Invesco

Monthly Market Roundup

January 2019 (covering December 2018)

Global

- Global equity markets fell in December to round off the worst year since the global financial crisis
- Markets were rattled by a myriad of concerns
- Global equity markets were led lower by the US and political turmoil in Washington which unsettled markets further

Global equity markets fell in December to round off their worst year since the global financial crisis. Markets were rattled by a myriad of concerns including the US Federal Reserve (Fed) raising interest rates too quickly, US economic growth being revised down for the third quarter, President Trump warning that he was prepared for a 'long' government shutdown if he did not receive the funding for a border wall with Mexico that he expected, as well as the UK's exit from the EU and the ongoing US-China trade talks.

Global equity markets were led lower by the US, which came to the brink of a bear (slow growth) market in December. The December slump was among the worst in history and the US equity market was on track for the biggest December fall since the Great Depression of 1931. Market sentiment was roiled amid concerns that the Fed had forecast two further interest rate increases next year. Market sentiment was also negatively impacted by political turmoil in Washington, which unsettled the US equity market further.

UK and European equity markets also fell in December impacted by global concerns such as the possibility of a global economic slowdown, falling Brent crude oil prices, and Brexit uncertainty. In terms of UK politics, the Prime Minister survived a no confidence vote, securing her leadership of the Conservative party for another 12 months. Meanwhile in Europe, tensions around Italy have lessened substantially as the coalition government has yielded to pressure from Brussels and agreed a 2019 budget that will avoid triggering the Excessive Debt Procedure (EDP).

Emerging equity markets were not immune to the broad sell-off either, but losses were much smaller than those in developed markets. Asia was the weakest performing region, dragged lower by China and India. Equity losses in Latin America were less pronounced as both Mexico and Peru posted positive monthly returns. In emerging Europe, Russia lost ground mainly due to currency weakness and lower energy prices.

Corporate bond returns were mixed during December. Amid an uncertain backdrop, investment grade bonds generally outperformed high yield bonds with the former benefitting from higher sensitivity to interest rates. European currency high yield credit spreads (the premium over government bonds that companies need to pay to borrow) widened 29 basis points (bps) capping a poor year of returns for this part of the market. Meanwhile, falling crude oil prices added to pressures on the US high yield market, which has a high allocation to the sector.

US

- Volatility returned to the US equity market
- A host of headwinds combined to make the December slump among the worst in history
- Perceived ‘safe-haven’ assets held up better than most

Volatility returned to the US equity market with stocks dropping to the brink of a bear (slow growth) market in December. The December slump was among the worst in history and the US equity market was on track for the biggest December fall since the Great Depression of 1931. Market sentiment was driven by concerns that the US Federal Reserve (Fed) was raising interest rates too quickly – the Fed raised its base rate before Christmas and forecast two further interest rate increases next year. Market sentiment was also negatively impacted by political turmoil in Washington, which rattled the US equity market further.

President Trump blamed the Fed for the equity market rout which began in October just days after reports suggested that he was looking to fire Fed chairman Jerome Powell. Then Trump warned that he was prepared for a long government shutdown if he did not receive funding for a border wall with Mexico (he aims to win US$5bn to fund the wall). The shutdown standoff remained unresolved. Combined with the ongoing trade war, higher borrowing costs and signs of a slowdown in global growth, the political turmoil was another factor that unsettled the US equity market.

At the end of the worst year since the financial crisis, perceived ‘safe-haven’ assets held up better than most. Sectors such as utilities, real estate, healthcare and consumer staples didn’t fall as sharply as energy or financials; the worst performers over the month. Signs of robust consumer spending helped consumer staples stocks after US retailers enjoyed their biggest rise in festive shopping sales in six years. Total US retail sales tracked by Mastercard during the period between 1 November and Christmas Eve leapt 5.1% from a year ago to US$850bn (source: FT.com). Consumers make up nearly 70% of US economic activity and that engine is expected to continue to underpin growth in 2019.

For energy stocks, however, the decline in the price of oil was a significant factor. The price of oil had peaked in October at around US$85 a barrel and then started its rather rapid decline in November, tumbling to 15-month lows mid-December. The weakness was driven by concerns over demand not meeting expectations as global growth concerns have increased. Furthermore, investors fretted over increases in supply as shale oil production in the US continued to grow rapidly, and OPEC (The Organization of the Petroleum Exporting Countries) seemed unwilling to cut production, all of which had a negative impact on the sector’s performance.

In terms of corporate news, US tech group Dell has returned to the stock market with a US$34bn listing on the stock exchange after five years of private ownership. GFG Alliance, the acquisitive industrial conglomerate led by British metals magnate Sanjeev Gupta, is buying US steel company Keystone Consolidated Industries (KCI) for US$320m as it pursues plans to invest US$5bn in North America. Kraft Heinz has agreed to buy health conscious sauce maker Primal Kitchen brands for US$200m as the large US packaged foods maker seeks to diversify its portfolio of products to better compete with rivals.

Europe

- European equity markets suffered severe losses in December
- Protests in Paris weighed heavily on eurozone economic indicators
- Some light at the end of the Italian tunnel; the 10-year government bond yield dropped to 2.7%

December has been a difficult month for the European markets. While investors are not taking risk the overall mood in the market is a strange mix of sector moves, with examples of both defensive (stocks that are less sensitive to the business cycle) and cyclical sectors (stocks that are more sensitive to the business cycle) at the top and bottom of the month's sector performance rankings. For instance, the defensive utility sector and cyclical materials sector have both outperformed; while the defensive healthcare sector and cyclical financials sector have both underperformed.

The Purchasing Managers' Index (PMI) is a measure of economic health, with anything above 50 indicating economic expansion, and anything below 50 indicating contraction. Looking at economic data, the eurozone PMI Composite Output Index fell from 52.7 in November to 51.3 in December, leaving it well below the market consensus forecast of 52.8. This drop was almost entirely driven by events in France, where the composite PMI surveys fell below 50. The Markit PMI press release confirms that the Gilets Jaunes protests were frequently blamed for the decline in the new business outlook, and a negative impact on output linked to the car industry was also mentioned. The PMI survey data was gathered between 5 and 14 December, namely during the period when disruption and media coverage of the riots were at their highest. This backdrop also explains the uncharacteristic apology and scale of the economic measures announced by French President Macron, which will likely lead to increases in the minimum wage and other measures announced being brought forward, all of which should provide a general boost to disposable income. Unless the Gilets Jaunes protests continue unabated through the winter, there is scope for France to regain its stability as we go into 2019.

Tensions around Italy have lessened substantially as the coalition government has submitted to pressure from Brussels and agreed a 2019 budget that will avoid triggering the Excessive Debt Procedure (EDP). As expected, the markets reacted favorably to this news and the 10-year government bond yield dropped from 3.2% to 2.7% over the course of the month.

Elsewhere in the EU, the Romanian Government last month unveiled unexpected proposals for a particularly harsh levy on the banking sector. This led to a substantial sell-off in foreign owned banks operating in Romania – some of which have surpassed the hit to profits which could be caused by the tax change. The implications of the levy are so negative for the Romanian economy that an eventual softening of the government's policy would seem probable.

UK

- UK equity markets fell during December, ending the year in negative territory
- The Prime Minister survived a no confidence vote, securing her leadership of the Conservative party for another 12 months
- The challenging environment for UK retailers continued

UK equity markets fell during the final month of 2018, continuing the downward trend that characterised the second half of the year. UK equities fell alongside global equity markets, amid rising concerns of a global economic slowdown and falling Brent crude oil prices. Persistent Brexit uncertainty also continued to weigh on sterling and sentiment toward domestic equities.

December proved another dramatic month in UK politics, with sterling continuing to act as a barometer for the perceived success of the UK's Brexit negotiations and likelihood of a no-deal scenario. The Prime Minister secured the EU's agreement for the UK's withdrawal agreement but was forced to delay Parliament's vote on the deal on concerns that it would not be passed. Heightened fears of a no-deal Brexit scenario on this news saw the pound fall to a 20-month low versus the US dollar. However, the Prime Minister's survival of the subsequent no-confidence vote launched by the Conservative Party, saw the pound recover some losses.

The Bank of England's Monetary Policy Committee (MPC) voted unanimously to maintain interest rates at 0.75% during its December meeting. Members of the MPC warned of the economic impact of intensified Brexit uncertainty and noted that the country's economic outlook continues to depend of the nature of the UK's exit from the European Union.

December proved another challenging month for UK retailers. Superdry released its half year results in December, including a warning that it expects full-year profits to be lower than previous guidance. Meanwhile HMV filed for administration in the final few business days of the year. The company blamed a sharp decline in CD and DVD sales, fuelled by the rise in online streaming services. However, retail's woes were not limited to the high-street, as online fashion house ASOS also issued a disappointing trading update during the month. The firm reduced its sales growth forecasts following lower than expected sales in November, dampening market sentiment across the European retail sector. Meanwhile December saw significant deals in the healthcare sector, as GlaxoSmithKline (GSK) unveiled a US$5bn deal to buy US biotechnology firm Tesaro and announced a joint venture with US rival Pfizer. The deal will see the merger of the two companies' consumer healthcare operations. The news followed an earlier deal with Unilever, which has agreed to buy GSK's consumer nutrition business.

At the other end of the market, UK investment platform AJ Bell listed its shares on the London Stock Exchange for the first time and AIM-listed (Alternative investment market) Faroe Petroleum received an unsolicited take-over bid from Norwegian oil Group DNO, the firm's largest shareholder. In other notable corporate news this December, BAE systems agreed a deal to design and develop warships for the Australian navy, while G4S announced plans to separate its cash business from its core security operations. Economic data released during the month showed that UK wage growth reached 3.3% in the three months to the end of October 2018, the fastest pace in a decade. Meanwhile data from the Office for National Statistics showed that UK inflation fell to 2.3% for the year to November, a twenty-month low.

Asia

- Asian equity markets ended 2018 with a damp squib
- China's economic growth concerns added to market woes
- Japan's Topix index ended the year just above its 2018 lows

Asian equity markets ended December lower, but proved relatively resilient compared to developed markets against a backdrop of rising risk aversion. Global investors appeared increasingly concerned about the outlook for growth after the US Federal Reserve signalled that gradual interest rate rises in 2019 were still going to take place, dashing hopes that the pace of monetary policy change might be eased. These fears were compounded by further evidence of a slowdown in China's economic activity.

Against this backdrop, investors favoured perceived "safe-haven" assets such as gold and the yen, although the US dollar failed to benefit, with most Asian currencies strengthening over the month. The oil price also continued to decline amidst concerns on oversupply. China was the worst performing market over the month, with Australia also a significant laggard. ASEAN markets, such as Malaysia, the Philippines and Indonesia, were the best performers and delivered positive returns.

The start of the month saw some improvement in US-China trade tensions, although a lack of further detail in negotiations saw scepticism return over the chances of a deal making much progress. Monthly economic data from China also pointed to a further softening in growth as retail sales, exports and industrial activity disappointed. In response, the Central Economic Work Conference decided to rely on deeper tax cuts and greater government spending to counter macroeconomic headwinds in 2019, with an emphasis on reform-driven quality growth.

In South Korea, the utilities and autos sectors helped offset weakness in the tech sector, where memory chip prices have weakened faster than expected, with a deteriorating demand outlook. Investors appeared slightly anxious over the outlook for India after the BJP's (Bharatiya Janata Party) disappointing performance in State Elections and the resignation of RBI (Reserve Bank of India) Governor Dr. Urjit Patel, although market sentiment improved later in the month as the oil price weakened and other macroeconomic indicators proved supportive. Elsewhere, Australia's underperformance is largely explained by currency depreciation given weaker than expected GDP growth in the third quarter of 2018, with business confidence and condition surveys both slipping.

Japan's equity market ended the year just off its 2018 lows amidst growing concerns over a global economic downturn, lingering US-China trade tensions, oil price weakness and yen strength relative to the US dollar. Domestic demand sectors outperformed, led by expected beneficiaries of weaker crude oil prices such as land and air transportation, foods and electric power & gas. Meanwhile, more economically sensitive areas of the market such as mining, securities and machinery fell sharply on concerns about global growth.

In terms of monthly economic data, Japanese machine tool orders declined by 16.8% year-on-year in November. Meanwhile, the labour market continued to reflect the strength of the underlying economy, as did the Tokyo office vacancy rate, which dropped to a 27-year low of 1.98% in November. Preliminary industrial production figures fell less than had been expected after a solid rise in October, and while retail sales fell more than expected, the overall growth trend still appears intact.

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Emerging Markets

- It was a disappointing end to the year for emerging equity markets
- Slowing global growth and continuing trade frictions between US and China provided headwinds
- Several countries followed the US in increasing interest rates

Slowing global growth and continuing trade frictions between the US and China rattled world equity markets in December. Emerging equities were not immune to the broad sell-off but losses here were much smaller than those registered in developed markets. Asia was the weakest performing region, dragged lower by index heavyweights China and India. Equity losses in Latin America were less pronounced as both Mexico and Peru posted positive monthly returns. In emerging Europe, Russia lost ground mainly due to currency weakness and lower energy prices – Brent crude oil dropped 9.7% and natural gas prices fell sharply, down 33.5%. Industrial metals such as copper and aluminium also declined in value, unlike defensive hedges like precious metals (gold and silver) which rose in price. It was a mixed picture on the currency front with the South African rand joining the Russian rouble as the main laggards, whereas the Mexican peso rallied strongly against the US dollar.

A stronger currency helped push Mexico to the top of the leader board in both Latin America and emerging markets last month. Market sentiment towards the country was bolstered by an ambitious yet fiscally responsible 2019 budget as well as the acceptance of investors of the buyback proposal for airport bonds. With US interest rates rising by 25 basis points, Mexico quickly followed suit with the Bank of Mexico (Banxico) hiking their benchmark rate to 8.25% from 8%. In Brazil, elected President Bolsanaro continued to organise his cabinet with most appointments being welcomed by markets. On the macroeconomic front, economic activity in Brazil remained stable with industrial production and retail sales rising. The decline in Chile's equity market mirrored the fall in copper prices.

Equity markets in emerging Europe closed lower to cap a disappointing year for the region. Greece and Turkey led the losses in December, ensuring they finished bottom of the performance table for 2018. Slower growth in Turkey – the economy expanded by 1.6% in the third quarter, versus 5.3% during the prior three months – ignited concerns that the country could experience a technical recession in 2019. There was better economic news for Greece however with government data showing that the economy grew for a ninth straight quarter in the third quarter of 2018, with stronger consumer spending providing support. GDP growth in Russia in 2018 is also likely to continue in 2019, according to the latest economic forecasts from the Bank of Russia. However, the central bank's caution against inflationary pressures – they expect the headline rate to edge higher towards 5% later this year – prompted them to raise interest rates in Russia by 25 basis points to 7.75%.

Fixed Interest

- December saw weakness in parts of the corporate bond market
- The US Federal Reserve revised lower its expectation for future interest rate rises
- Trade tensions between the US and China continued to influence market sentiment

Corporate bond returns were mixed during December. Amid an uncertain backdrop, investment grade bonds generally outperformed high yield bonds, with the former benefitting from higher sensitivity to interest rates. European currency high yield corporate bond spreads (the premium over government bonds that companies need to pay to borrow) widened by 29 basis points (bps), capping a poor year of returns for this part of the market. Meanwhile, falling crude oil prices added to pressures on the US high yield market, which has a high allocation to the sector.

The US Federal Reserve (Fed) increased US interest rates by 25bps. However, the market's interpretation of the accompanying statement, press conference and economic projections was that the Fed was becoming dovish (less likely to take significant action), with just two further interest rate hikes now expected during 2019. Even so, with inflation and economic growth weakening, parts of the market had expected the Fed to be even more dovish. While US Treasury yields rallied, the biggest change in yield occurred in longer-dated bonds. This led to parts of the yield curve becoming inverted (bonds with longer maturity dates had a lower yield than bonds with shorter maturity dates) during the month. This is a bond market phenomenon often associated with weaker growth.

Trade tensions between the US and China also continued to influence sentiment. At the start of the month, the arrest of Huawei's global Chief Financial Office in Canada increased concerns. However, these were in part eased by the Chinese government's decision to temporarily cut the tax on US vehicles. There were further reports at the end of the month that the US and China were making progress on a trade deal.

As was widely expected, the European Central Bank (ECB) ended its bond purchase programme (quantitative easing) in December. The purchase of government bonds, and then more recently corporate bonds, began in 2015 and has added over €2 trillion into the eurozone economy. There was no change in the ECB's main interest rates.

Italian government bonds enjoyed their highest monthly return since July 2015. The rally came after the Italian government agreed to reduce its planned budget deficit from 2.4% to 2.04% following pressure from the European Commission.

Brexit continues to dominate the sterling market. Despite her government's agreement with the European Union on the process of the UK's withdrawal, Prime Minister May was unable to put the deal to a vote in parliament during December for fear of it being rejected. Against this backdrop, sterling issuance was muted, with Barclay's reporting £0.3bn of new investment grade bonds, which compares to £0.8bn in December 2017. There was no European Currency high yield issuance in December.

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 (%)
	31.12.18	30.11.18	30.09.18	30.06.18	31.12.17
US Treasuries 2 year	2.49	2.79	2.82	2.53	1.88
US Treasuries 10 year	2.68	2.99	3.06	2.86	2.41
US Treasuries 30 year	3.01	3.29	3.21	2.99	2.74
UK Gilts 2 year	0.75	0.78	0.82	0.72	0.44
UK Gilts 10 year	1.28	1.36	1.57	1.28	1.19
UK Gilts 30 year	1.82	2.08	1.92	1.74	1.76
German Bund 2 year	-0.61	-0.60	-0.52	-0.67	-0.63
German Bund 10 year	0.24	0.31	0.47	0.30	0.43
German Bund 30 year	0.88	0.99	1.08	1.02	1.26

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

Corporate Bonds										Yield to maturity (%)/Spread[1] (bps)
	31.12.18		30.11.18		30.09.18		30.06.18		31.12.17	
£ AAA	2.30	76	2.43	77	2.27	58	2.12	69	1.85	45
£ AA	2.15	94	2.21	92	2.14	75	2.05	81	1.78	67
£ A	2.88	155	2.96	153	2.81	130	2.70	136	2.40	111
£ BBB	3.53	226	3.55	221	3.29	178	3.14	181	2.70	146
€ AAA	0.88	82	0.86	74	0.74	56	0.67	61	0.68	47
€ AA	0.58	85	0.60	82	0.57	64	0.49	71	0.45	55
€ A	1.00	122	1.00	119	0.91	93	0.82	101	0.69	75
€ BBB	1.77	194	1.77	190	1.51	144	1.42	151	1.13	104
European High Yield (inc € + £)	5.18	522	4.97	493	4.12	367	4.16	399	3.53	294

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

	Current value	Change Over: 1 Month (%)	3 Months (%)	6 Months (%)	YTD (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)
Euro/US Dollar	1.15	1.4	-1.2	-1.8	-4.4	14.1	-3.2	-10.2	-12.0	4.2	1.9
Euro/GB Sterling	0.90	1.3	0.9	1.6	1.3	4.2	15.7	-5.1	-6.4	2.1	-2.4
Euro/Swiss Franc	1.13	-0.4	-1.2	-2.7	-3.7	9.2	-1.6	-9.5	-2.0	1.6	-0.5
Euro/Swedish Krona	10.16	-1.5	-1.6	-2.9	3.2	2.7	4.4	-2.7	6.6	3.2	-3.9
Euro/Norwegian Krone	9.91	1.9	4.8	4.1	0.6	8.4	-5.4	6.2	8.4	13.7	-5.4
Euro/Danish Krone	7.47	0.1	0.1	0.2	0.3	0.2	-0.5	0.2	-0.2	0.0	0.4
Euro/Polish Zloty	4.29	0.0	0.2	-1.9	2.7	-5.1	3.3	-0.6	3.2	1.8	-8.6
Euro/Hungarian Forint	321.16	-0.8	-0.7	-2.5	3.3	0.5	-2.0	-0.3	6.5	2.1	-7.6
US Dollar/Yen	109.58	-3.4	-3.6	-1.0	-2.8	-3.6	-2.8	0.5	13.7	21.4	12.7
US Dollar/Canadian Dollar	1.36	2.6	5.7	3.8	8.4	-6.4	-2.9	19.1	9.4	7.1	-2.7
US Dollar/South African Rand	14.36	3.6	1.5	4.6	16.1	-9.9	-11.2	33.8	10.2	24.1	4.5
US Dollar/Brazilian Real	3.88	0.4	-4.1	0.1	17.2	1.8	-17.8	49.0	12.5	15.3	9.9
US Dollar/South Korean Won	1114.30	-0.5	0.4	-0.1	4.4	-11.6	2.7	7.5	4.1	-0.7	-8.2
US Dollar/Taiwan Dollar	30.58	-0.9	0.4	0.3	3.1	-8.6	-1.2	3.8	6.1	2.7	-4.1
US Dollar/Thai Baht	32.34	-1.9	0.0	-2.1	-0.7	-9.2	-0.5	9.5	0.6	6.9	-3.1
US Dollar/Singapore Dollar	1.36	-0.7	-0.3	0.0	1.9	-7.7	2.2	6.9	4.9	3.4	-5.8
US Dollar/GB Sterling	0.79	0.2	2.4	3.7	6.2	-8.7	19.3	5.8	-5.9	1.9	4.6
GB Sterling/South African Rand	18.33	3.6	-0.6	1.1	9.6	-1.4	-25.7	26.6	3.7	26.6	9.2
Australian Dollar/US Dollar	0.71	-3.6	-2.5	-4.8	-9.6	8.1	-0.9	-10.9	-8.4	-14.2	1.6
New Zealand Dollar/US Dollar	0.67	-2.4	1.5	-0.7	-5.2	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 December 2018 (%)

	1 Month	3 Months	6 Months	YTD	2017	2016	2015	2014	2013	2012
Global US & Canada										
MSCI World (US$)	-7.6	-13.3	-8.9	-8.2	23.1	8.2	-0.3	5.5	24.7	16.5
MSCI World Value (US$)	-7.7	-11.1	-7.3	-10.1	18.0	13.2	-4.1	4.4	27.5	16.4
MSCI World Growth (US$)	-7.4	-15.4	-10.4	-6.4	28.5	3.2	3.5	6.6	27.2	16.6
MSCI World Small Cap (US$)	-9.2	-17.6	-16.0	-13.5	23.2	13.3	0.1	2.3	32.9	18.1
MSCI Emerging Markets (US$)	-2.6	-7.4	-8.3	-14.2	37.8	11.6	-14.6	-1.8	-2.3	18.6
FTSE World (US$)	-7.2	-13.0	-8.7	-8.8	24.1	8.7	-1.4	4.8	24.7	17.0
Dow Jones Industrials	-8.6	-11.3	-2.8	-3.5	28.1	16.5	0.2	10.0	29.7	10.2
S&P 500	-9.0	-13.5	-6.9	-4.4	21.8	12.0	1.4	13.7	32.4	16.0
NASDAQ	-9.4	-17.3	-11.2	-2.8	29.6	8.9	7.0	14.8	40.1	17.5
Russell 2000	-11.9	-20.2	-17.3	-11.0	14.6	21.3	-4.4	4.9	38.8	16.4
S&P/ TSX Composite	-5.4	-10.1	-10.6	-8.9	9.1	21.1	-8.3	10.6	13.0	7.2
Europe & Africa										
FTSE World Europe ex-UK €	-5.7	-11.6	-9.5	-10.5	13.0	3.4	10.9	0.2	25.2	17.8
MSCI Europe	-5.5	-11.3	-10.1	-10.0	10.9	3.2	8.8	7.4	20.5	18.1
CAC 40	-5.2	-13.6	-10.7	-8.0	12.7	8.9	11.9	2.7	22.2	20.4
DAX	-6.2	-13.8	-14.2	-18.3	12.5	6.9	9.6	2.7	25.5	29.1
Ibex 35	-5.6	-8.0	-9.3	-11.4	11.4	-4.8	-3.8	8.0	30.0	1.8
FTSEMIB	-4.5	-11.4	-14.6	-13.2	17.3	-6.5	15.8	3.0	20.5	12.2
Swiss Market Index (capital returns)	-6.7	-7.3	-2.1	-10.2	14.1	-6.8	-1.8	9.5	20.2	14.9
Amsterdam Exchanges	-6.1	-10.9	-10.5	-7.4	16.5	13.6	7.4	8.7	20.7	14.1
HSBC European Smaller Cos ex-UK	-6.3	-14.9	-14.5	-13.6	18.6	6.4	23.5	5.2	34.0	20.4
MSCI Russia (US$)	-3.4	-8.8	-2.8	0.2	6.1	55.9	5.0	-45.9	1.4	14.4
MSCI EM Europe, Middle East and Africa (US$)	-2.3	-4.2	-0.6	-7.5	16.5	22.8	-14.7	-28.4	-3.9	25.1
FTSE/JSE Africa All-Share (SA)	4.3	-4.9	-6.9	-8.5	21.0	2.6	5.1	10.9	21.4	26.7
UK										
FTSE All-Share	-3.8	-10.3	-11.0	-9.5	13.1	16.8	1.0	1.2	20.8	12.3
FTSE 100	-3.5	-9.6	-10.2	-8.7	12.0	19.1	-1.3	0.7	18.7	10.0
FTSE 250	-5.1	-13.3	-14.9	-13.3	17.8	6.7	11.2	3.7	32.3	26.1
FTSE Small Cap ex Investment Trusts	-3.5	-12.1	-13.9	-13.8	15.6	12.5	13.0	-2.7	43.9	36.3
FTSE TechMARK 100	-3.8	-7.0	-8.0	-4.9	9.8	10.0	16.6	12.3	31.7	23.0
Asia Pacific & Japan										
Hong Kong Hang Seng	-2.5	-6.7	-9.1	-10.5	41.3	4.3	-3.9	5.5	6.6	27.5
China SE Shanghai Composite (capital returns)	-3.6	-11.6	-12.4	-24.6	6.6	-12.3	9.4	52.9	-6.7	3.2
Singapore Times	-1.4	-5.5	-4.3	-6.5	22.1	3.8	-11.2	9.6	3.0	23.4
Taiwan Weighted (capital returns)	-1.6	-11.6	-10.2	-8.6	15.0	11.0	-10.4	8.1	11.9	8.9
Korean Composite (capital returns)	-2.7	-12.9	-12.3	-17.3	21.8	3.3	2.4	-4.8	0.7	9.4
Jakarta Composite (capital returns)	2.3	3.6	6.8	-2.5	20.0	15.3	-12.1	22.3	-1.0	12.9
Philippines Composite (capital returns)	1.3	2.6	3.8	-12.8	25.1	-1.6	-3.9	22.8	1.3	33.0
Thai Stock Exchange	-4.6	-10.6	-0.8	-8.1	17.3	23.9	-11.2	19.1	-3.6	41.3
Mumbai Sensex 30	-0.2	0.0	2.6	7.5	29.8	3.7	-3.5	32.4	10.9	27.8
Hang Seng China Enterprises index	-4.7	-8.1	-6.3	-9.9	29.6	1.5	-16.9	15.6	-1.5	19.8
ASX 200	-0.1	-8.2	-6.8	-2.8	11.8	11.8	2.6	5.6	20.2	20.3
Topix	-10.2	-17.6	-12.8	-16.0	22.2	0.3	12.1	10.3	54.4	20.9
Nikkei 225 (capital returns)	-10.5	-17.0	-10.3	-12.1	19.1	0.4	9.1	7.1	56.7	22.9
MSCI Asia Pac ex Japan (US$)	-2.7	-8.8	-10.0	-13.7	37.3	7.1	-9.1	3.1	3.7	22.6
Latin America										
MSCI EM Latin America (US$)	-0.7	0.5	5.3	-6.2	24.2	31.5	-30.8	-12.0	-13.2	8.9
MSCI Mexico (US$)	3.3	-18.7	-13.0	-15.3	16.3	-9.0	-14.2	-9.2	0.2	29.1
MSCI Brazil (US$)	-1.7	13.6	20.6	-0.2	24.5	66.7	-41.2	-13.7	-15.8	0.3
MSCI Argentina (US$)	-4.8	-1.3	-10.3	-50.7	73.6	5.1	-0.4	19.2	66.2	-37.1
MSCI Chile (US$)	-3.5	-8.6	-10.4	-18.9	43.6	16.8	-16.8	-12.2	-21.4	8.3
Commodities										
Oil - Brent Crude Spot (US$/BBL)	-12.1	-38.9	-34.8	-24.2	20.9	51.6	-33.5	-49.4	0.2	3.2
Oil - West Texas Intermediate (US$/BBL)	-11.1	-38.3	-39.1	-25.3	12.5	44.8	-30.5	-45.8	6.9	-7.1
Reuters CRB index	-6.4	-12.5	-14.3	-10.7	1.7	9.7	-23.4	-17.9	-5.0	-3.3
Gold Bullion LBM (US$/Troy Ounce)	5.1	7.5	2.4	-1.7	12.6	9.0	-10.5	-1.8	-27.3	5.6
Baltic Dry index	3.3	-17.5	-8.2	-7.0	42.1	101.0	-38.9	-65.7	225.8	-59.8

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

Investment risks

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

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