Invesco Perpetual

Monthly Market Roundup
November 2016 (covering October 2016)

Global overview

While no action was taken by the US Federal Reserve (Fed) ahead of the hotly contested US presidential elections in November this year (along with central banks in the UK, Europe and Japan), October's better-than-expected core economic growth data saw expectations for a December US interest rate hike firm-up among market participants. With most equity markets trending higher, especially in Latin America, or holding onto September gains, the MSCI AC World index recorded a healthy 4.62% in October (in sterling terms). Some of the strongest sector returns came from financials on the back of better-than expected third quarter 2016 corporate earnings results in the US, but also in Europe and Asia. In commodity markets, crude oil prices rose to a 12-month high on the announcement by Russian President Vladimir Putin of plans to join Organization of the Petroleum Exporting Countries' (OPEC) efforts to assuage declining oil prices with a production cap. However, market sentiment towards the oil sector was somewhat dampened on growing market scepticism over OPEC's ability to implement its planned oil production cuts, and the lack of support from non-OPEC members saw oil prices decline over the month.

September's growing investor uneasiness spilled over into October, as the risk-on/risk-off environment prevailed, in part fuelled by the market's reaction to mixed third quarter corporate earnings results and the increasing likelihood of a December US interest rate hike. Burdened with heightened market uncertainty about the outcome of the closely contested US presidential race, the S&P 500 index was unable to hold onto initial gains during the month, posting negative returns of -1.82% in October (in US dollar terms). UK-based investors, however, continued to benefit from extended currency weakness versus the US dollar, as the S&P 500 index generated a healthy 4.13% in sterling terms. In corporate news, the US Manufacturing Purchasing Managers' Index (PMI) came in at 53.2 in October, while third quarter earnings season got off to a good start. However, this did not prevent most market segments, apart from financials and utilities, from sliding into negative territory in October, as investors' sentiment continued to sway between highs and lows. Although month end saw the release of better-than-anticipated third quarter US economic growth, with GDP coming in at 2.9%, and strong US consumer household spending data prints, it failed to calm the market's prevailing nervousness.

Rising Gilt yields and sterling declines dictated UK equity market movements during October; mid-month, the pound plumbed to new lows against the US dollar, while the FTSE 100 index rose above 7000 for the first time since May 2015. Debate over the route for Britain's exit from the European Union (EU) coursed on through the month, adding to currency and market volatility as the market contemplated the consequences of a 'hard' Brexit and departure from the European single market. Third quarter GDP figures beat consensus forecasts; strong performance in the services industries offset falling output in construction, agriculture and production. September's PMI print – a survey of private sector activity – also exceeded expectations, supported by a surge in export orders.

In Europe, equity markets remained broadly unchanged in October as investors awaited the outcome of the US presidential election, the future of the European Central Bank's (ECB) stimulus programme and the timing of the next US interest rate increase. While the overall market level stayed in a tight range, the sector rotation, continued to be observed: 'value' perceived sectors performed strongly, while 'bond-proxy' sectors lagged. In October, the financials sector was the best performer. On the macroeconomic front, eurozone GDP rose by 0.3% in quarter three 2016, proving that the ECB's efforts to revive the economy have borne fruit even in the face of insufficient structural reforms. Elsewhere, October's flash eurozone Composite PMI rose to the highest level this year, signalling an acceleration of economic momentum and a pick-up in GDP growth. These readings add to the evidence that the eurozone recovery remains well on track in the face of headwinds.

The Japanese equity market ended October higher (in local currency terms), buoyed by the yen's weakness versus the US dollar and more visibility after the Bank of Japan's (BoJ) policy review at the end of September. BoJ governor, Haruhiko Kuroda, reiterated the central bank's resolve to maintain ultra-loose monetary policy until Japan has met its 2% inflation target, and signalled expectations of "moderate" growth. Meanwhile, favourable US macroeconomic indicators have increased the potential for US interest rates to rise this year. This combined with a continuation of monetary easing in Japan has reduced the risk of further yen appreciation. This has helped to support the equity market, with the materials, financials and energy sectors outperforming perceived 'defensive' sectors, including healthcare and utilities.

The rotation away from perceived 'safer' bond like segments has been observed more broadly across global equity indices. However, third quarter corporate results delivered a mixed outlook for earnings.

Across Asia, performance of regional equity markets was mixed in October on the back of increasing expectations of a US interest rate hike in December and mounting concerns about the outcome of the US presidential election. A notable divergence in performance between regional equity markets saw Taiwan (where technology companies posted upbeat earnings results) and Indonesia deliver some of the strongest performances, helped by solid quarter three 2016 corporate earnings announcements. However, the Philippines equity market was among the weakest. In China, the equity market was marginally weaker on profit taking post a strong performance over the third quarter of 2016. September's consumption data was robust, with a notable pick-up in automobile and house sales year-on-year, while third quarter GDP growth of 6.7% year-on-year was in line with forecasts. However, industrial profit growth was less- than-expected, and trade data from China disappointed as exports slowed down in September, although the economy remains on track to reach its 2016 target. This highlights that challenges remain which could limit the magnitude of economic growth in China ahead.

Global emerging equity markets ended just marginally higher than the previous month (in US dollar terms). By comparison, equity markets in the developed world lost ground, as better-than-expected US GDP data increased the probability of a hike in US interest rates in 2016. Regional performance within emerging markets was diverse, with strong returns being registered in Latin America, underpinned by double-digit gains from Brazil. Favourable market sentiment towards Brazil was given a boost when the central bank cut interest rates for the first time in four years. Along with its currency, Mexico's equity market strengthened, drawing support from encouraging economic data. However, the mood remained cautious ahead of the final build-up to the US presidential election. Equity performance in EMEA (Europe, Middle East and Africa) was mixed, with stock markets in emerging Europe faring reasonably well, whereas those in the Middle East struggled somewhat. At the sector level, energy and materials were the winners, with healthcare being the laggard.

US

- Strong third quarter GDP and consumer spending data prints maintained the US economic recovery
- Expectations firmed up for December US interest rate hike
- Investor uneasiness during October pulled the S&P 500 index lower

September's growing investor uneasiness spilled over into October, as the risk-on/risk-off environment prevailed, in part fuelled by the market's reaction to mixed third quarter corporate earnings results and the increasing likelihood of a December US interest rate hike. Burdened with heightened market uncertainty about the outcome of the closely contested US presidential race, the S&P 500 index was unable to hold onto initial gains during the month, posting negative returns of -1.82% in October. Despite recording its worst monthly performance since January 2016, the index remained positive year-to-date, returning 5.87% (in US dollar terms). UK-based investors, however, continued to benefit from extended currency weakness versus the US dollar, as the S&P 500 index generated a healthy 4.13% in sterling terms. Although month end saw the release of better-than-anticipated third quarter US economic growth and strong US consumer household spending data prints, it failed to calm the market's prevailing nervousness.

According to the US Commerce Department reports released in October, US consumer spending, which accounts for about 70% of US economic activity, increased more than expected in September, primarily driven by households spending on motor vehicles. Overall, consumer spending rose by 0.5% after a downwardly revised 0.1% decline in August. Additional support also came from encouraging US retail sales, which rose by an expected 0.6% in September, and from better-than-expected existing homes sales. According to the National Association of Realtors, existing home sales rose 3.2% to an annual rate of 5.47m units in September, the quickest pace since June this year. The US housing market has been strengthening on the back of healthy job gains, while wage gains have also shown signs of accelerating, although not enough to keep up with home price growth. With consumer spending firming, inflation continued to gain steadily. Overall, consumer spending, combined with a spurt in agricultural product exports (predominately soy bean sales to China) and a turnaround in inventory investment boosted economic growth to 2.9% GDP growth for the third quarter of 2016 (versus market expectations of 2.5%). Due to the economy expanding at its fastest pace in two years, inflation rising and sustained labour market strength, the third quarter rise in GDP could help dispel any lingering fears that the US economy recovery was at risk of stalling. With the market continuing to focus on the timing and frequency of US interest rate hikes, experts believe that recent economic data prints could further bolster expectations of an interest rate hike from the US Federal Reserve (Fed) at its December meeting.

In corporate news, the US Manufacturing Purchasing Managers' Index (PMI) came in at 53.2 in October – its strongest rebound in business conditions for 12 months – while third quarter earnings season got off to a good start. About 80% of the 70 S&P 500 companies that had reported earnings results as at 20 October had beaten profit estimates. However, this did not prevent most market segments, apart from financials and utilities, from sliding into negative territory in October, as investors' sentiment continued to sway between highs and lows. This was in part due to repeated profit taking during the month, particularly in the energy sector following recent oil price rises, and heightened market nervousness as the US presidential election entered its final phase. In particular, growing market scepticism over the Organization of the Petroleum Exporting Countries' (OPEC's) ability to implement its planned oil production cuts, and the lack of support from non-OPEC members, saw oil prices decline over the month. While stocks in the energy sector where not able to hold on to September's gains, the financials sector enjoyed strong performance, benefiting from relatively strong third quarter earnings results. In particular, J.P. Morgan Chase, Wells Fargo, Bank of America and Citigroup, as well as embattled Deutsche Bank, all posted better-than-expected quarterly earnings news. However, BlackRock reported mixed results, missing estimates on revenue, but beating on profits. Among perceived 'safer' bond like sectors, utilities performed well.

Elsewhere, merger and acquisition activity (M&A) was dominated by several major deals in October and saw the total value of transactions attempted rise to above US$500bn during the month. With many companies still struggling to increase sales in the current low growth environment, historically low borrowing rates have made acquisitions an attractive way to boost revenue growth. The surge in blockbuster M&A activity, which made October one of the busiest months for global deal making on record, also signalled renewed corporate confidence in the outlook for the US economy. Among those, British American Tobacco offered to buy the 57.8% of Reynolds American Inc. it did not already own in a US$47bn cash-and-stock deal. Elsewhere, US telecommunication giant AT&T reached an agreement in principle to acquire media company Time Warner for about US$85.4bn, paving the way for what would be the biggest merger in 2016. It would provide AT&A with control of cable TV channels HBO and CNN, film studio Warner Bros and other coveted media assets. Within the technology sector, Qualcomm Incorporated and NXP Semiconductors announced a definitive agreement under which Qualcomm will acquire NXP for approximately US$47bn.

Europe

- European equity markets were flat in October
- The financials sector rallied, while bond-proxy sectors lagged
- Macroeconomic data in Europe remained resilient, underpinning the slow but steady recovery

European equity markets remained broadly unchanged in October as investors awaited the outcome of the US presidential election, the future of the European Central Bank's (ECB's) stimulus programme and the timing of the US Federal Reserve's (Fed's) next interest rate increase.

While the overall market level stayed in a tight range, the sector rotation, which began in the summer months, continued to be observed; 'value' perceived sectors performed strongly while bond-proxy sectors lagged. In October, the financials sector was the best performer. Better-than-anticipated earnings posted by a number of European banks, combined with rising bond yields, led to a significant improvement in sentiment towards European financials. The oil and gas sector also rallied during the month, after the announcement of an output cut by some major oil exporting countries in late September – the final terms of these cuts are yet to be agreed. Meanwhile, the technology sector was the biggest detractor in October, particularly networks and equipment providers due to weakened expectations in the mobile telecom equipment market this year. The healthcare and consumer goods sectors, which are sensitive to interest rate movements, also lagged the broader market amid rising government bond yields. On a stock level, Italian lender UBI and Spanish lender CaixaBank were among the best performers, rising 26% and 24% respectively. Meanwhile, the German industrial machinery provider GEA was the biggest detractor; its share price slumped by almost 29% after issuing a profit warning due to disappointing third quarter earnings.

On the macroeconomic front, Eurozone GDP maintained a steady growth level, rising by 0.3% in the third quarter of 2016, proving that the ECB's efforts to revive the economy have borne fruit even in the face of insufficient structural reforms. Economic growth in France accelerated to 0.2% in quarter three from -0.1% in the prior quarter, while Spain continued to post healthy growth levels at 0.7%.

Data released this month also indicated that the fourth quarter of 2016 has got off to a good start. October's flash eurozone Composite Purchasing Managers Index (PMI), a survey of private sector business activity, rose to the highest level this year, signalling an acceleration of economic momentum and a pick-up in GDP growth. Flash eurozone Manufacturing and Services PMIs also rose to a 10-month and 9-month high respectively, all beating expectations, while economic confidence in the euro-area jumped to a 2016 high in October. These readings add to the evidence that the eurozone recovery remains well on track, and has continued at a steady, if moderate pace in the face of headwinds ranging from the UK's vote to leave the European Union (EU) and political uncertainty fuelled by an upsurge of populist movements.

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UK

- Sterling found new floors against the US dollar
- Corporate reporting for the third quarter delivered a mixed outlook for the UK equity market
- British American Tobacco (BAT) continued the drive toward consolidation in the tobacco sector

Rising Gilt yields and sterling declines dictated UK equity market movements during October; mid-month, the pound plumbed new lows against the US dollar, while the FTSE 100 index rose above 7000 for the first time since May 2015. Debate over the route for Britain's exit from the European Union (EU) coursed on through the month, adding to currency and market volatility as the market contemplated the consequences of a 'hard' Brexit and departure from the European single market.

Third quarter GDP figures beat consensus forecasts; strong performance in the services industries offset falling output in construction, agriculture and production. September's Purchasing Manager's Index (PMI) print – a survey of private sector activity – also exceeded expectations, supported by a surge in export orders. In commodity markets, crude oil rose to a 12-month high on the announcement by Russian president Vladimir Putin of plans to join Organization of the Petroleum Exporting Countries' (OPEC) efforts to assuage declining oil prices with a production cap.

The UK government backed a third runway at Heathrow airport, bringing an end to the extended contest with rival prospective site Gatwick; the £22bn proposal pledging new jobs and improved trade links is expected to win parliamentary approval next year.

Corporate reporting for the third quarter delivered a mixed outlook for the UK equity market, with a marked pick-up in profit warnings from divergent sectors. There was some better news from Barclays – which reported a 35% rise in revenues during the period; despite a return to pre-tax profit territory for quarter three, RBS warned it will not meet 2019 cost-cutting targets due to the UK's low growth and low interest rate environment.

British American Tobacco (BAT) continued the drive toward consolidation in the tobacco sector with its US$47bn offer for the 57.8% of Reynolds American it doesn't already own; BAT chief executive Nicandro Durante described the proposal as the "logical progression" for the two companies.

After a dismal summer for UK retail, specialist outsize clothing business N. Brown confirmed a more encouraging first half, with a marginal rise in total group revenues. Budget airline easyJet reported a decline in annual profits for the first time since 2009, attributing the 28% year-on-year slump in revenues to weakened sterling and terrorist activity. Education group Pearson attributed declining sales to slowing demand for textbooks in its key US market.

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Asia Pacific

- Divergence in performance between Asian equity markets
- China's consumption data continued to show strong growth
- Japan's equity market saw currency sensitive sectors outperform

The performance of the Asian equity markets was mixed in October on the back of increasing expectations of a US interest rate hike in December and mounting concerns about the outcome of the US presidential election. There was also a notable divergence in performance between markets, with Taiwan's equity market the notable outperformer, while the Philippines equity market was among the weakest.

China's equity market was marginally weaker on profit taking after a strong performance over the third quarter of 2016. In September, consumption data was robust, with a notable pick-up in car and house sales year-on- year, while third quarter GDP growth of 6.7% year-on- year was in line with forecasts. However, industrial profit growth was less than expected due to weak export growth over the same period. This highlights that challenges remain which could limit the magnitude of economic growth in China going forward.

Elsewhere, Taiwan and Indonesia were among the region's best performing equity markets, helped by solid quarter three corporate earnings announcements. Meanwhile, the Bank of Indonesia cut its policy rate by another 25 basis points to support corporate investment and consumer spending. Thailand's equity market ended the month marginally higher, although market volatility was high over the period due to the King passing away. Although fears surrounding succession receded, third quarter earnings announcements, particularly within the banking sector, disappointed. Finally, Australia's and South Korea's equity markets declined on weak quarterly corporate results, while in the Philippines there are continuing concerns over the erratic behaviour of the president, Rodrigo Duterte.

The Japanese equity market ended the month higher in local currency terms, buoyed by the yen's weakness versus the US dollar and more visibility surrounding monetary policy following the Bank of Japan's (BoJ's) policy review announced at the end of September. BoJ governor, Haruhiko Kuroda, reiterated the central bank's resolve to maintain ultra-loose monetary policy until Japan has met its 2% inflation target, and signalled expectations of "moderate" growth. Meanwhile, favourable US macroeconomic indicators have increased the potential for US interest rates to rise in the short term. This combined with a continuation of monetary easing in Japan has reduced the risk of further yen appreciation, which has helped to support the equity market, particularly the currency sensitive sectors. Over the period, the materials, financials and energy sectors outperformed the defensive sectors including healthcare and utilities; a rotation seen more broadly across global equity indices. Third quarter corporate results delivered a mixed outlook for earnings, while corporates continued to shore up balance sheets by pursuing share buybacks, given the low interest rate environment.

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Emerging Markets

- Lower interest rates and political progress in addressing the country's fiscal woes propelled Brazilian equity markets higher
- Russian economy appeared to have turned a corner
- Chinese exports slowed, but the economy remains on track to reach its 2016 target

Global emerging equity markets paused for breath during October, ending just marginally higher than the previous month in US dollar terms. By comparison, equity markets in the developed world lost ground, as better-than-expected US GDP data increased the probability of a hike in US interest rates before the end of 2016. Regional performance within emerging markets was diverse, with strong returns being registered in Latin America, underpinned by double-digit gains from Brazil. All countries in emerging Asia, apart from Taiwan, stayed flat or recorded small losses over the month. However, all these equity markets finished in positive territory in sterling terms – the British pound depreciated by 5.7% against the US dollar over October. Performance of emerging market currencies was more stable, with the Mexican peso doing best, recording a 2.8% gain. In terms of sector performance, energy and materials were the winners with healthcare being the laggard.

Favourable market sentiment towards Brazil was given a boost when the central bank cut interest rates for the first time in four years. The monetary policy committee reduced the benchmark Selic interest rate by 25 basis points to 14%. Political developments also increased optimism that the new administration is making progress in dealing with the country's fiscal woes. Brazil's lower house of Congress approved a landmark proposal to cap public spending in a first-round vote, a major victory for President Temer's efforts to gain market credibility and pull the economy out of recession. Along with its currency, Mexico's equity market strengthened, drawing support from encouraging data – the economy grew by 1% in the third quarter. However, the mood remained cautious ahead of the final build-up to the US presidential election. In a referendum in Colombia, voters rejected a landmark peace deal with Farc rebels.

Equity performance in EMEA (Europe, Middle East and Africa) was mixed, with stock markets in emerging Europe faring reasonably well, whereas those in the Middle East struggled somewhat. Sentiment towards Russia was enhanced following the release of an upbeat manufacturing survey, which recorded its highest reading since 2012, providing more evidence that the economy has turned a corner. According to the Economy Ministry, Russia exited a recession last quarter. Equity markets in Poland, Hungary and Czech Republic enjoyed broad gains, with forward-looking economic indicators suggesting further GDP expansion. Weaker gold prices and political uncertainties surrounding fraud charges levied at the country's finance minister, Pravin Gordhan (subsequently dropped on 31 October), weighed on South African stock prices.

Trade data from China disappointed as exports slowed down in September, although the economy remains on track to reach its 2016 target after GDP for the third quarter was confirmed at 6.7% (year-on-year). In Taiwan, technology companies posted upbeat earnings results.

MSCI US$ price index return	**(%, US$)**
	Oct 2016
Emerging markets	0.2
Developed markets	-2.0
Latin America	9.7
EMEA	-0.3
Emerging Asia	-1.5
Top five by country	
Brazil	13.7
Egypt	8.5
Chile	7.9
Hungary	6.5
Mexico	4.8
Bottom five by country	
UAE	-4.3
Singapore	-4.1
Korea	-3.7
Philippines	-2.8
Thailand	-2.3

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

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Fixed Interest

- Government bond yields rose sharply
- Sterling continued to fall amid talk of a 'hard' Brexit
- Contingent Convertible bank bonds delivered strong positive returns

Government bond yields were sharply higher over the month. The biggest change was experienced in the Gilt market, with the 10 year Gilt yield rising by half a percentage point to the end of October, at 1.25%. Meanwhile, the terms of the UK's departure from the European Union (EU) increasingly came into focus. The prospect of a so called 'hard' Brexit, in which the UK would leave the customs union, weighed on sterling. By 31 October versus the US dollar, the British pound had fallen a further 5.6% to US$1.2.

The increase in government bond yields reflects a combination of factors. One of the most important of these is a rise in inflation expectations. This is primarily due to a stabilisation of oil prices and the base effect of higher prices feeding through to inflation calculations over the next six months. In the UK, the effect is accentuated by the large fall in sterling over the summer. Meanwhile, better than expected economic data reduced the demand for safe haven assets such as government bonds. There was also an increasing sense within the market that monetary policy has reached the limits of its efficacy, which has led to rising speculation that fiscal policy will in future need to play more of a role in stimulating economic growth. The changing expectations have put pressure on yields, as the market seeks to discount better economic growth and higher borrowing costs. Finally, government bond yields had, in many cases, reached unsustainable levels.

The negative effect of rising government bond yields fed through to other sectors. Investment grade corporate bonds, which are typically more sensitive to interest rate changes, underperformed higher credit risk parts of the corporate bond market, such as high yield. The banking sector had a good month however, with Contingent Convertibles (CoCos) the best performing part of banks' capital structure. Contributing to banks' outperformance was the positive effect on bank net interest margins of higher yields (in particular a bigger difference between short and long dated bond yields) and third quarter earnings data, which in aggregate beat expectations. Amongst the banks that reported higher than expected earnings was Deutsche Bank, which reported a net income for the quarter of €278m against average analyst expectations for a net loss of €610m.

Merrill Lynch reports the following index data. Gilt yields 33bps higher, returning -4.1%. Sterling investment grade corporate bond yields 40bps higher, returning -3.7%. European Currency high yield bond yields 18bps lower, returning 0.8%. Global Contingent Capital Bond yields 2bps lower, returning 1.9%[1].

1 Data is sourced from Merrill Lynch and shows total returns in local currency terms.

Government Bonds	Yield to maturity (%)				
	31.10.16	30.09.16	31.07.16	30.04.16	31.10.15
US Treasuries 2 year	0.84	0.76	0.66	0.78	0.72
US Treasuries 10 year	1.83	1.59	1.45	1.83	2.14
US Treasuries 30 year	2.58	2.32	2.18	2.68	2.92
UK Gilts 2 year	0.26	0.10	0.11	0.53	0.63
UK Gilts 10 year	1.25	0.75	0.69	1.60	1.92
UK Gilts 30 year	1.88	1.49	1.55	2.40	2.62
German Bund 2 year	-0.62	-0.68	-0.63	-0.48	-0.32
German Bund 10 year	0.16	-0.12	-0.12	0.27	0.52
German Bund 30 year	0.79	0.45	0.34	1.01	1.26

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

Corporate Bonds	Yield to maturity (%)/Spread[2] (bps)									
	31.10.16		30.09.16		31.07.16		30.04.16		31.10.15	
£ AAA	1.86	39	1.42	32	1.52	40	2.41	47	2.84	64
£ AA	1.95	82	1.55	77	1.67	87	2.57	98	3.01	111
£ A	2.60	135	2.17	129	2.32	142	3.15	152	3.45	161
£ BBB	3.05	187	2.65	183	2.80	199	3.66	214	3.88	213
€ AAA	0.61	58	0.41	63	0.38	60	0.79	65	1.09	76
€ AA	0.37	66	0.21	69	0.21	68	0.58	72	0.86	80
€ A	0.65	92	0.48	95	0.51	96	0.87	102	1.15	111
€ BBB	1.16	139	1.03	145	1.02	143	1.43	155	1.82	172
European High Yield (inc € + £)	4.21	391	4.35	428	4.59	446	5.07	460	5.52	481

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

2 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 October 2016 (%)

	1 Month	3 Months	6 Months	YTD	2015	2014	2013	2012	2011
Global US & Canada									
MSCI World (US$)	-1.9	-1.2	2.5	4.0	-0.3	5.5	24.7	16.5	-5.0
MSCI World Value (US$)	-0.7	0.6	3.5	6.4	-4.1	4.4	27.5	16.4	-4.9
MSCI World Growth (US$)	-3.1	-3.0	1.6	1.7	3.5	6.6	27.2	16.6	-5.1
MSCI World Small Cap (US$)	-3.7	-2.0	2.8	6.1	0.1	2.3	32.9	18.1	-8.7
MSCI Emerging Markets (US$)	0.2	4.1	9.7	16.6	-14.6	-1.8	-2.3	18.6	-18.2
FTSE World (US$)	-1.7	-0.9	3.0	5.1	-1.4	4.8	24.7	17.0	-6.5
Dow Jones Industrials	-0.8	-0.9	3.4	6.4	0.2	10.0	29.7	10.2	8.4
S&P 500	-1.8	-1.7	4.1	5.9	1.4	13.7	32.4	16.0	2.1
NASDAQ	-2.3	0.8	9.3	4.7	7.0	14.8	40.1	17.5	-0.8
Russell 2000	-4.8	-2.0	6.1	6.2	-4.4	4.9	38.8	16.4	-4.2
S&P/ TSX Composite	0.6	2.1	7.5	16.5	-8.3	10.6	13.0	7.2	-8.7
Europe & Africa									
FTSE World Europe ex-UK €	0.0	0.6	2.4	-2.7	10.9	0.2	25.2	17.8	-14.7
MSCI Europe	-0.8	-0.1	1.5	-3.6	8.8	7.4	20.5	18.1	-7.5
CAC 40	1.5	1.8	4.6	0.7	11.9	2.7	22.2	20.4	-13.4
DAX	1.5	3.2	6.2	-0.7	9.6	2.7	25.5	29.1	-14.7
Ibex 35	4.5	7.6	3.6	-7.5	-3.8	8.0	30.0	1.8	-10.2
FTSEMIB	4.4	2.1	-4.8	-17.0	15.8	3.0	20.5	12.2	-22.0
Swiss Market Index (capital returns)	-3.8	-3.7	-1.7	-11.2	-1.8	9.5	20.2	14.9	-7.8
Amsterdam Exchanges	0.2	1.6	5.0	6.1	7.4	8.7	20.7	14.1	-8.8
HSBC European Smaller Cos ex-UK	-0.6	2.2	4.7	1.1	23.5	5.2	34.0	20.4	-21.8
MSCI Russia (US$)	0.7	7.2	6.0	32.2	5.0	-45.9	1.4	14.4	-19.3
MSCI EM Europe, Middle East and Africa (US$)	0.4	2.9	-1.4	14.7	-14.7	-28.4	-3.9	25.1	-23.3
FTSE/JSE Africa All-Share (SA)	-2.5	-3.2	-3.2	2.2	5.1	10.9	21.4	26.7	2.6
UK									
FTSE All-Share	0.6	4.2	12.2	13.0	1.0	1.2	20.8	12.3	-3.5
FTSE 100	1.0	4.6	13.6	15.3	-1.3	0.7	18.7	10.0	-2.2
FTSE 250	-1.7	2.3	6.0	3.1	11.2	3.7	32.3	26.1	-10.1
FTSE Small Cap ex Investment Trusts	-1.8	3.4	5.4	5.7	13.0	-2.7	43.9	36.3	-15.2
FTSE TechMARK 100	-3.3	-1.1	14.1	7.0	16.6	12.3	31.7	23.0	3.6
Asia Pacific & Japan									
Hong Kong Hang Seng	-1.4	5.6	12.3	8.6	-3.9	5.5	6.6	27.5	-17.4
China SE Shanghai Composite (capital returns)	3.2	4.1	5.5	-12.4	9.4	52.9	-6.7	3.2	-21.7
Singapore Times	-1.9	-0.3	1.6	1.1	-11.2	9.6	3.0	23.4	-14.5
Taiwan Weighted (capital returns)	1.3	3.4	10.9	11.4	-10.4	8.1	11.9	8.9	-21.2
Korean Composite (capital returns)	-1.7	-0.4	0.7	2.4	2.4	-4.8	0.7	9.4	-11.0
Jakarta Composite (capital returns)	1.1	4.0	12.1	18.1	-12.1	22.3	-1.0	12.9	3.2
Philippines Composite (capital returns)	-2.9	-7.0	3.4	6.5	-3.9	22.8	1.3	33.0	4.1
Thai Stock Exchange	0.9	-0.9	8.0	19.9	-11.2	19.1	-3.6	41.3	3.7
Mumbai Sensex 30	0.4	0.0	10.0	8.5	-3.5	32.4	10.9	27.8	-22.2
Hang Seng China Enterprises index	-0.2	6.9	11.6	3.3	-16.9	15.6	-1.5	19.8	-19.7
ASX 200	-2.2	-3.2	3.5	4.0	2.6	5.6	20.2	20.3	-10.5
Topix	5.3	6.3	5.0	-8.1	12.1	10.3	54.4	20.9	-17.0
Nikkei 225 (capital returns)	5.9	5.2	4.6	-8.5	9.1	7.1	56.7	22.9	-17.3
MSCI Asia Pac ex Japan (US$)	-1.7	2.2	8.6	10.7	-9.1	3.1	3.7	22.6	-15.4
Latin America									
MSCI EM Latin America (US$)	10.0	9.8	15.3	45.7	-30.8	-12.0	-13.2	8.9	-19.1
MSCI Mexico (US$)	5.0	2.9	-4.3	3.7	-14.2	-9.2	0.2	29.1	-12.1
MSCI Brazil (US$)	14.0	15.4	31.0	86.0	-41.2	-13.7	-15.8	0.3	-21.6
MSCI Argentina (US$)	-0.8	2.2	5.4	18.7	-0.4	19.2	66.2	-37.1	-38.9
MSCI Chile (US$)	7.9	3.0	5.8	23.1	-16.8	-12.2	-21.4	8.3	-20.0
Commodities									
Oil - Brent Crude Spot (US$/BBL)	-3.0	12.7	2.3	28.2	-33.5	-49.4	0.2	3.2	15.3
Oil - West Texas Intermediate (US$/BBL)	-2.7	12.7	1.9	26.1	-30.5	-45.8	6.9	-7.1	8.2
Reuters CRB index	0.0	3.0	1.1	6.0	-23.4	-17.9	-5.0	-3.3	-8.2
Gold Bullion LBM (US$/Troy Ounce)	-3.6	-5.6	-1.4	19.9	-10.5	-1.8	-27.3	5.6	11.1
Baltic Dry index	-2.1	30.6	21.9	79.3	-38.9	-65.7	225.8	-59.8	-2.0

Source: Thomson Reuters Datastream, total returns in local currency unless otherwise stated. Data as at 03 November 2016.

Global currency movements – figures to 31 October 2016

	Current value	Change Over: 1 Month (%)	3 Months (%)	6 Months (%)	YTD (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)
Euro/US Dollar	1.10	-2.3	-1.7	-4.1	1.1	-10.2	-12.0	4.2	1.9	-3.2
Euro/GB Sterling	0.90	3.5	6.2	14.4	21.7	-5.1	-6.4	2.1	-2.4	-2.9
Euro/Swiss Franc	1.09	-0.6	0.3	-1.2	-0.2	-9.5	-2.0	1.6	-0.5	-2.9
Euro/Swedish Krona	9.92	2.9	3.8	7.8	8.1	-2.7	6.6	3.2	-3.9	-0.6
Euro/Norwegian Krone	9.07	1.0	-3.9	-1.7	-5.6	6.2	8.4	13.7	-5.4	-0.5
Euro/Danish Krone	7.44	-0.1	0.0	-0.1	-0.3	0.2	-0.2	0.0	0.4	-0.3
Euro/Polish Zloty	4.31	0.2	-1.1	-1.5	1.1	-0.6	3.2	1.8	-8.6	12.6
Euro/Hungarian Forint	308.59	0.2	-0.9	-1.1	-2.2	-0.3	6.5	2.1	-7.6	13.2
US Dollar/Yen	104.82	3.4	2.7	-1.5	-12.9	0.5	13.7	21.4	12.7	-5.2
US Dollar/Canadian Dollar	1.34	2.1	2.9	6.8	-3.1	19.1	9.4	7.1	-2.7	2.3
US Dollar/South African Rand	13.48	-1.8	-2.9	-5.3	-12.9	33.8	10.2	24.1	4.5	22.2
US Dollar/Brazilian Real	3.19	-2.2	-1.8	-7.2	-19.5	49.0	12.5	15.3	9.9	12.3
US Dollar/South Korean Won	1142.74	3.7	2.7	-0.2	-2.8	7.5	4.1	-0.7	-8.2	3.4
US Dollar/Taiwan Dollar	31.52	0.6	-1.0	-2.4	-4.0	3.8	6.1	2.7	-4.1	3.8
US Dollar/Thai Baht	35.03	1.3	0.7	0.4	-2.8	9.5	0.6	6.9	-3.1	5.0
US Dollar/Singapore Dollar	1.39	2.1	3.8	3.5	-1.9	6.9	4.9	3.4	-5.8	1.1
US Dollar/GB Sterling	0.82	6.4	8.7	20.0	20.7	5.8	-5.9	1.9	4.6	-0.4
GB Sterling/South African Rand	16.50	-7.4	-10.1	-20.7	-27.7	26.6	3.7	26.6	9.2	21.7
Australian Dollar/US Dollar	0.76	-0.7	0.2	0.1	4.5	-10.9	-8.4	-14.2	1.6	0.1
New Zealand Dollar/US Dollar	0.72	-1.9	-0.8	2.5	4.7	-12.4	-5.0	-0.9	6.4	-0.1

Source: Thomson Reuters Datastream, all figures subject to rounding. Data as at 03 November 2016.

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