Monthly Strategy Report

July 2018

- World economy: US tightens Fed policy, ECB announces QE withdrawal
- Central banks: BOE moves closer to rate hike while BOJ remains dovish
- Bonds: Safe haven demand persists amid growing trade frictions
- Currencies: EM currencies decline with stronger USD and rising oil prices
- Equity markets: Emerging Market equities wobble
- Commodities: Crude Oil gains on potential tight oil supply, Gold shrinks

Editorial

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Banque Cramer

The ongoing trade rhetoric between the US and its trading partners weighed on market sentiments in June, as prospects of higher tariffs posed a major threat to investor confidence. Investors flocked towards safe-haven Treasuries, pushing 2-10 yields spread beneath 30bps, the flattest since 2007. On the other hand, rising energy prices owing to supply outage from select oil producing economies translated into higher inflation that was more visible across the developed markets. We may see greater volatility going ahead, as geopolitical developments and trade risks continue to be at play. Despite this, the Federal Reserve is expected to maintain its gradual monetary tightening cycle as continued consumer demand resulting from tax cuts along with higher business investments should propel economic growth. Consequently, higher interest rates and a stronger US dollar would further weaken the already hit emerging markets' assets. Nevertheless, these bouts of volatility present significant opportunities for investors to reallocate their portfolios. Furthermore, liquidity is likely to remain supplemented by the European Central bank and Bank of Japan, as they continue to hold interest rates steady for now.

Highlights

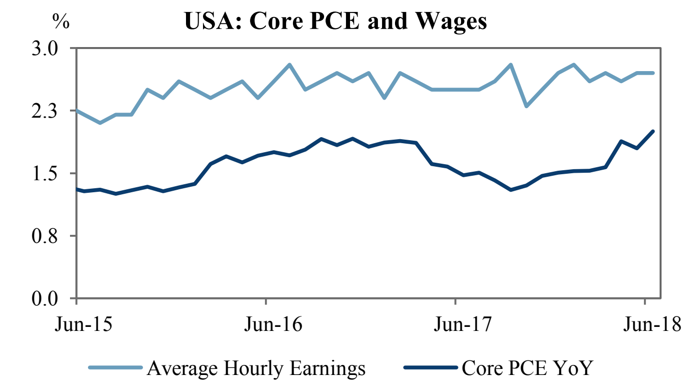
- US Fed signals two more rate hikes in 2018; political pressure stays dovish
- ECB announced it was ready to pull the plug from QE, to end the scheme by end of 2018
- Euro Area business surprisingly stable in June, positive unemployment and service PMI data resulted in stable investor sentiments
- BOE is on track for an August rate hike, despite growth concerns
- BOJ maintains its ultra-loose monetary policy and downgraded its assessment of inflation
- Inflation ticks up as oil prices soar
- LatAm: Argentine economy in a trap, peso loses a third of its value
- Trade war risk remains elevated; China attempts to build alliance with EU
- Merkel secures the EU migration deal, averts a potential black swan event for now. With Austria gaining the EU Presidency, concerns arise that the migration issue may further give rise to populism
- The US Treasury yield curve is flattening relentlessly amid hawkish Fed and trade concerns
- Safe-haven demand in light of the trade concerns and political developments in Europe should drive German bunds
- Sell-off continues in both developed and emerging markets; however, spread widening in US has been less severe in HY as compared to IG.
- Emerging Market equities weighed by trade frictions and Fed tightening, especially China. Argentina and Brazil equities wobble in the LATAM region
- Gold disappoints on its safe-haven reputation given the rising trade tensions, continued its downtrend dominated by roaring dollar
- Oil rallied on fears of tight global oil supply, partially offset by trade war concerns
- China may use its currency to fight against the US-initiated trade war as last resort

Global Macroeconomic Development

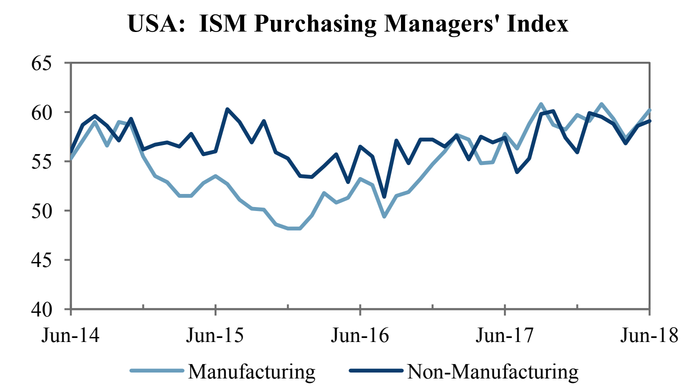
Global Macros: Fed Upgrades Rate Hike Forecast

US Federal Reserve signals two more rate hikes in 2018

As widely anticipated, the Federal Reserve raised its short-term fund target rate for second time this year by 25bps, taking the new range to 1.75%-2.00% at its June 12/13 meeting. The Fed also upgraded its forecast for 2018 interest rate hikes to four from three, while expressing concerns about global trade tensions that could hit the economy, which by most measures looks fundamentally strong. The latest core personal consumption expenditure (PCE) data, which is also the preferred gauge of consumer prices, increased 2% y/y in May, matching the Fed's target. On the other hand, the country's GDP growth for first quarter although revised downward to 2% y/y from 2.2% y/y, suggests overall strong performance. The Manufacturing PMI (rising strong at 60.2 for June 2018) beat consensus, and Non-Manufacturing PMI hit 59.1, 0.5 higher than the May 2018 reading, reflecting continued business strength expansion.



Source: Bloomberg



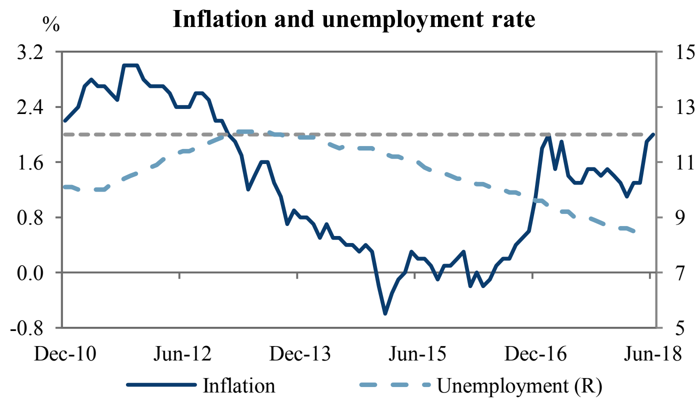
Source: Institute for Supply Management

Going forward, healthy economic conditions are likely to persist as robust consumer demand should encourage businesses to boost production. The rising inflation and a tight labour market with unemployment rate of 4% in June could possibly lead the Fed to persist with rate hike. However, whether the Fed moves one or more times in remaining part of 2018 could hinge on actual inflation readings and inflation expectations. On the other hand, political concerns owing to escalating trade war between the world's two largest economies could pose downside pressure on the Fed's current policy stance.

ECB readies to pull the plug from QE, to end the scheme by 2018

The ECB announced to wrap up QE program by 2018-end, while taming the excited Euro by clarifying that any rate hikes were distant. The ECB shall buyback EUR30 bn each month until September and reduce it to EUR15 bn post that, finally ending the scheme by year-end. The decision followed the growing pressure from the Euro-zone countries, led by Germany, who were uncomfortable about more than EUR2.4 tn worth assets being accumulated by the ECB since the launch of QE.

The promise of ending the QE program was made even when there were evident reasons that the Euro area was going through delicate times with protectionism on the rise (trade friction) along with fears that any global slowdown would hit Italy the hardest (debt defaults) and spark another pan Euro-zone financial crisis. If the trade friction continues to haunt the Euro-zone and other economies, the ECB may have to reconsider acting on its promised withdrawal.



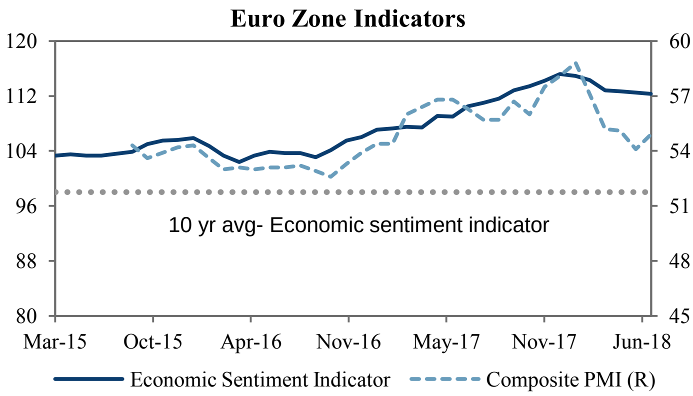
Source: Bloomberg

Global Macroeconomic Development

BOJ To Remain Patient With Policy

Euro area business confidence surprisingly stable

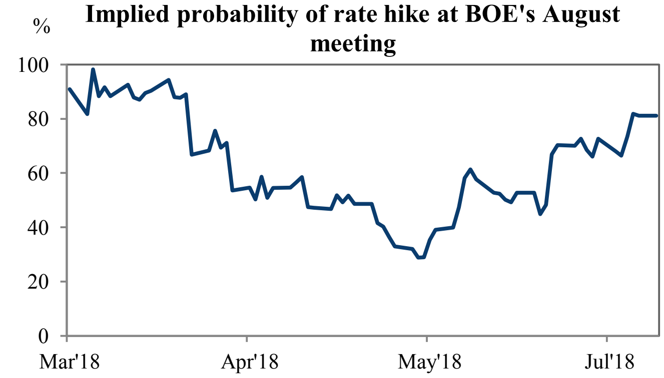
Amid the global trade situation and political issues, business confidence in the Euro area was surprisingly stable in June, owing to a robust service sector. Confidence levels in the UK dropped to its lowest levels over concerns about the country's economy, panic over unclear Brexit framework with companies issuing profit warnings, and squeezed income in the hands of consumers, even as steady manufacturing and construction activity growth imparted some stability. Germany's business confidence touched its lowest level in over a year, as trade risk pressures were partially offset by positive PMI and unemployment data. Germany's PMI came surprisingly upbeat, solely led by Services PMI, and the unemployment rate dropped to 5% (-100bps QoQ), its lowest ever level since 1990. While the service sector seemed to remain unaffected by the trade tussles, a continued slowdown in manufacturing activities could make it difficult for the service sector to retain its momentum.



Source: Bloomberg

BOE moves closer to rate hike

In a much-anticipated move, the Bank of England (BOE), in its June meeting, left key interest rate and the asset purchasing program unchanged at 0.50% and GBP435 bn, respectively. The decision came as inflation stayed steady at 2.4% in May but still remained above the central bank's 2% target. The central bank expects near-term inflation to pick up slightly more than projected in May, reflecting higher dollar oil prices and a weaker sterling exchange rate. Although the bank did not surprise on the policy front, the change of votes in favour of a rate hike from 7-2 to 6-3 suggested the addition of one more hawk and revived odds for a rate hike in August. The BOE perceives the economic softness in 1Q18 as temporary and remains hopeful of a revival in 2Q18. While this implies a tighter monetary policy, the BOE may exercise a little caution, given softer economic data and uncertainty around Brexit negotiations. The unpredictability of politics is another factor to watch, because even though Prime Minister Theresa May appeared to have the support of her Cabinet over Brexit, the prospect of a leadership challenge following the resignation of Brexit Secretary David Davis could plunge the UK government into a crisis-like situation. Investors are currently pricing in about an 80% probability of a rate hike on August 2, according to Bloomberg.



Source: Bloomberg

BOJ to remain patient with its powerful monetary easing, heat rising over trade and inflation cooling

As widely anticipated, the Bank of Japan (BOJ) held its short-term interest rate target at -0.1% and pledged to maintain 10-year government bond yields around 0%. Although the BOJ has been expressing greater concern about the impact of ultra-loose monetary policy on financial stability, Governor Haruhiko Kuroda stressed on the bank's stance to maintain ultra-loose monetary policy until inflation hits its 2% target. The BOJ also downgraded its assessment of inflation and said that it is currently sitting in a range of 0.5% to 1.0%, weaker than "around 1%" earlier this year. Core consumer prices were up 0.7% y/y in May, challenging the BOJ's view that a robust recovery will prompt corporates to increase wages and help inflation move towards its 2% target. Meanwhile, the BOJ remained firm on its view that the economy was expanding moderately (+0.6% y/y in 1Q18), and the same is likely to continue on highly accommodative financial conditions and underpinnings through government spending. Given the close economic ties to both the US and China, Japan shouldn't be majorly affected if the trade battle between them heats up. Perhaps the key concern could be strengthening of the Japanese Yen as a safe haven. The appreciation of Yen would lower the chances for inflation hitting 2% in the near future.

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Global Political Developments

Inflationary Pressures Become Visible

Inflation ticks up as oil prices soar

Inflationary pressures have become broadly visible across developed markets, as rising energy prices have translated into increased direct and indirect production costs. The further upside risks to energy prices emerge from widening outage in oil supply, given that US re-imposed its sanctions on Iran (~4% of global oil supply) in May. Another element adding to the uncertainty is the political and economic crisis affecting the oil rich-South American country Venezuela, wherein oil output could fall below 1mn/bpd by year-end. In order to compensate for the considerable supply loss, the OPEC members have mutually agreed to boost oil production. The King of Saudi Arabia stated that the country has 2 mn/bpd of spare capacity and will prudently use the same to ensure market stability. On the other hand, Trump has urged to boost production and is also ramping up activity in the shale patch to anchor inflationary pressures. It seems that concerted efforts of the oil producing nations to narrow the supply gap could potentially aid oil price stability to some extent in the coming months. However, strong global oil demand is likely to persist through this year, which could result in upside pressure. Hence, a possibility of further build-up in inflationary pressures in the second half of 2018 cannot be ruled out.

LatAm: Argentina economy in a trap, Brazil's Central Bank revises 2018 GDP forecast downwards:

A strengthening US dollar along with higher US treasury yields, internal political issues and trade tensions kept pressurizing the LATAM region. Argentina's Peso devaluation, Brazil's truckers' strike and Mexico's election results were the centre of attention this month. The Argentine Peso continued its freefall, losing a third of its value and hitting its lowest ever level. Skyrocketing inflation and its dual-deficits (current and fiscal) continued to pressure the peso despite the USD50 bn IMF aid package and interest rate regulations. The turmoil in Argentina concerned investors over the probability of another crisis. Mexico elected its first ever left-wing President Andres Obrador (aka AMLO), sending out signals concerning its own future and the US- Mexico relations. Investors and business leaders are concerned that AMLO may privatise the energy industry and spend excessively on social reforms landing the country into debt

The Brazilian central bank slashed its 2018 GDP forecast by 100bps to 1.6% citing the damage caused by the nationwide truckers' strike that paralysed its key sectors, and weak confidence indicators.

Trade war risk remains elevated; China attempts to build alliance with EU

The burgeoning trade conflict between the world's two biggest economies- China and the US- seems to have no obvious end. President Trump has been making constant efforts to impede Beijing's progress in industrial development, noticeable in his plan to slap 25% tariffs on USD50 bn worth of Chinese goods. On July 6, the US made good its threat by imposing tariffs on USD 34 bn Chinese goods and China retaliated with countermeasures by imposing tariffs on equivalent imports from the US. Further, as the US administration plans to target the remaining USD 16 bn around August, it has conveyed another legitimate threat of a 10% tariff on additional USD200 bn goods. It should be noted that US continues to have structural advantage over China as it exported ~USD130 bn, while imported over USD500 bn in 2017. Hence, should China look to match the potential US tariffs on USD200 bn, it will run out of direct retaliations. Hence, in its recent move, China has sought to build an alliance with the EU by offering a wider access to Chinese market while asking for issuing a joint statement against President Trump's trade policies. But the EU has rejected the idea of allying with Beijing against Washington ahead of the Sino-European summit in Beijing on July 16-17. Yet, China's leaders have expressed their confidence that the country can cope with major and external risks. In the worst case scenario, it appears that this complicating trade war, with a series of measures and countermeasures, could have significant repercussions on consumers and global economy.

EU migration issue may further give rise to populism

Merkel jeopardised her own position and the stability of the government at home after coalition partner and interior minister Horst Seehofer threatened to resign on the migrant issue. However, the Chancellor averted a potential black swan event (collapse of coalition and subsequent snap elections) for now, as she managed to secure the migration deal with the EU countries pleasing both the interior minister and Italy. Earlier, the deal seemed nearly impossible after the emergency meet was a complete disappointment. Italy had threatened to block the deal if its concern on being overburdened by the migrants is not addressed. As per the deal, the burden of refugees would be shared among all member countries which made Italy happy. The migration crisis was turning out to be another bone of contention in the already troubled zone, which is increasingly witnessing rise of populism among few member countries. Amidst this, Austria, which recently elected anti-immigrant far right party (FPO), is selected for the EU's Presidency and this has sparked concerns that the region may see populist governments having more say in the EU policy matters.

Bonds In Demand On Safe Haven Appeal

Asset Classes

Bond markets: Safe haven assets remain in favour as full-blown trade war is apparently becoming a reality

Investors continue to seek shelter in safe haven assets, including US Treasuries and German Bunds. Worries around growing protectionist trade policies and its potential negative consequences on growth kept the 10yr Treasury yield below the key psychological level of 3%. Consequently, the US Treasury yield curve flattened with 2s10s spread reaching 28bps, a level seen just before the 2008 financial crisis. The flattening was also attributable to the widening at the short-end of the yield curve due to a hawkish Fed, which not only raised interest rate by a quarter point in June but also guided for four rate hikes compared to three earlier in 2018.

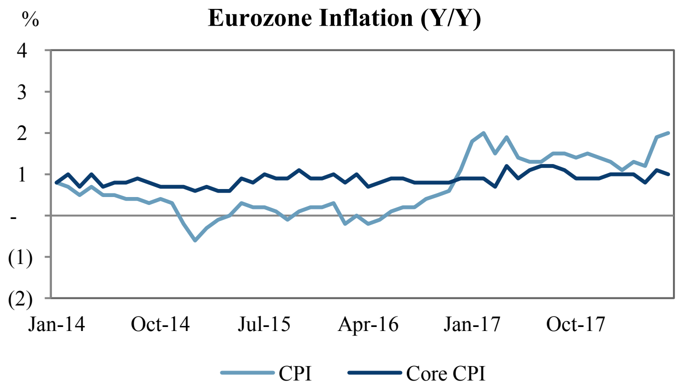
With the US economy strengthening, not weakening, the question around the effectiveness of the yield curve as a forecasting tool remains. Concerns over a full-blown trade war and yet an accommodative monetary policy in Europe and Japan may continue to boost the demand for safe-haven assets, especially 10yr US Treasuries. On the flip side, the short-end of the curve may continue to follow the Fed's tightening policy, thereby keeping the yield curve flat in the near term. However, in the medium to long term, the yield curve should start to steepen as inflation expectations rise on account of robust US macroeconomic data, tight labour market conditions, fiscal stimulus, and tax cut benefits. Moreover, high debt market issuances by the US government to boost spending are anticipated to push the yields higher.

Dovish ECB's meeting in June and political risk should keep yields low in Europe

Signs of a moderating economic recovery in the Eurozone, along with escalating trade protectionism and political risk in Germany and Italy, provided relentless support to European sovereign bonds. The German 10yr bunds received strong demand and traded below the 0.3% mark underpinned by the ECB's dovish stance. Although the ECB declared end to its monthly stimulus programme by end of 2018, it managed to preserve its freedom of movement through a loose commitment to hike rates in the summer of 2019. Notably, while headline inflation hit the ECB's 2% target in June, core inflation fell to 1% y/y. While inflation remains well anchored, worries over the anti-trade rhetoric, which is now seemingly becoming a reality, should support the German bunds. Apart from this, the political situation in Europe remains a concern for the markets. While developments in Italy and Spain captured investor attention in early-June, the appointment of governments in both countries provided some respite.

While the risk of another election in Italy has subsided, the populist government's implementation of election promises, including reduction in the pensionable age, introducing a 'citizen's income' and cutting taxes, could lead to clash with EU and ECB. Moreover, the ECB ending its QE program will possibly escalate the conflict with the Italian government. Given the limited support by the ECB, Italian bonds may witness a sell-off, while continued demand for safe-haven in light of the trade concerns and political developments should lead to contraction in the German bunds.

Source: Bloomberg



Source: Bloomberg

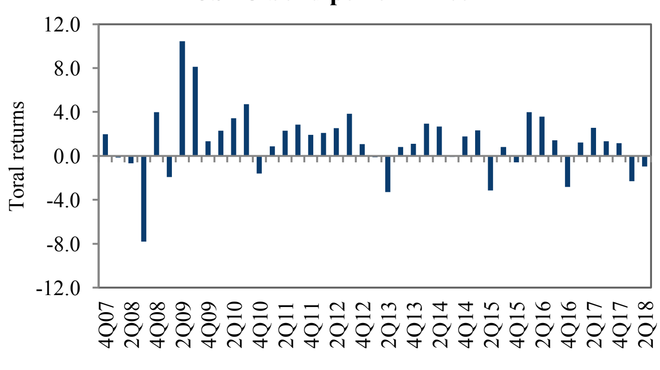
Asset Classes

Trade Tussle Weighs on Chinese Equities

Corporate bonds across the globe facing continued headwinds

Despite expectation of robust 2Q18 earnings, investment grade (IG) corporate bonds in both US and Europe have been under pressure as the Fed raised interest rate twice in first half and is on track to hike rate two more times this year. The ECB's indication of putting an end to the bond-buying program and US-China trade tensions further pushed corporate bond spreads higher. US corporate IG bonds recorded negative returns in 2Q18, marking the first back-to-back quarterly losses since the financial crisis. The muted performance was largely attributable to rising interest rates, which resulted in widening spread and persistent supply of US IG bonds. This along with rising hedging costs made US credit less attractive and dented demand from foreign investors. On the contrary, appetite for US high-yield (HY) debt remained resilient, as the spread-widening has been less severe in HY as compared to IG. This can be partly explained by the fact that IG issuers are large, multinational companies, which remain vulnerable to full-blown trade war, while HY issuers (relatively small companies) remain insulated from tariff battle amidst domestic operations.

US IG bond performance

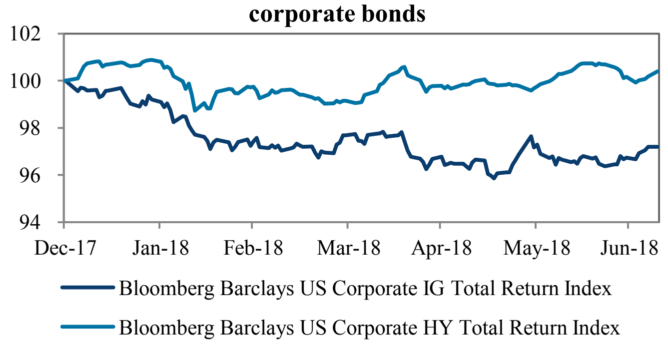


Source: Bloomberg

US corporate issuances from tech companies may drop in 2H18 as the new tax law encourages repatriation of offshore earnings, which reduces the need of borrowing. Despite that, US corporate bond market is likely to remain well-supplied due to the debt issuances by corporations to finance large merger and acquisition activities. Investors should also pay attention to tightening liquidity situation on both sides of the Atlantic as withdrawal of support from policymakers and behemoth buyers could put upward pressure on spreads. In the Eurozone, political uncertainty in Italy and Germany, along with the ECB's decision to end its stimulus by the year-end, rekindled fears of financial stress.

Accordingly, both European IG and HY corporate bond spread widened. Similarly, the sell-off in EM debt owing to rising interest rates, stronger US dollar, higher oil prices and threat of trade war left Bloomberg's EM OAS 68bps wider at +293bps in 1H18.

HY corporate bonds have outperformed IG corporate bonds

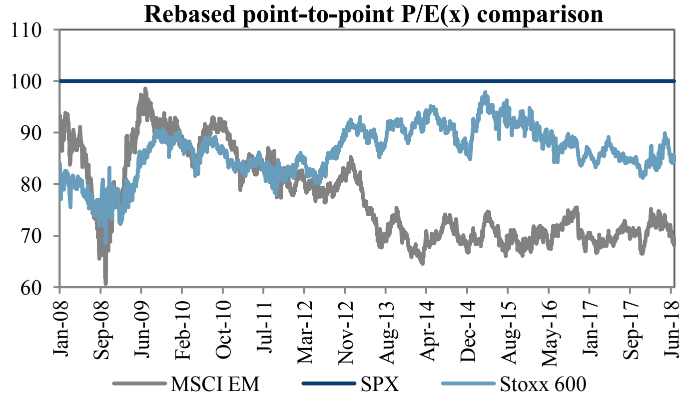


Source: Bloomberg, rebased on 31 December 2017.

EMs buckle under Fed policy and trade frictions

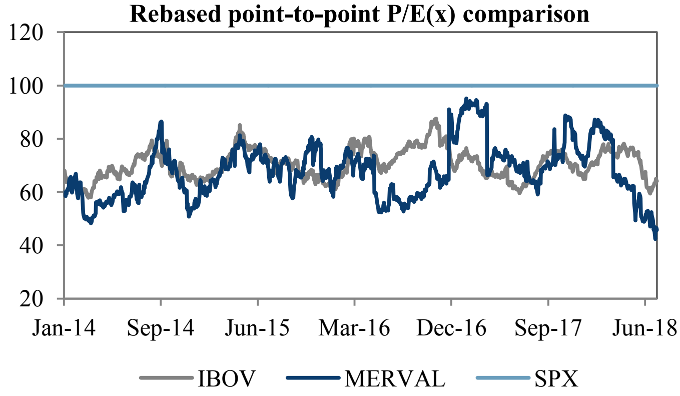
Emerging market (EM) equities, specifically Asian, continued to remain under pressure from hovering trade-frictions between the US and the host of economies, and Fed's aggressive policy stance among other reasons. On the contrary, developed markets, especially the US, remained strong throughout. Within major EMs, China's Shanghai Composite Index is the worst performer (-17% YTD), trading close to a two-year low. In the Latin American region, mayhem engulfed Argentine equities following massive currency devaluation, while Brazil was impacted by political uncertainties. Effectively, the MSCI Emerging Markets Index is trading at a ~ 30% discount to S&P500, which is below the long-term average of 25%. Specifically, China is trading at a ~20% discount to its long-term average. Whether the EM discount - specifically China's - widens amidst ongoing trade friction drama or reverts to its mean, remains to be seen.

Rebased point-to-point P/E(x) comparison



Source: Bloomberg.

EM Equities Trades At Significant Discount



Source: Bloomberg,

China may use currency as a last resort to counter the trade war

Chinese Yuan has swung from being one of the stronger global currencies (appreciated 3.6% in 1Q18) to an underperformer, suffering 4.6% depreciation against the US dollar in 2Q18. The currency has fallen the most since mid-June, when US ramped-up the trade rhetoric and imposes tariffs on Chinese goods. That prompted speculation in the market that China would use its currency as a policy weapon to fight US tariffs and trade threats. While a weaker currency could help President Xi Jinping boost Chinese exports in the tariff war with US, devaluation comes with plenty of risks. A considerable devaluation against the US dollar is likely to prompt Yuan depreciation against other major currencies. It will conflict with China's image as a defender of globalization and encourage President Trump to portray China as a currency manipulator. This situation may put pressure on the Chinese companies who need to service their offshore debt, and undermine the efforts by the government to move towards exchange rate stabilization and promote the internationalization of the Yuan. Even in past when China devalued the Yuan by ~2% in August 2015, the move triggered capital outflows and sent jitters across global markets. The use of Yuan devaluation as a weapon could hurt China more than the US. Against this backdrop, China seems unlikely to resort to devaluation unless it exhausts its other trade-negotiation tools.

Gold continues its downtrend

Disappointing on its reputation as the safe-haven, gold prices slipped 3.2% throughout June and breached the six-month low mark, more influenced by strengthening dollar than the rising global trade tensions. The month started with a sideways movement over US-North Korea summit uncertainties which later turned into a continuous downtrend with Fed policy tightening. The ever-escalating trade tensions between the US-EU and US-China failed to arrest the downtrend, and the bullion breached the six-month low as the dollar was further fueled by better-than-expected US manufacturing numbers. The bears put gold at the risk of reaching another 6 ½ month low in the near-term, unless the market realises the seriousness of the trade-frictions and the bullion regains its importance as the safe haven.

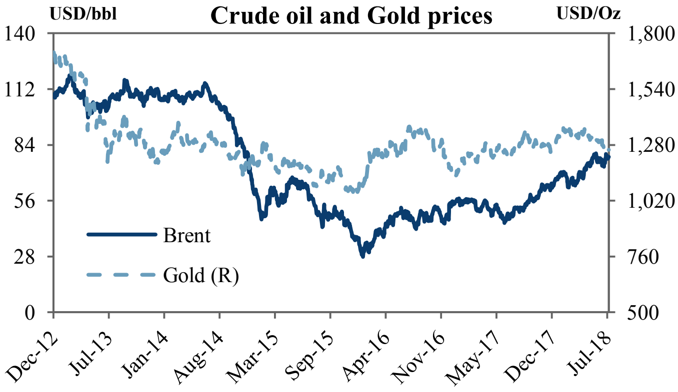
Source: Bloomberg.

Oil gains on fears of tight global oil supply, partially offset by trade-war concerns

Brent gained ~3.5% in June as bulls ignored the OPEC production hike citing trade disputes and a possible oil supply glut, forcing even the bears to flip their stance. The OPEC announcement to raise output by 1 mn barrels per day failed to discourage oil prices as other factors gained consideration. Plunging outputs from Venezuela, lack of co-operation from the US-sanctioned Iran, and the warnings issued in the energy reports regarding underinvestment in the energy sector almost overshadowed the announced production hike. Citing the ever-escalating trade tensions across geographies and the rising political pressures from trade disputes, it is hard to ignore the possibilities of a full-blown trade war, which if demonises, will hit the global oil demand, derailing the consensual long positions.

Asset Classes

Crypto Plunges One More Time



Source: Bloomberg.

Crypto-currency downtrend persists, Bitcoin plunges to 4-month low

The value of the crypto market shrunk ~30% last month. Nearly all major crypto-currencies continued their downtrend: the Bitcoin plunged 20.7% and breached the 4-month low, closing at ~USD 5,900. Apple's ban on crypto-currency trading, rising cases of exchange hacks, and US investigations into last year's Bitcoin price rally thrashed the prices, despite a ray of hope from Facebook easing its ad ban. Prices of Bitcoin and other major crypto-currencies dropped after major South Korean Crypto-currency exchange ‘Coinrail’ said that it was hacked off its ~30% traded coins, estimated to be valued at ~USD37.3 million. Bitcoin, Ethereum, Ripple and Litecoin lost further 1.8%-7.1% of its values following a report by Bank for International Settlements (BIS) which said Bitcoin prices were manipulated during its 2017 peak by a digital currency exchange known as Bitfinex. The outlook remains uncertain for the digital currencies amid the ongoing trade disputes and shaky investor sentiments over crypto-currencies.

Upcoming Events Calendar

Date	Event	Region	Survey
7/15/2018	GDP YoY - 2Q	China	6.7%
7/17/2018	CPI YoY - Jun Forecast	EU	--
7/17/2018	CPI YoY - Jun	UK	--
7/19/2018	Initial Jobless Claims	US	--
7/23/2018	Markit France Composite PMI - Jul Prelim	France	--
7/23/2018	Markit/BME Germany Composite PMI - Jul Prelim	Germany	--
7/23/2018	Markit Eurozone Composite PMI - Jul Prelim	EU	--
7/26/2018	GDP YoY - 2Q Actual	France	--
7/30/2018	CPI YoY -Jul Prelim	Germany	--
7/30/2018	CPI YoY -Jul Prelim	France	--
7/30/2018	Unemployment Rate - Jun	EU	--
7/30/2018	GDP SA YoY - 2Q Actual	EU	--
7/30/2018	Composite PMI - Jul	China	--
7/30/2018	Jobless Rate - Jun	Japan	--
8/2/2018	Initial Jobless Claims	US	--
8/2/2018	Markit France Composite PMI - Jul Forecast	France	--
8/2/2018	Markit/BME Germany Composite PMI - Jul Forecast	Germany	--
8/2/2018	Markit Eurozone Composite PMI - Jul Forecast	EU	--
8/2/2018	Markit/CIPS UK Composite PMI - Jul	UK	--
8/2/2018	Caixin China PMI Composite - Jul	China	--
8/2/2018	Nikkei Japan PMI Composite - Jul	Japan	--
8/3/2018	Average Hourly Earnings YoY - Jul	US	--
8/8/2018	CPI YoY -Jul	China	--

Source: Bloomberg

Financial market review

Global Financial Markets Performance

	Close*	1 Month Δ	3 Month Δ	YTD Δ	YOY Δ
Equity Markets- Top 10					
CCMP Index	7,688	0.0%	11.2%	11.4%	26.3%
RTY Index	1,694	1.1%	11.9%	10.3%	20.9%
BVLX Index	3,270	0.5%	8.4%	10.1%	15.7%
AS51 Index	6,272	4.1%	8.4%	3.4%	8.9%
SPX Index	2,760	-0.5%	6.0%	3.2%	14.5%
NIFTY Index	10,773	0.8%	4.3%	2.3%	11.4%
AEX Index	554	-1.5%	2.7%	1.7%	8.6%
CAC Index	5,376	-1.5%	2.2%	1.2%	4.3%
SPTSX Index	16,372	1.2%	7.7%	1.0%	8.6%
FTSEMIB Index	21,926	0.5%	-4.4%	0.3%	4.0%
Equity Markets- Bottom 10					
SHCOMP Index	2,747	-11.8%	-12.3%	-16.9%	-14.5%
JCI Index	5,695	-6.2%	-7.8%	-10.4%	-2.6%
MERVAL Index	27,611	-9.3%	-13.0%	-8.2%	24.2%
SET Index	1,615	-7.1%	-7.2%	-7.9%	2.9%
KOSPI Index	2,273	-7.4%	-6.5%	-7.9%	-4.8%
FBMKLCI Index	1,664	-6.4%	-9.4%	-7.4%	-6.0%
SMI Index	8,697	1.8%	0.3%	-7.3%	-2.1%
STI Index	3,192	-8.0%	-7.3%	-6.2%	-1.1%
HSI Index	28,316	-9.4%	-5.1%	-5.4%	11.2%
NKY Index	21,788	-3.7%	1.0%	-4.3%	9.0%
Global Indices					
MSCI World Index	2,114	-1.1%	3.0%	0.5%	10.7%
MSCI US	2,634	-0.4%	6.1%	3.5%	14.8%
MSCI Europe	129	-1.1%	2.0%	-1.9%	0.4%
MSCI Emerging Market Index	1,060	-7.8%	-8.8%	-8.5%	5.3%
Emerging Asia	542	-9.6%	-7.3%	-7.6%	6.4%
Emerging Europe	317	-1.6%	-10.2%	-8.4%	4.2%
Latin America	2,523	0.2%	-16.7%	-10.8%	-0.2%
Bond markets (bps)					
US (10y., bp)	2	(15)	5	42	46
Germany (10y., bp)	0.29	(17)	(21)	(14)	(27)
Switzerland (10y., bp)	(0.11)	(13)	(11)	4	(15)
Italy (10y., bp)	2.72	(22)	93	70	45
Commodities					
Brent ($/bbl)	76.5	2.0%	14.6%	14.5%	60.9%
Copper ($/ton)	6,279	-12.9%	-6.7%	-12.9%	7.8%
Gold ($/ounce)	1,255	-3.2%	-5.8%	-3.6%	2.5%
Coffee (Cents/Pounds)	114.1	-5.4%	-6.0%	-14.4%	-20.0%

Source: Bloomberg, * values as of July 10, 2018

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