Invesco Perpetual

Monthly Market Roundup
October 2016 (covering September 2016)

Global overview

For the most part, market uncertainty about the path of global monetary policy dominated trading during the month. While major developed market central banks, particularly the US Federal Reserve (Fed), were reluctant to raise interest rates in September – due to concerns over a global growth slowdown and rising financial market volatility – the prospect of continued monetary easing, improving commodity prices and encouraging economic news out of China lifted market sentiment. The MSCI AC World index rose by 1.97%[1] in September, with some of the strongest returns coming from the energy sector, as the Organisation of the Petroleum Exporting Countries (OPEC) agreed, for the first time since 2008, to cap production.

Going into September, speculation about the path and frequency of US interest rates, coupled with disappointing US core economic data releases for August, fuelled investor uneasiness. Towards month end, market nervousness about the upcoming corporate earnings season and the uncertainty surrounding the outcome of the tightly contested US presidential race further added to the market's volatile moves. Although equity markets see-sawed between weekly gains and losses, the S&P 500 index continued its run of positive monthly returns. The index was mostly flat in local currency terms in September, but rose 1.34%[1] in sterling terms on the back of on-going currency weakness versus the US dollar. While the Federal Open Market Committee (FOMC) decided to leave the interest rate unchanged at 0.5% on 21 September, it hinted at the possibility of a later hike after November's US presidential election at its December meeting. Most equity sectors, apart from stronger performing energy and utilities, were not able to hold onto August's gains, in part due to repeated profit taking during the month, as momentum from the post-Brexit vote rally faded. Market sentiment towards energy improved after OPEC agreed to curb output to a range of 32.5-33m barrels per day.

In the UK, the shape of Britain's exit from the European Union (EU) dominated market discussions in September, as divided government factions debated the costs and benefits of a hard versus soft Brexit. Volatility in UK equity indices continued through the month, driven by wider macroeconomic themes. Crude oil and energy stocks rose on news that OPEC had agreed to cut oil production in a co-ordinated move to shore up pricing. On the macro front, economic data provided some encouraging signs for the UK economy: September's Purchasing Manager's Index (PMI) indicated growing confidence in British business, with rises in services output and new business following August's declines. However, a 7.6% rise in the price of materials and fuels bought by companies in the year to August evidenced the mounting price pressures for domestic businesses. A survey by the Federation of Small Businesses showed a drop in small companies' confidence for the third consecutive quarter. Into month end, the Bank of England began its corporate bond buying programme, part of its broader stimulus package over the next 18 months.

European equity markets were broadly unchanged in September, following two months of consecutive gains. The European Central Bank (ECB) kept its stimulus programme unchanged this month, but reiterated that quantitative easing will run until March 2017 "or beyond if necessary" to spur growth. While the ECB's economic growth outlook was slightly revised downwards in September citing some dampening forces, recent macroeconomic data prints remained resilient showing that the eurozone economic recovery remained on track. Private sector activity surveys, such as September's PMIs, remained well above the 50 threshold (indicating expansion) and bank lending to companies rose 1.9% in July (the fastest pace since October 2011) in a sign the region is nicely weathering external risks. Headline inflation accelerated to 0.4% in September, its fastest level since late 2014, while core inflation (excluding food and energy) remained constant at 0.8%.

Elsewhere, the Japanese equity market ended September marginally lower in local currency terms, as investor sentiment was dampened due to uncertainty about the outcome of the Bank of Japan's (BoJ's) policy review. Although the BoJ aims to keep its asset purchases at 80tn yen per year, it will have short-term flexibility to allow the bank to focus bond purchases at the shorter end of the yield curve to help push up longer term rates. This should help to alleviate pressure on financial institutions' earnings from lower rates. The BoJ also decided not to deepen negative interest rates, at least at the current time. This monetary easing combined with the potential for US interest rates to rise later this year have reduced the risk of further yen appreciation. This led to some currency sensitive sectors to outperform. Retail sales and household spending was weak, while the Japanese economy watchers survey suggested a mild economic downturn ahead. Finally, given current low interest rates, corporates are continuing to do share buybacks, providing support to the equity market.

Across Asia, equity markets ended September with positive momentum intact, albeit with some volatility given mixed signals from developed market central banks in their monetary policy announcements. There was also a notable divergence in regional performance, with Hong Kong and Taiwan making the largest gains. Fears about the health of China's economy continued to recede, with economic data in line with or ahead of expectations. Consumption data was robust, with passenger car sales up 27% year-on-year. There were also signs that overcapacity issues were being addressed, while an improved outlook for earnings was supported by industrial profits growth of 20% year-on-year in August. While Australia's equity market and currency benefited from a rebound in commodity prices during the second half of September, South East Asian equity markets lagged the broader region.

Global emerging equity markets edged higher in September, drawing benefit from higher commodity prices and a cautious Fed. Although financial markets initially expressed disappointment after the ECB dampened hopes of fresh stimulus for the eurozone, sentiment improved following the release of some encouraging Chinese economic data. Across the regions, EMEA (Europe, Middle East and Africa) led performance in September, with returns bolstered by the strong performance from the equity markets of South Africa and Russia. Emerging Asia also generated equity gains, despite weakness in the Philippines and Thailand. Latin America was the laggard, with uncertainties over the forthcoming US presidential election knocking confidence towards Mexico. By contrast, equity performance in Brazil was more stable as the new administration continued to make progress in addressing the country's fiscal woes and the central bank announced that they might start to ease monetary policy if the inflation rate falls towards its 4.5% target. The best performing sectors in emerging markets were technology and energy, with utilities being the worst.

[1] Data is sourced from Datastream and shows total returns in Sterling.

US

- US Federal Reserve kept interest rates unchanged
- Despite market swings, the S&P 500 index ended where it started
- The US economic recovery remains on course

Going into September, speculation about the path and frequency of US interest rates, coupled with mixed US core economic data releases for August, fuelled investor uneasiness. Towards month end, market nervousness about the upcoming corporate earnings season and the uncertainty surrounding the outcome of the tightly contested US presidential race further added to the market's volatile moves. With investors' fluctuating sentiment contributing to equity markets see-sawing between weekly gains and losses, the S&P 500 index managed to end the month flat. The index returned 0.02% in September, continuing its run of monthly advances, rising 7.84% year-to-date[2].

Following the Bank of Japan's move to hold its interest rate earlier in the day, the Federal Open Market Committee (FOMC) decided to leave its interest rate unchanged at 0.5% on 21 September, but hinted at the possibility of a later rate hike. General market expectations see a likely increase after November's US presidential election at the US Federal Reserve's (Fed's) 13-14 December meeting. In its decision, the FOMC cited more recent economic data as not being supportive of an increase at this time. While most members stated that they could foresee a gradual increase of rates, they also reduced expectations both for economic growth and inflation for 2016. However, in a statement released afterwards, the FOMC noted that, "the labour market has continued to strengthen and growth of economic activity has picked up from the modest pace seen in the first half of this year". The statement reflected a continued Fed belief that its inflation target would be hit as the transitory effects of past energy and import price declines dissipate and the labour market continued to strengthen.

With the Fed deferring its next interest rate hike and discouraging core economic news, more economically sensitive sectors – financials, materials, industrials and consumer discretionary – disappointed. This was also in part due to repeated profit taking during the month as momentum from the post-Brexit vote rally faded. In particular, the lack of a US interest rate rise this month and growing concerns over the health of Deutsche Bank after being hit with heavy fines from the US Justice Department weighed on the broader financial sector. While most equity sectors were unable to hold onto August's gains, energy stocks managed to advance during the month. Sentiment towards the energy sector improved as the Organisation of the Petroleum Exporting Countries (OPEC) reached an agreement at its 26-28 September meeting to curb its oil output to a range of 32.5-33m barrels per day. While its first agreement to limit output since 2008 boosted oil company shares, there was also some scepticism over the agreement's actual implementation. Further support to oil prices also came from robust Chinese trade data and improving core economic indicators. Amongst the so-called 'defensive' sectors, utilities performed well; however, other perceived 'safer' bond-like sectors, including consumer staples and telecommunications, continued to underperform, as did healthcare.

In corporate news, mid-month saw the successful conclusion of Bayer AG's repeated acquisition efforts, as US-based agricultural group Monsanto agreed to the revised bid offer of US$66bn (including debt). Continued consolidation in the chemical sector also saw Germany's chemicals company Lanxess AG, itself a former division of Bayer AG, announce plans to purchase US-based Chemtura Corp. for US$2.7bn.

[2] Data is sourced from Datastream and shows total returns in US Dollars.

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Europe

- European equity markets were flat in September
- The technology sector led the outperformers, financials led the detractors
- Eurozone headline inflation rose to 0.4%, the fastest in almost two years

European equity markets were broadly unchanged in September, following two months of consecutive gains. The European Central Bank (ECB) kept its stimulus programme unchanged this month, but reiterated that quantitative easing will run until March 2017 "or beyond if necessary" to spur growth in the eurozone. In the United States, the Federal Reserve refrained from increasing interest rates for a sixth policy meeting in a row.

On a sector level, technology was the leading outperformer within the FTSE World Europe ex-UK index, followed by industrials. Meanwhile, after a rally over the summer, financials turned into detractors, as issues surrounding Deutsche Bank significantly weighed on the sector's sentiment. On a stock level, French telecommunications company SFR Group was among the best performers in September. The company benefited from a cost cutting plan to improve profitability and from a proposed deal by its parent company Altice, whereby Altice would buy the remaining minority shares, bolstering its ownership of the company. Another leading performer was Lanxess, a German chemicals company. Lanxess's share price rose by 15% this month after agreeing to buy US competitor Chemtura Corp, accelerating a shift towards speciality chemicals. Meanwhile, H. Lundbeck, the Danish speciality pharmaceutical company, saw its share price drop by 21%, the most in almost four years after its experimental Alzheimer's drug failed to meet targets in a final-stage patient trial. Ingenico, the electronic payment service provider, was also among the biggest detractors after the company reduced its end of year revenue forecasts due to difficult market conditions in the US and Brazil.

On the macroeconomic front, while the ECB's economic growth outlook was slightly revised downwards in September citing some dampening forces, such as subdued foreign demand and corporate balance sheet adjustment (deleveraging), the ECB expected the eurozone economy to maintain its positive growth and steady pace of expansion. Recent macroeconomic data prints remained resilient, showing that the European recovery is still on track: private sector activity surveys such as Purchasing Managers Indices (PMIs) in September remained well above the 50 threshold (indicating expansion), bank lending to companies in the eurozone rose 1.9% in July (latest available data), the fastest pace since October 2011, and an index of business and consumer confidence in the eurozone unexpectedly improved in September to the highest level since January in a sign the region is nicely weathering external risks, including Britain's decision to leave the European Union. Headline inflation in the euro-area also accelerated to 0.4% in September from 0.2% in August, its fastest level since late 2014, while core inflation (excluding food and energy) remained constant at 0.8%.

Oil prices rose in September, posting the biggest monthly gain since April 2016, after the Organisation of Petroleum Exporting Countries (OPEC) announced an agreement on 28 September 2016 to cut oil production for the first time in eight years, following talks in Algiers.

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UK

- Crude oil and energy stocks rose on news that Organisation of Petroleum Exporting Countries members agreed to cut oil production
- A weak US jobs report dampened prospects for an interest rate rise from the Federal Reserve
- September's Purchasing Manager's Index indicated growing confidence in British business, with rises in services output and new business

The shape of Britain's exit from the European Union (EU) dominated market discussions in September, as divided government factions debated the ills of a hard verses soft Brexit. Volatility in UK equity indices continued through the month, driven by wider macroeconomic themes. A weak US jobs report dampened prospects for an interest rate rise from the Federal Reserve, while concerns around Democratic Presidential candidate Hilary Clinton's health triggered a mid-month sell-off in the UK's blue chip FTSE 100 index. Crude oil and energy stocks rose into month end on news that Organisation of Petroleum Exporting Countries (OPEC) members had agreed to cut oil production in a co-ordinated move to shore up pricing.

Economic data provided some encouraging signs for the UK economy; September's Purchasing Manager's Index (PMI) indicated growing confidence in British business, with rises in services output and new business following August's declines. Into month-end, the Bank of England began its corporate bond buying program, one element of the wider stimulus package to be rolled out over the next 18 months. Prime Minister Theresa May approved the £18bn proposal for a nuclear power station at Hinkley Point, bringing an end to the prolonged uncertainty over the future of Europe's largest energy project.

The month's Consumer Price Index (CPI) print – the UK's headline rate of inflation – held firm at 0.6% as rising food and travel costs were offset by falling hotel prices. A 7.6% rise in the price of materials and fuels bought by companies in the year to August – up from 4.1% in the 12 months to July – evidenced the mounting price pressures for domestic businesses. A survey by the Federation of Small Businesses showed a drop in small companies' confidence for the third consecutive quarter.

On the corporate news front, September brought better news for travel and leisure group Thomas Cook, which released a positive trading update into month-end. Summer 2016 performance was broadly in line with expectations, with strong demand for all destinations bar Turkey; full year earnings expectations remain unchanged. Airlines easyJet and International Consolidated Airlines (IAG) – owner of British Airways, Aer Lingus and Iberia – reported good growth in load factors during August; revenue per passenger kilometre increased 6.4% and 7.9% respectively verses August 2015.

Financial services group Legal & General also provided a bullish update, which showed the group's retirement division remains on track to double new business sales in 2016; boosted by a buoyant market in pension de-risking and lifetime mortgages, the introduction of Solvency II, Brexit and low interest rates seems not to have curtailed customer demand. Professional services group Capita issued a profit warning and downgraded full-year earnings, citing a slow-down in specific trading businesses, one-off costs and delayed client decision-making since the EU referendum.

In the pharmaceutical sector, global giant Astrazeneca withdrew its application for approval of ovarian cancer treatment Cediranib after the European Medicines Agency (EMA) raised concerns over its side effects. Elsewhere in the product pipeline, however, a Phase III combination trial of the group's diabetes treatments Bydureon and Farxiga – used to delay the need for insulin among sufferers – produced favourable results.

Greetings cards specialist Card Factory announced a 4.8% rise in revenues for the first half of 2016; key for shareholders was news of a 12% interim dividend increase along with a special dividend of 15p per share. Finally, Next's half year results delivered broadly in line with expectations in what has been a tough year to date on the high street.

Asia Pacific

- China growth concerns continued to recede
- South Asian equity markets tended to lag northern peers
- Uncertainty surrounding Bank of Japan's policy review dampened sentiment

Asian equity markets ended September with positive momentum intact, albeit with some volatility given mixed signals from developed market central banks in their monetary policy announcements. There was also a notable divergence in performance, as North Asian equity markets tended to outperform their southern peers, in sterling terms, with Hong Kong and Taiwan making the largest gains.

Fears about the health of China's economy continued to recede, with economic data in line with or ahead of expectations. Consumption data was robust, with passenger car sales up 27% year-on-year. There were also signs that overcapacity issues were being addressed, with coal and crude steel production down 10% and up 0.1% respectively year-on-year over the first eight months of 2016. The improved outlook for earnings was also supported by industrial profits growth of 20% year-on-year in August.

Australia's equity market and currency benefited from a rebound in commodity prices over the second half of the month. Conversely, South East Asian equity markets lagged the broader region. Thailand's equity market gave back some of its recent gains as the benefits from its fiscal stimulus earlier in the year were seen fading. Investor sentiment towards Malaysia was negatively impacted by the recent decline in oil prices, which has renewed downward pressure on its currency; while in the Philippines there were growing concerns over the increasingly erratic behaviour of the new president, Rodrigo Duterte.

The Japanese equity market ended the month marginally lower in local currency terms, as investor sentiment was dampened due to uncertainty about the outcome of the Bank of Japan's (BoJ's) policy review. Towards the end of the month, the BoJ announced that asset purchases will remain targeted at 80tn yen per year, but will have short-term flexibility to allow the bank to focus bond purchases at the shorter end of the yield curve. This strategy is expected to help push up longer term rates, alleviating pressure on financial institutions which have seen earnings come under pressure from lower rates. The bank also decided not to deepen negative interest rates, at least at the current time. This monetary easing combined with the potential for US interest rates to rise in the short-term have reduced the risk of further yen appreciation and led to some currency sensitive sectors to outperform. Meanwhile, macroeconomic data released for the month of August remained mixed. Retail sales and household spending was weak, while the Japanese economy watchers survey suggested a mild recovery in the outlook for the economy. Finally, given current low interest rates, corporates are continuing to do share buybacks, providing support to the equity market.

Emerging Markets

- Global emerging equity markets drew comfort from higher commodity prices
- US interest rates remained unchanged, but the door is still open for a hike later this year
- Turkey lost its investment-grade status

Global emerging equity markets edged higher in September, drawing benefit from higher commodity prices and reluctance from the US Federal Reserve (Fed) to raise US interest rates. Brent crude strengthened on news that Organisation of Petroleum Exporting Countries (OPEC) had agreed on oil production cuts. While the Fed expressed confidence in US economic growth prospects, they lowered their expectations for interest rate hikes in the years ahead, but left the door open for a move before the end of 2016. Earlier in the month, financial markets expressed disappointment after the European Central Bank dampened hopes of fresh stimulus for the eurozone. This proved short-lived however, as sentiment thereafter improved following the release of some encouraging Chinese economic data, which allayed fears over a sharp downturn in the world's second largest economy.

In terms of regional performance, the EMEA (Europe, Middle East and Africa) region came out on top for the month, with returns bolstered by the strong performance from the equity markets of South Africa and Russia. The emerging Asian region also generated equity gains despite weakness in the Philippines and Thailand. Latin America was the laggard, with uncertainties over the forthcoming US presidential election knocking confidence towards Mexico. The best performing sectors in emerging markets were technology and energy, with utilities being the worst.

Aside from a rising oil price, the Russian equity market also drew comfort from a cut in interest rates from 10.5% to 10%. However, the central bank said it was unlikely to reduce them again until the end of the year to ensure a sustainable fall in inflation. In a widely expected outcome, the State Duma election resulted in a landslide victory for Vladimir Putin. Equity performance elsewhere in emerging Europe was more varied, with gains in the Czech Republic being offset by losses in Greece and Poland. The Turkish equity market struggled to gain ground following the country's credit rating being downgraded to non-investment grade from Moody's ratings agency.

While the Mexican economy is still in good shape, underpinned by a strong labour market and low interest rates, stock prices and the peso lost ground, mainly due to it being a proxy for US election risk – aside from building a wall with its southern neighbour, Republican candidate Donald Trump has also campaigned to renegotiate US/Mexico trade relationships. By contrast, equity performance in Brazil was more stable, as the new administration continued to make progress in addressing the country's fiscal woes. Although interest rates were left unchanged at 14.25% in September, Brazil's central bank announced that they might start to ease monetary policy if the inflation rate falls towards its 4.5% target.

MSCI US$ price index return	**(%, US$)**
	Sep 2016
Emerging markets	1.1
Developed markets	0.4
EMEA	2.5
Emerging Asia	1.4
Latin America	-0.9
Top five by country	
South Africa	5.2
Russia	3.8
Hong Kong	3.2
Taiwan	2.5
Czech Republic	2.5
Bottom five by country	
Philippines	-5.7
Greece	-5.3
Qatar	-5.0
Thailand	-3.8
Mexico	-3.3

Source: MSCI Indices, Bank of America Merrill Lynch, 30 September 2016.

Fixed Interest

- September was a generally weaker month for bond markets, with sterling bonds giving back some of their recent strong returns
- The monetary policy decisions of the US Federal Reserve and the Bank of Japan were both in focus
- A potential US$14bn fine for Deutsche Bank from the US Department of Justice sparked renewed concerns about the bank's strength

At a macroeconomic level, two of the most important events of the month were the monetary policy decisions of the Bank of Japan (BoJ) and the US Federal Reserve (Fed).

There was significant interest in whether the BoJ would ease monetary policy further and what the measures taken would signal about the range of policy options still open for central banks. In the event, the official Japanese interest rate was kept on hold, with a decision made to target a larger differential between short- and long-term borrowing costs – a so called steeper yield curve.

The US is on a path to tighter monetary policy. While not expecting a move in interest rates this month, financial markets were focused on Fed Chair, Janet Yellen's subsequent statement for indications of future policy. Yellen reiterated that while the case for a hike has strengthened, it is not yet strong enough for the Fed to act. Unusually, the committee was split on the decision, with three members dissenting from the decision to hold – this is the biggest split since December 2014. Any move in interest rates remains data dependent. The market reaction suggests a dovish interpretation of the speech, with expectations about the timing of future US interest rate hikes pushed out.

Deutsche Bank came under renewed focus following a potential US$14bn fine from the US Department of Justice (DoJ). Adding to concerns were reports that some hedge funds had withdrawn funds from the bank citing liquidity concerns. Deutsche Bank Additional Tier 1 bonds (AT1, the lowest ranking bank debt) and equity were hit particularly hard, with the price of the Deutsche Bank 6% AT1 bond falling from an intra-month high of 84.2 to a low of 73.2. It is worth noting that the market expects Deutsche Bank's final settlement with the DoJ to be much lower than the headline US$14bn.

Concerns over the ultimate terms of the UK's trading position following departure from the European Union appeared to weigh on sterling corporate bond markets, which gave back some of their recent strong returns. Nonetheless, for the three months to the end of September, returns in sterling bond markets remain positive.

According to data from Merrill Lynch, during September, sterling investment grade corporate bonds returned -1.4%, while Gilts returned -2.4%. Euro investment grade corporate bonds by comparison returned -0.1% and Bunds returned 0.2%. Global Contingent Capital bonds returned -0.9%, with Euro Bank bonds returned -0.2%[3].

[3] Data is sourced from Merrill Lynch and shows total returns in local currency returns.

Government Bonds — **Yield to maturity (%)**

	30.09.16	31.08.16	30.06.16	31.03.16	30.09.15
US Treasuries 2 year	0.76	0.81	0.58	0.72	0.63
US Treasuries 10 year	1.59	1.58	1.47	1.77	2.04
US Treasuries 30 year	2.32	2.23	2.28	2.61	2.85
UK Gilts 2 year	0.10	0.14	0.10	0.44	0.56
UK Gilts 10 year	0.75	0.64	0.87	1.42	1.76
UK Gilts 30 year	1.49	1.27	1.70	2.29	2.47
German Bund 2 year	-0.68	-0.62	-0.66	-0.49	-0.25
German Bund 10 year	-0.12	-0.07	-0.13	0.15	0.59
German Bund 30 year	0.45	0.46	0.38	0.83	1.33

Source: Bloomberg LP, Merrill Lynch data. Data as at 30 September 2016.

Corporate Bonds — **Yield to maturity (%)/Spread[4] (bps)**

	30.09.16		31.08.16		30.06.16		31.03.16		30.09.15	
£ AAA	1.42	32	1.24	31	1.81	51	2.34	54	2.75	68
£ AA	1.55	77	1.44	77	2.15	115	2.56	112	2.92	115
£ A	2.17	129	2.03	127	2.82	177	3.18	170	3.41	168
£ BBB	2.65	183	2.53	181	3.38	243	3.68	232	3.87	225
€ AAA	0.41	63	0.40	58	0.59	80	0.78	74	1.22	82
€ AA	0.21	69	0.21	64	0.36	81	0.56	77	1.00	88
€ A	0.48	95	0.48	89	0.70	115	0.87	110	1.31	121
€ BBB	1.03	145	0.99	136	1.30	173	1.49	168	2.03	189
European High Yield (inc € + £)	4.35	428	4.31	400	4.99	500	5.44	508	6.08	541

Source: Bloomberg LP, Merrill Lynch data. Data as at 30 September 2016.

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

Global equity and commodity index performance – figures to 30 September 2016 (%)

	1 Month	3 Months	6 Months	YTD	2014	2013	2012	2011
Global US & Canada								
MSCI World (US$)	0.6	5.0	6.3	6.1	5.5	24.7	16.5	-5.0
MSCI World Value (US$)	0.3	5.2	6.9	7.2	4.4	27.5	16.4	-4.9
MSCI World Growth (US$)	0.8	4.8	5.6	5.0	6.6	27.2	16.6	-5.1
MSCI World Small Cap (US$)	1.5	7.4	9.2	10.1	2.3	32.9	18.1	-8.7
MSCI Emerging Markets (US$)	1.3	9.2	10.0	16.4	-1.8	-2.3	18.6	-18.2
FTSE World (US$)	0.6	5.2	6.4	6.9	4.8	24.7	17.0	-6.5
Dow Jones Industrials	-0.4	2.8	4.9	7.2	10.0	29.7	10.2	8.4
S&P 500	0.0	3.9	6.4	7.8	13.7	32.4	16.0	2.1
NASDAQ	2.0	10.0	9.8	7.1	14.8	40.1	17.5	-0.8
Russell 2000	1.1	9.0	13.2	11.5	4.9	38.8	16.4	-4.2
S&P/ TSX Composite	1.2	5.5	10.8	15.8	10.6	13.0	7.2	-8.7
Europe & Africa								
FTSE World Europe ex-UK €	-0.1	4.7	4.1	-2.7	0.2	25.2	17.8	-14.7
MSCI Europe	0.0	4.2	4.5	-2.8	7.4	20.5	18.1	-7.5
CAC 40	0.4	5.2	4.6	-0.8	2.7	22.2	20.4	-13.4
DAX	-0.8	8.6	5.5	-2.2	2.7	25.5	29.1	-14.7
Ibex 35	1.1	8.7	2.9	-11.5	8.0	30.0	1.8	-10.2
FTSEMIB	-2.8	1.7	-6.1	-20.5	3.0	20.5	12.2	-22.0
Swiss Market Index (capital returns)	-0.8	1.5	4.2	-7.7	9.5	20.2	14.9	-7.8
Amsterdam Exchanges	-0.5	4.8	5.8	5.9	8.7	20.7	14.1	-8.8
HSBC European Smaller Cos ex-UK	1.4	8.8	6.9	1.7	5.2	34.0	20.4	-21.8
MSCI Russia (US$)	3.9	8.9	13.5	31.3	-45.9	1.4	14.4	-19.3
MSCI EM Europe, Middle East and Africa (US$)	0.6	5.1	1.5	14.3	-28.4	-3.9	25.1	-23.3
FTSE/JSE Africa All-Share (SA)	-0.9	0.5	0.9	4.8	10.9	21.4	26.7	2.6
UK								
FTSE All-Share	1.7	7.8	12.9	12.4	1.2	20.8	12.3	-3.5
FTSE 100	1.8	7.1	14.1	14.1	0.7	18.7	10.0	-2.2
FTSE 250	1.2	10.7	7.5	4.9	3.7	32.3	26.1	-10.1
FTSE Small Cap ex Investment Trusts	1.3	12.8	8.2	7.6	-2.7	43.9	36.3	-15.2
FTSE TechMARK 100	2.1	12.5	14.5	10.6	12.3	31.7	23.0	3.6
Asia Pacific & Japan								
Hong Kong Hang Seng	1.8	12.9	15.6	10.1	5.5	6.6	27.5	-17.4
China SE Shanghai Composite (capital returns)	-2.6	2.6	0.0	-15.1	52.9	-6.7	3.2	-21.7
Singapore Times	1.8	2.7	4.3	3.0	9.6	3.0	23.4	-14.5
Taiwan Weighted (capital returns)	1.1	5.8	4.8	9.9	8.1	11.9	8.9	-21.2
Korean Composite (capital returns)	0.4	3.7	2.4	4.2	-4.8	0.7	9.4	-11.0
Jakarta Composite (capital returns)	-0.4	6.9	10.7	16.8	22.3	-1.0	12.9	3.2
Philippines Composite (capital returns)	-2.0	-2.1	5.1	9.7	22.8	1.3	33.0	4.1
Thai Stock Exchange	-4.0	3.7	7.7	18.8	19.1	-3.6	41.3	3.7
Mumbai Sensex 30	-1.9	3.6	10.9	8.1	32.4	10.9	27.8	-22.2
Hang Seng China Enterprises index	0.6	10.6	11.0	3.5	15.6	-1.5	19.8	-19.7
ASX 200	0.5	5.1	9.3	6.3	5.6	20.2	20.3	-10.5
Topix	0.3	7.1	-0.8	-12.7	10.3	54.4	20.9	-17.0
Nikkei 225 (capital returns)	-2.6	5.6	-1.8	-13.6	7.1	56.7	22.9	-17.3
MSCI Asia Pac ex Japan (US$)	1.8	9.8	10.4	12.5	3.1	3.7	22.6	-15.4
Latin America								
MSCI EM Latin America (US$)	-0.8	5.4	11.1	32.5	-12.0	-13.2	8.9	-19.1
MSCI Mexico (US$)	-3.3	-2.2	-9.0	-1.3	-9.2	0.2	29.1	-12.1
MSCI Brazil (US$)	0.3	11.4	26.9	63.2	-13.7	-15.8	0.3	-21.6
MSCI Argentina (US$)	5.3	2.8	10.5	19.7	19.2	66.2	-37.1	-38.9
MSCI Chile (US$)	-0.4	-1.7	0.8	14.1	-12.2	-21.4	8.3	-20.0
Commodities								
Oil - Brent Crude Spot (US$/BBL)	4.4	-0.1	23.8	32.2	-49.4	0.2	3.2	15.3
Oil - West Texas Intermediate (US$/BBL)	7.7	-0.3	25.4	29.6	-45.8	6.9	-7.1	8.2
Reuters CRB index	3.4	-3.2	9.4	6.0	-17.9	-5.0	-3.3	-8.2
Gold Bullion LBM (US$/Troy Ounce)	1.0	0.0	7.1	24.4	-1.8	-27.3	5.6	11.1
Baltic Dry index	23.1	32.6	104.0	83.1	-65.7	225.8	-59.8	-2.0

Source: Thomson Reuters Datastream, total returns in local currency unless otherwise stated. Data as at 05 October 2016.

Global currency movements – figures to 30 September 2016

	Current value	Change Over: 1 Month (%)	3 Months (%)	6 Months (%)	YTD (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)
Euro/US Dollar	1.12	0.7	1.2	-1.2	3.5	-12.0	4.2	1.9	-3.2
Euro/GB Sterling	0.87	2.0	3.8	9.3	17.6	-6.4	2.1	-2.4	-2.9
Euro/Swiss Franc	1.09	-0.5	0.8	-0.2	0.4	-2.0	1.6	-0.5	-2.9
Euro/Swedish Krona	9.64	0.9	2.6	4.3	5.0	6.6	3.2	-3.9	-0.6
Euro/Norwegian Krone	8.98	-3.4	-3.4	-4.6	-6.5	8.4	13.7	-5.4	-0.5
Euro/Danish Krone	7.45	0.0	0.1	-0.1	-0.2	-0.2	0.0	0.4	-0.3
Euro/Polish Zloty	4.30	-1.5	-1.9	1.2	0.8	3.2	1.8	-8.6	12.6
Euro/Hungarian Forint	308.11	-0.5	-2.4	-1.9	-2.4	6.5	2.1	-7.6	13.2
US Dollar/Yen	101.35	-2.0	-1.9	-10.0	-15.8	13.7	21.4	12.7	-5.2
US Dollar/Canadian Dollar	1.31	0.2	1.6	0.9	-5.1	9.4	7.1	-2.7	2.3
US Dollar/South African Rand	13.73	-6.9	-6.7	-7.1	-11.3	10.2	24.1	4.5	22.2
US Dollar/Brazilian Real	3.26	1.0	1.5	-9.3	-17.7	12.5	15.3	9.9	12.3
US Dollar/South Korean Won	1101.91	-1.3	-4.4	-3.8	-6.3	4.1	-0.7	-8.2	3.4
US Dollar/Taiwan Dollar	31.33	-1.3	-2.8	-2.7	-4.6	6.1	2.7	-4.1	3.8
US Dollar/Thai Baht	34.59	-0.1	-1.5	-1.5	-4.0	0.6	6.9	-3.1	5.0
US Dollar/Singapore Dollar	1.36	0.0	1.2	1.1	-3.9	4.9	3.4	-5.8	1.1
US Dollar/GB Sterling	0.77	0.8	2.9	10.6	13.5	-5.9	1.9	4.6	-0.4
GB Sterling/South African Rand	17.81	-8.0	-9.0	-16.0	-21.9	3.7	26.6	9.2	21.7
Australian Dollar/US Dollar	0.77	1.9	2.9	0.1	5.3	-8.4	-14.2	1.6	0.1
New Zealand Dollar/US Dollar	0.73	0.5	2.1	5.5	6.7	-5.0	-0.9	6.4	-0.1

Source: Thomson Reuters Datastream, all figures subject to rounding. Data as at 05 October 2016.

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