Monthly Market Roundup

February 2018 (covering January 2018)

Global overview

- Global equity markets reached record highs in January
- Strength in corporate earnings and a pick-up in economic growth helped drive markets
- Expectations that US tax cuts would provide a boost to profits spurred optimism further

Strength in corporate earnings, a pick-up in economic growth and optimism over US tax cuts has helped drive up prices in many markets across the world to the highest on record in January. The global equity market rally found fresh energy as the positive sentiment which pushed global equity markets to record highs in 2017 remained intact.

In the US, January registered the strongest start to the year since 1987. Earnings from corporate America also continued to impress and optimism surged following the end of the US government shut down. At the sector level, health care and consumer discretionary stocks led the gains on optimism that Republican tax cuts would result in higher corporate earnings. The expectation is that the health care sector, which has a high concentration of cash and investments overseas, would return part of those assets to shareholders in the form of stock buybacks and dividends. Consumer discretionary stocks also benefited from stronger than expected Christmas holiday sales.

Data released this month showed eurozone GDP expanding by 0.6% in the fourth quarter of 2017, marking 19 quarters straight of expansion. Within the European market, the finance sector was the strongest outperformer benefiting from a good earnings trend helped by higher yields and increasing credit growth. This was followed by the industrials sector which benefited from the pick-up in global activity levels. While economic growth in the euro-area is at its strongest in a decade and unemployment is on a downward trend, inflation remains muted. This is leading many market participants to question the pace of European Central Bank (ECB) tapering (i.e. removal of stimulus measures) this year.

After rising strongly into the close of 2017, UK equity market performance faltered in January in response to upward revisions to US interest rate expectations and a corresponding increase in government bond yields. Residual concerns around the UK's economic outlook and the risk of a 'hard Brexit' weighed on the performance of consumer-driven sectors, despite moderating inflation levels. On the corporate news front, the collapse of Carillion captured the headlines mid-month, after talks between the firm, its lenders and the government failed to save the FTSE 100 construction company.

Asian equity markets ended the month higher, in US dollar terms, partly driven by the rise in Chinese equities, increased confidence in the growth outlook and US dollar weakness. Taiwanese equities were supported by the strength of the semiconductor manufacturers, which benefited from robust demand expectations for high-end computer chips.

January saw a strong start to the year for emerging markets. Latin America was best performing in the region, with Brazil leading the way. Equity returns from emerging Asia were bolstered by an impressive performance from China as markets reacted positively to news that the Chinese economy expanded by 6.8% in the fourth quarter of 2017, ahead of consensus estimates.

January 2018 saw the US Treasury market lead government bond yields higher. The rise detracted from returns for more interest rate sensitive parts of the corporate bond market. However, high yield corporate bonds, which have a lower interest rate sensitivity, outperformed investment grade corporates and delivered a positive return.

US

- The US equity market registered its strongest start to the year since 1987
- Earnings from corporate America also continued to impress
- Optimism surged following the end of the US government shut down

Signs of economic expansion which pushed the US Equity market to record levels in 2017 remained intact and January registered the strongest start to the year since 1987. Earnings from corporate America also continued to impress and optimism surged following the end of the US government shut down.

At the sector level, consumer discretionary and IT stocks led the gains on optimism that Republican tax cuts would result in higher corporate earnings. For much of the month, healthcare stocks also performed strongly. The expectation was that the health care sector, which has a high concentration of cash and investments overseas, would return part of those assets to shareholders in the form of stock buybacks and dividends. Consumer discretionary stocks also benefited from stronger than expected Christmas holiday sales. At the end of January, though, the health care sector dipped lower on news that Amazon, Berkshire Hathaway and JP Morgan Chase would create a non-profit healthcare company to help contain their costs.

Meanwhile, utilities and real estate, which similar to telecoms act like bond proxies (stocks that exhibit bond-like characteristics), were in negative territory as the sell-off in Treasuries continued. Consumer staples stocks were also among the weakest performers over the month. Many large consumer goods companies have struggled with sluggish growth as consumers increasingly move away from big brands. Some analysts attribute this to higher gas prices and shifting consumer taste, but long-established household brands are also seen to be losing ground to smaller and more health-conscious or eco-friendly start-ups.

Nonetheless, the growth of the US economy in the fourth quarter of 2017 has mainly been attributed to the consumer, whose spending at 3.8% grew at its quickest pace in 18 months in the run-up to Christmas. US gross domestic product grew at an annualised rate of 2.6%, which, though slower than predicted, suggested that underlying demand was strong, especially as consumer confidence was matched by optimism among businesses. US companies added more workers to payrolls than expected in December, which would have also supported GDP numbers.

A further pickup in wages would provide additional impetus for spending. Meanwhile, President Trump's move to cut taxes may give the economy an additional boost in 2018, though reaching his goal of sustained 3% GDP growth will prove challenging, in part because household purchases are projected to cool. Weak productivity and slow labour-force expansion will also pose hurdles in the longer term, and higher borrowing costs could restrict gains as well. Fourth-quarter GDP was dragged down mainly because the trade deficit widened, as imports rose at double the pace of exports.

In terms of corporate news, global deal-making has made its strongest start to the year since the turn of the century, reflecting confidence over US tax reform, the strengthening global economy and equity market strength. Deals included Dominion Energy's takeover of US utility group Scana and Bermuda-based Bacardi's acquisition of the company that makes Patron tequila.

Invesco Perpetual

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Europe

- European stocks moved upwards in January
- Euro-area GDP posted another quarter of robust growth in the fourth quarter of 2017
- Inflation remained muted despite the economic upswing

European equity markets started the year on a strong note. Stocks advanced amid a robust growth backdrop and accelerating economy. Data released this month showed eurozone GDP expanding by 0.6% in the fourth quarter of 2017, marking 19 quarters straight of expansion. The strong macroeconomic environment led to a rise in German government bond yields which reached levels not seen since 2015.

Within the market, the finance sector was the strongest outperformer benefiting from a good earnings trend helped by higher yields and increasing credit growth. This was followed by the industrials sector which benefited from the pick-up in global activity levels. Meanwhile, the utilities sector lagged the broader market as investors preferred more cyclical sectors (i.e. more sensitive to the economic cycle) given the uptick in growth. On a stock level, Fiat Chrysler Automobiles was the standout performer in January, after the company raised its profit expectations for the coming few years and moved ahead with plans to spin off its auto-parts business, in an effort to focus on car manufacturing and a better response to rising new technologies (e.g. electrification and autonomous driving). Sartorius, the German pharmaceutical and laboratory equipment provider, was another strong performer in January after posting good revenue growth figures for 2017. Meanwhile, Aryzta, the Swiss-listed packaged food company, was the biggest detractor after it issued a profit warning citing challenging trends in its European and US businesses. Suez, the French utility firm, also fell after announcing revenue and profit forecasts below market expectations.

On the macroeconomic front, buoyant fundamentals continued to support the expansion. Private sector business surveys continued to show a very healthy rise in activity levels across the various sectors of the economy, reaching rates of growth not seen since the global financial crisis. Confidence among businesses and households in the euro-area also stood at multi-year highs, underpinning domestic consumption and investment. On a country level, the French economy grew 0.6% in the fourth quarter of 2017 and delivered its best full-year since 2011 as the election of President Emmanuel Macron helped bolster confidence. Spain shrugged off the political crisis in Catalonia late last year with growth of 0.7% in the fourth quarter of 2017.

While economic growth in the euro-area is at its strongest in a decade and unemployment is on a downward trend, inflation remains muted. This is leading many markets participants to question the pace of European Central Bank (ECB) tapering (i.e. removal of stimulus measures) this year. However, the persistence of a strong domestic demand environment, increasing manufacturing backlogs and the continued improvement in labour markets put increasing upward pressure on prices, which eventually feeds into inflation figures and allows for a gradual normalisation in monetary policy in our view.

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UK

- UK equity market performance faltered in January after rising strongly into year-end 2017
- Sterling rose to its highest level against the US dollar since the EU referendum
- The collapse of Carillion captured the headlines mid-month

After rising strongly into the close of 2017, UK equity market performance faltered in January in response to upward revisions to US interest rate expectations and a corresponding increase in government bond yields. The UK's major market indices missed out on the wider rally seen across global stock markets against a backdrop of rising commodity prices, strong global growth expectations and strengthening sterling.

News of a record high in the UK employment rate pushed sterling to a post-referendum peak against the US dollar, surpassing US$1.40 into month-end. While this shift benefited sentiment towards companies with significant domestic exposure, relative US dollar weakness weighed on the overseas earnings of the UK market's many multinational constituents.

The oil price continued to rise through the month, spurred on by comments from US Treasury secretary that a weaker dollar was "good for trade", to break through US$70 a barrel nearing month end. ONS data indicated a slowdown in the rate of UK economic growth for 2017 as a whole, although business services and manufacturing helped galvanise the growth rate in the final quarter of the year.

Residual concerns around the UK's economic outlook and the risk of a 'hard Brexit' weighed on the performance of consumer-driven sectors, despite moderating inflation levels. The Consumer Price Index fell to 3% in December, down from 3.1 % in November, in line with economist forecasts that the impact of weakened sterling on inflation levels would peak at the end of 2017.

On the corporate news front, the collapse of Carillion (not held in Invesco Perpetual UK Equities portfolios) captured the headlines mid-month, after talks between the firm, its lenders and the government failed to save the FTSE 100 construction company. Carillion's crumble negatively impacted the share prices of a string of associated businesses, particularly those currently under contract with the company.

Among these was outsourcer Capita, which issued a profit warning on the final day of the month, announcing plans for a rights issue of up to £700m and suspending its dividend "until the company is generating sustainable free cash flow". The announcement, which was accompanied by a strong message from management on the need for change within the business, prompted a sharp fall in the company's share price.

Provident Financial issued a trading update, guiding that the full-year exceptional loss from its home credit division would be at the upper end of estimates. Collection rates in the division improved dramatically through the period however, as the company continues to prioritise "rebuild[ing] trust with...customers, regulators, shareholders and employees".

Low-cost carrier EasyJet reported rising sales and revenues for the final quarter of 2017, a period which saw the bankruptcies of Monarch, Air Berlin and Alitalia provide some tailwinds for the company in a highly competitive market.

Asia Pacific

- Asian equity market performance was strong partly due to a rise in Chinese equities and a positive growth outlook
- Taiwanese equities were supported by the strength of the semiconductor manufacturers
- Japan held onto gains as the yen strengthened

Asian equity markets ended the month higher in US dollar terms, partly driven by the rise in Chinese equities, increased confidence in the growth outlook and US dollar weakness. In terms of sector performance, the financials and energy sectors made strong gains while the telecoms and utilities sectors lagged. China's equity market rose thanks to positive earnings revisions and fourth quarter GDP growth (6.8%, year-on-year) which came in ahead of forecasts. Other economic data for December met expectations with industrial production and exports showing steady growth. In addition, further regulations introduced by the Chinese banking regulator, aimed at reducing financial risks, were positive for the financial sector.

Elsewhere, Indian equities rose as third quarter earnings were ahead of forecasts, with economic data pointing to a gradual rebound in growth trends post some disruption caused by the introduction of the new Goods & Services Tax. In Taiwan, the market rose driven by the strong share price performance of the semiconductor manufacturers. Led by index heavyweight Taiwan Semiconductor Manufacturing, these companies benefited from robust demand expectations for high-end computer chips. In Korea, the equity market made positive gains over the month but performance was dampened thanks to worries about the index heavyweights in the technology sector. Weakening smartphone demand triggered by iPhone X production cuts weighed on some Korean technology stocks, particularly as some component companies' earnings figures fell short of expectations. Furthermore, a weaker than expected fourth quarter GDP growth figure, alongside a strong currency, also limited the upside in Korean equities. Finally, on the commodity front, strong demand, OPEC (Organization of the Petroleum Exporting Countries) production cuts and consistent inventory drawdowns are supporting oil prices.

Japan's equity market made a positive start to the year, ending the month higher for the fifth consecutive month, lifted by expectations that global economic growth will fuel an improvement in corporate earnings. However, the market pulled back towards the end of the month after the yen strengthened against the US dollar due to concerns surrounding: the protectionist trade policies touted by President Trump; speculation that the Bank of Japan may start to normalise monetary policy; and the US Treasury Secretary's remarks welcoming a weaker dollar. In terms of economic data, preliminary estimates for industrial production growth of 2.7% year-on-year were supportive, although consumer spending slipped slightly. In the job market, unemployment fell further, but the focus is now on this year's annual wage negotiations, with wage growth needed to support spending and help counter the effect of higher food prices.

Emerging Markets

- It was a strong start to the year for emerging equity markets
- The advance was supported by an improving global growth outlook
- Brent crude oil climbs above US$70 a barrel – it's highest price for three years

Emerging equity markets enjoyed a strong start to the year with broad gains being registered across all regions and sectors. The advance in stock prices was supported by an improving global growth outlook and increasing optimism that companies will be able to deliver on the earnings front in 2018. Latin America was the best performing region with Brazil leading the way. Equity returns from emerging Asia were bolstered by an impressive performance from China as markets reacted positively to news that the Chinese economy expanded by 6.8% in fourth quarter of 2017, ahead of consensus estimates. Russia was the top performer in emerging Europe with sentiment boosted by higher oil prices – Brent crude rose above US$70 a barrel for the first time in three years. Other commodities such as natural gas and precious metals also rallied in price, although the outcome for industrial metals was mixed – copper prices fell by 1.8% but iron ore climbed 2.2%. The US dollar dropped in value against a basket of emerging market currencies.

A faster-than-expected economic recovery and rising commodity prices provided a positive backdrop for Brazil's equity market. The energy sector and banking stocks had a particularly strong month. The International Monetary Fund (IMF) increased its growth outlook for Brazil in 2018 to 1.9%, as businesses and consumers responded to record-low interest rates. Although the presidential election is not due until October, uncertainties over the Government's delayed pension reform plans prompted ratings agency Standard & Poor's to cut Brazil's credit rating (sovereign debt) to BB- from BB. Signs of progress with the North America Free Trade Agreement renegotiations gave support to Mexico's equity market, with stocks in the automobile sector benefiting. The IMF also boosted its growth outlook for Mexico to an estimated 2.3% in 2018. Elsewhere in the region, Chile's President-elect Sebastian Pinera announced his ministerial cabinet, which included prominent conservative figures. Interest rates were cut in Colombia and Peru.

Emerging European equity markets drew support from encouraging economic news, with GDP expansion set to remain strong in 2018. Underpinned by rising energy prices, the region's top equity performer was Russia. Aside from oil and gas companies, banks also enjoyed a healthy start to the year as the country's recovery from recession gained further impetus. According to data from the country's Federal Statistics Service, the Russian economy grew by 1.5% in 2017 following two years of recession. Equity markets in central Europe – Poland, Hungary and Czech Republic – also registered strong gains for the month, as the eurozone recorded its highest annual growth rate for a decade. Positive sentiment towards Greece was reinforced as Parliament approved a bill for fiscal, energy and labour reforms.

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Fixed Interest

- Government bond yields were higher, with the US 10-year yield rising to 2.71%
- The US dollar continued to weaken over January
- Spain was upgraded to A- by ratings agency Fitch

January 2018 saw the US Treasury market lead government bond yields higher. The rise detracted from returns for more interest rate sensitive parts of the corporate bond market. However, high yield corporate bonds, which have a lower interest rate sensitivity, outperformed investment grade corporates and delivered a positive return.

Contributing to the rise in bond yields was the improving economic backdrop. For example, the International Monetary Fund upgraded its forecasts for economic growth to 3.9% for 2018. By 31 January, the yield on the US 10-year Treasury had risen to 2.71%. A number of market participants noted that, by climbing above 2.6%, the 10-year Treasury might have broken out of its long-term downward trend. Gilt and German Bund yields were also higher on the month. Contributing to the rise was a less accommodative message from the European Central Bank at its January meeting than many had expected.

The US dollar continued to weaken. Surprising comments from US Treasury Secretary Steve Mnuchin that the US welcomed a weaker dollar and that it would benefit the country added to pressure on the dollar. He subsequently backtracked on the statement and President Trump declared he loved everything that's strong, including the dollar. Nonetheless, by 31 January the pound was worth US$1.42 and the euro US$1.24, up from US$1.35 and US$1.20 respectively at the start of the month.

Ratings agency Fitch upgraded Spain to A-, citing a strong broad based economic recovery and so far limited impact on the economy from Catalonia's bid for independence. Following the announcement, the premium the Spanish government needs to pay to borrow over Germany fell to its lowest level since 2010.

According to data from Barclays, sterling investment grade issuance in January totalled £5bn, while in Europe there was €50.3bn of new supply. This compares to £5.2bn and €57.2bn issued in January 2017. Sterling issuance included £750m raised by the Wellcome Trust through a 100-year bond paying an annual coupon of 2.517%. In the secondary market, embattled UK retailer NewLook saw its 2026 bond price fall to a new low of 35 from 41 at the start of the month. An announcement that the company plans to close 60 UK stores helped the bonds to recover, with the 2026 bond ending the month at a price of 45. Meanwhile, Steinhoff International is yet to publish its restated accounts. Toward the end of the month the company announced that it had secured enough money to keep its businesses running in the immediate term and can now start talks with a broader group of creditors.

Government Bonds					Yield to maturity (%)
	31.01.18	31.12.17	31.10.17	31.07.17	31.01.17
US Treasuries 2 year	2.14	1.88	1.60	1.35	1.20
US Treasuries 10 year	2.71	2.41	2.38	2.29	2.45
US Treasuries 30 year	2.93	2.74	2.88	2.90	3.06
UK Gilts 2 year	0.66	0.44	0.46	0.27	0.14
UK Gilts 10 year	1.51	1.19	1.33	1.23	1.42
UK Gilts 30 year	1.95	1.76	1.90	1.86	2.05
German Bund 2 year	-0.53	-0.63	-0.75	-0.68	-0.70
German Bund 10 year	0.70	0.43	0.36	0.54	0.44
German Bund 30 year	1.33	1.26	1.23	1.30	1.15

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

Corporate Bonds										Yield to maturity (%)/Spread[1] (bps)
	31.01.18		31.12.17		31.10.17		31.07.17		31.01.17	
£ AAA	2.04	43	1.85	45	1.81	39	1.71	39	2.02	41
£ AA	1.97	60	1.78	67	1.93	70	1.79	69	2.03	76
£ A	2.54	101	2.40	111	2.49	111	2.36	112	2.68	129
£ BBB	2.82	130	2.70	146	2.78	145	2.70	153	3.07	179
€ AAA	0.78	39	0.68	47	0.57	44	0.76	50	0.88	68
€ AA	0.54	45	0.45	55	0.36	58	0.51	60	0.54	75
€ A	0.78	65	0.69	75	0.57	77	0.72	80	0.83	104
€ BBB	1.19	90	1.13	104	0.99	106	1.17	113	1.36	149
European High Yield (inc € + £)	3.50	268	3.53	294	3.33	254	3.60	283	4.16	365

Source: Bloomberg LP, Merrill Lynch data. Data as at 31 January 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 equity and commodity index performance - figures to 31 January 2018 (%)

	1 Month	3 Months	6 Months	YTD	2017	2016	2015	2014	2013	2012
Global US & Canada										
MSCI World (US$)	5.3	9.1	14.0	5.3	23.1	8.2	-0.3	5.5	24.7	16.5
MSCI World Value (US$)	4.3	8.1	11.7	4.3	18.0	13.2	-4.1	4.4	27.5	16.4
MSCI World Growth (US$)	6.3	10.1	16.2	6.3	28.5	3.2	3.5	6.6	27.2	16.6
MSCI World Small Cap (US$)	3.6	7.5	13.4	3.6	23.2	13.3	0.1	2.3	32.9	18.1
MSCI Emerging Markets (US$)	8.3	12.5	18.7	8.3	37.8	11.6	-14.6	-1.8	-2.3	18.6
FTSE World (US$)	5.4	9.4	14.3	5.4	24.1	8.7	-1.4	4.8	24.7	17.0
Dow Jones Industrials	5.9	12.5	20.8	5.9	28.1	16.5	0.2	10.0	29.7	10.2
S&P 500	5.7	10.2	15.4	5.7	21.8	12.0	1.4	13.7	32.4	16.0
NASDAQ	7.4	10.4	17.4	7.4	29.6	8.9	7.0	14.8	40.1	17.5
Russell 2000	2.6	5.1	11.2	2.6	14.6	21.3	-4.4	4.9	38.8	16.4
S&P/ TSX Composite	-1.4	0.3	6.9	-1.4	9.1	21.1	-8.3	10.6	13.0	7.2
Europe & Africa										
FTSE World Europe ex-UK €	2.6	0.3	5.6	2.6	13.0	3.4	10.9	0.2	25.2	17.8
MSCI Europe	1.6	0.3	5.5	1.6	10.9	3.2	8.8	7.4	20.5	18.1
CAC 40	3.2	-0.1	8.1	3.2	12.7	8.9	11.9	2.7	22.2	20.4
DAX	2.1	-0.3	8.8	2.1	12.5	6.9	9.6	2.7	25.5	29.1
Ibex 35	4.4	0.2	1.4	4.4	11.4	-4.8	-3.8	8.0	30.0	1.8
FTSEMIB	7.9	3.7	10.3	7.9	17.3	-6.5	15.8	3.0	20.5	12.2
Swiss Market Index (capital returns)	-0.5	1.0	3.1	-0.5	14.1	-6.8	-1.8	9.5	20.2	14.9
Amsterdam Exchanges	2.9	1.6	7.9	2.9	16.5	13.6	7.4	8.7	20.7	14.1
HSBC European Smaller Cos ex-UK	2.8	2.3	7.1	2.8	18.6	6.4	23.5	5.2	34.0	20.4
MSCI Russia (US$)	12.6	19.9	32.9	12.6	6.1	55.9	5.0	-45.9	1.4	14.4
MSCI EM Europe, Middle East and Africa (US$)	9.3	14.2	17.5	9.3	16.5	22.8	-14.7	-28.4	-3.9	25.1
FTSE/JSE Africa All-Share (SA)	0.1	1.2	9.4	0.1	21.0	2.6	5.1	10.9	21.4	26.7
UK										
FTSE All-Share	-1.9	1.1	3.9	-1.9	13.1	16.8	1.0	1.2	20.8	12.3
FTSE 100	-2.0	1.1	4.0	-2.0	12.0	19.1	-1.3	0.7	18.7	10.0
FTSE 250	-2.2	0.5	3.6	-2.2	17.8	6.7	11.2	3.7	32.3	26.1
FTSE Small Cap ex Investment Trusts	-0.8	0.2	2.2	-0.8	15.6	12.5	13.0	-2.7	43.9	36.3
FTSE TechMARK 100	-3.3	-3.9	1.5	-3.3	9.8	10.0	16.6	12.3	31.7	23.0
Asia Pacific & Japan										
Hong Kong Hang Seng	9.9	16.6	21.9	9.9	41.3	4.3	-3.9	5.5	6.6	27.5
China SE Shanghai Composite (capital returns)	5.3	2.6	6.3	5.3	6.6	-12.3	9.4	52.9	-6.7	3.2
Singapore Times	3.9	5.2	7.9	3.9	22.1	3.8	-11.2	9.6	3.0	23.4
Taiwan Weighted (capital returns)	4.3	2.9	6.5	4.3	15.0	11.0	-10.4	8.1	11.9	8.9
Korean Composite (capital returns)	4.0	1.7	6.8	4.0	21.8	3.3	2.4	-4.8	0.7	9.4
Jakarta Composite (capital returns)	3.9	10.0	13.1	3.9	20.0	15.3	-12.1	22.3	-1.0	12.9
Philippines Composite (capital returns)	2.4	4.8	9.3	2.4	25.1	-1.6	-3.9	22.8	1.3	33.0
Thai Stock Exchange	4.2	6.3	17.3	4.2	17.3	23.9	-11.2	19.1	-3.6	41.3
Mumbai Sensex 30	5.7	8.7	11.4	5.7	29.8	3.7	-3.5	32.4	10.9	27.8
Hang Seng China Enterprises index	15.8	17.9	25.6	15.8	29.6	1.5	-16.9	15.6	-1.5	19.8
ASX 200	-0.5	3.0	7.9	-0.5	11.8	11.8	2.6	5.6	20.2	20.3
Topix	1.1	4.2	14.6	1.1	22.2	0.3	12.1	10.3	54.4	20.9
Nikkei 225 (capital returns)	1.5	4.9	15.9	1.5	19.1	0.4	9.1	7.1	56.7	22.9
MSCI Asia Pac ex Japan (US$)	6.7	10.7	16.1	6.7	37.3	7.1	-9.1	3.1	3.7	22.6
Latin America										
MSCI EM Latin America (US$)	13.2	14.7	17.6	13.2	24.2	31.5	-30.8	-12.0	-13.2	8.9
MSCI Mexico (US$)	7.9	7.3	-3.4	7.9	16.3	-9.0	-14.2	-9.2	0.2	29.1
MSCI Brazil (US$)	16.8	18.6	27.1	16.8	24.5	66.7	-41.2	-13.7	-15.8	0.3
MSCI Argentina (US$)	2.2	3.9	34.5	2.2	73.6	5.1	-0.4	19.2	66.2	-37.1
MSCI Chile (US$)	7.3	9.7	23.7	7.3	43.6	16.8	-16.8	-12.2	-21.4	8.3
Commodities										
Oil - Brent Crude Spot (US$/BBL)	1.6	10.5	30.4	1.6	20.9	51.6	-33.5	-49.4	0.2	3.2
Oil - West Texas Intermediate (US$/BBL)	7.2	19.2	29.1	7.2	12.5	44.8	-30.5	-45.8	6.9	-7.1
Reuters CRB index	1.9	5.6	8.7	1.9	1.7	9.7	-23.4	-17.9	-5.0	-3.3
Gold Bullion LBM (US$/Troy Ounce)	2.9	5.7	5.7	2.9	12.6	9.0	-10.5	-1.8	-27.3	5.6
Baltic Dry index	-15.7	-24.3	21.8	-15.7	42.1	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 February 2018.

Global currency movements – figures to 31 January 2018

	Current value	Change Over: 1 Month (%)	3 Months (%)	6 Months (%)	YTD (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)
Euro/US Dollar	1.24	3.5	6.7	4.9	3.5	-3.2	-10.2	-12.0	4.2	1.9
Euro/GB Sterling	0.88	-1.4	-0.2	-2.3	-1.4	15.7	-5.1	-6.4	2.1	-2.4
Euro/Swiss Franc	1.16	-1.0	-0.4	1.0	-1.0	-1.6	-9.5	-2.0	1.6	-0.5
Euro/Swedish Krona	9.79	-0.6	0.3	2.4	-0.6	4.4	-2.7	6.6	3.2	-3.9
Euro/Norwegian Krone	9.58	-2.7	0.7	2.9	-2.7	-5.4	6.2	8.4	13.7	-5.4
Euro/Danish Krone	7.45	0.0	0.1	0.1	0.0	-0.5	0.2	-0.2	0.0	0.4
Euro/Polish Zloty	4.15	-0.5	-2.0	-2.4	-0.5	3.3	-0.6	3.2	1.8	-8.6
Euro/Hungarian Forint	310.19	-0.2	-0.4	2.0	-0.2	-2.0	-0.3	6.5	2.1	-7.6
US Dollar/Yen	109.19	-3.1	-3.9	-1.0	-3.1	-2.8	0.5	13.7	21.4	12.7
US Dollar/Canadian Dollar	1.23	-2.1	-4.4	-1.3	-2.1	-2.9	19.1	9.4	7.1	-2.7
US Dollar/South African Rand	11.87	-4.1	-16.0	-10.0	-4.1	-11.2	33.8	10.2	24.1	4.5
US Dollar/Brazilian Real	3.19	-3.8	-2.7	1.9	-3.8	-17.8	49.0	12.5	15.3	9.9
US Dollar/South Korean Won	1070.08	0.3	-4.3	-4.4	0.3	2.7	7.5	4.1	-0.7	-8.2
US Dollar/Taiwan Dollar	29.18	-1.7	-3.3	-3.4	-1.7	-1.2	3.8	6.1	2.7	-4.1
US Dollar/Thai Baht	31.35	-3.7	-5.7	-5.9	-3.7	-0.5	9.5	0.6	6.9	-3.1
US Dollar/Singapore Dollar	1.31	-1.9	-3.7	-3.2	-1.9	2.2	6.9	4.9	3.4	-5.8
US Dollar/GB Sterling	0.70	-4.9	-6.6	-7.3	-4.9	19.3	5.8	-5.9	1.9	4.6
GB Sterling/South African Rand	16.84	0.7	-10.3	-3.3	0.7	-25.7	26.6	3.7	26.6	9.2
Australian Dollar/US Dollar	0.81	3.2	5.2	0.6	3.2	-0.9	-10.9	-8.4	-14.2	1.6
New Zealand Dollar/US Dollar	0.74	3.9	7.6	-2.0	3.9	1.7	-12.4	-5.0	-0.9	6.4

Source: Thomson Reuters Datastream, all figures subject to rounding. Data as at 05 February 2018.

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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