4
Jakarta Composite (capital returns)	-0.2	-9.3	0.5	-5.9	20.0	15.3	-12.1	22.3	-1.0	12.9
Philippines Composite (capital returns)	-4.1	-11.5	-9.2	-12.4	25.1	-1.6	-3.9	22.8	1.3	33.0
Thai Stock Exchange	-2.6	-4.1	3.7	0.3	17.3	23.9	-11.2	19.1	-3.6	41.3
Mumbai Sensex 30	0.6	3.7	7.3	4.3	29.8	3.7	-3.5	32.4	10.9	27.8
Hang Seng China Enterprises index	-2.1	-2.5	5.2	3.1	29.6	1.5	-16.9	15.6	-1.5	19.8
ASX 200	1.1	1.1	2.8	1.0	11.8	11.8	2.6	5.6	20.2	20.3
Topix	-1.7	-0.3	-1.4	-2.9	22.2	0.3	12.1	10.3	54.4	20.9
Nikkei 225 (capital returns)	-1.2	0.6	-2.3	-2.5	19.1	0.4	9.1	7.1	56.7	22.9
MSCI Asia Pac ex Japan (US$)	-0.8	-2.0	2.7	-0.4	37.3	7.1	-9.1	3.1	3.7	22.6
Latin America										
MSCI EM Latin America (US$)	-14.0	-15.9	-4.0	-8.2	24.2	31.5	-30.8	-12.0	-13.2	8.9
MSCI Mexico (US$)	-13.6	-11.0	-10.9	-10.9	16.3	-9.0	-14.2	-9.2	0.2	29.1
MSCI Brazil (US$)	-16.4	-21.2	-5.4	-9.7	24.5	66.7	-41.2	-13.7	-15.8	0.3
MSCI Argentina (US$)	-21.9	-27.5	-24.9	-29.6	73.6	5.1	-0.4	19.2	66.2	-37.1
MSCI Chile (US$)	-7.9	-7.8	10.3	-4.7	43.6	16.8	-16.8	-12.2	-21.4	8.3
Commodities										
Oil - Brent Crude Spot (US$/BBL)	0.7	15.7	20.3	14.6	20.9	51.6	-33.5	-49.4	0.2	3.2
Oil - West Texas Intermediate (US$/BBL)	-2.3	9.0	16.7	10.8	12.5	44.8	-30.5	-45.8	6.9	-7.1
Reuters CRB index	0.6	5.1	8.1	5.4	1.7	9.7	-23.4	-17.9	-5.0	-3.3
Gold Bullion LBM (US$/Troy Ounce)	-0.7	-1.2	2.0	0.0	12.6	9.0	-10.5	-1.8	-27.3	5.6
Baltic Dry index	-18.7	-8.6	-30.9	-20.2	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.

Important information

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