# Market Weekly Review

## Week ending 6 September 2013

Last week saw September start on the front foot after global equity markets reversed some of their August losses, returning 2.1% to the close on Friday. Emerging markets outperformed their developed counterparts, adding 2.9% in US dollar terms despite the Middle East & North Africa (MENA) region falling back by 2.3% in US dollar terms, following continued uncertainty over the Syrian crisis.

Most fixed income markets retreated over the week, as global and emerging market bonds fell by 0.7% and 0.3% respectively, whilst US treasuries, UK gilts and European government bonds returned -0.9%, -0.9% and -0.3% in their respective local currencies.

Global property securities added 1.0%, whilst commodities rose by 0.7% despite oil futures, agricultural commodities and gold all falling over the week.

Leaders from the world's major economies congregated at the two day G20 summit in St. Petersburg last week where the participants focused on investment and job creation, among other issues. In the working dinner on Thursday night, the crisis in Syria provided the focus of debate and illustrated clear "differences in opinion" amongst global leaders, as described by French President Francois Hollande. Ultimately, the G20 members failed to reach a conclusion over possible intervention. Despite this, conclusions from the meeting included plans for a USD 100 billion reserve fund by the BRICS economies (including South Africa) to safeguard against financial shocks; as well as a plan to tackle global tax evasion by closing loopholes and automatically sharing tax information amongst members by 2015.

In the US, Friday saw the last non-farm payroll numbers before the upcoming Federal Reserve meeting on 17 and 18 September. Data from the Bureau of Labour Statistics showed that the US economy added 169,000 new jobs in August, below economists' expectations of 180,000. Unemployment also fell to its lowest level since December 2008, at 7.3%, but did so as a result of a fall in the labour participation rate, which fell by 0.2% to 63.2%; the lowest level since August 1978. Other data released earlier in the week remained mixed, with information on economic activity for August surpassing expectations whilst data on the fiscal health of the economy deteriorated further. The Institute of Supply Management (ISM) Manufacturing and Non- Manufacturing figures reported higher than expected at 55.7 and 58.6 respectively. Importantly both data were above the 50 point level, a level above which indicates economic expansion. Trade deficit figures, however, widened further by 13% to USD 39.1 billion, as exports fell and the US imported more cars and car parts in July.

In Europe, the European Union's statistics office (Eurostat) revised its second quarter GDP estimate up to 0.4% compared with the previous three months of the year, where it shrank by 0.1%. Data from the constituent countries was not universally positive. German exports dropped unexpectedly in July, with seasonally adjusted numbers falling by 1.1% against a 0.7% rise expected by economists. Spanish factories also showed disappointing results following its 23rd consecutive month of falling production, after output reduced by 1.4% in July.

Elsewhere, in Cyprus, MPs on Thursday reversed their earlier vote, and voted in favour of legislation by international creditors in return for their second instalment of a EUR 10 billion bailout loan by the International Monetary Fund (IMF) and the European Union (EU). This comes after the initial bailout plan in March had been rejected following concerns that the "haircuts" imposed by the legislation were too severe.

Indian stock markets surged last week, adding 6.1% in US dollar terms, following an announcement outlining new measures to benefit retail investors and revive the Indian economy by the new Reserve Bank of India (RBI) governor Raghuram Rajan. In China, data published at the weekend, showed exports grew by 7.2%, against 5.5% expected, in the twelve months to August. Finally, Tokyo won its bid to host the 2020 Summer Olympics, resulting in the Nikkei responding positively overnight in anticipation of added stimuli the event could bring to growth in the economy.

*Source: Bloomberg. Returns in US dollars unless otherwise stated. September 2013*

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| Asset Class/Region | Index | Currency | Currency returns | | | |
|---|---|---|---|---|---|---|
| | | | Week ending 6 Sept 2013 | Month to date | YTD 2013 | 12 months |
| **Developed Market Equities** | | | | | | |
| United States | S&P 500 NR | USD | 1.4% | 1.4% | 17.3% | 16.6% |
| United Kingdom | FTSE All Share TR | GBP | 2.3% | 2.3% | 15.8% | 20.3% |
| Continental Europe | MSCI Europe ex UK NR | EUR | 2.6% | 2.6% | 12.2% | 18.8% |
| Japan | Topix TR | JPY | 3.8% | 3.8% | 35.0%* | 57.6% |
| Asia Pacific (ex Japan) | MSCI Pacific ex Japan TR | USD | 3.2% | 3.2% | 1.6% | 7.8% |
| Australia | S&P / ASX 200 TR | AUD | 0.6% | 0.6% | 14.4% | 22.3% |
| Global | MSCI World NR | USD | 2.1% | 2.1% | 14.0% | 16.8% |
| **Emerging Market Equities** | | | | | | |
| Emerging Europe | MSCI EM Europe NR | USD | 2.0% | 2.0% | -9.7% | -3.9% |
| Emerging Asia | MSCI EM Asia NR | USD | 2.5% | 2.5% | -4.2% | 1.5% |
| Emerging Latin America | MSCI EM Latin America NR | USD | 4.6% | 4.6% | -14.5% | -10.8% |
| BRICs | MSCI BRIC NR | USD | 4.8% | 4.8% | -8.3% | -2.1% |
| Mena countries | Dow Jones MENA TR | USD | -2.3% | -2.3% | 11.4% | 10.4% |
| South Africa | FTSE JSE All Share TR | USD | 4.4% | 4.4% | -5.8% | 2.1% |
| India | Nifty Fifty TR | USD | 6.1% | 6.1% | -18.4% | -18.4% |
| Global emerging markets | MSCI EM (Emerging Markets) NR | USD | 2.9% | 2.9% | -7.6% | -2.4% |
| **Bonds** | | | | | | |
| US Treasuries | JP Morgan United States Government Bond Index TR | USD | -0.9% | -0.9% | -4.1% | -4.2% |
| US Treasuries (inflation protected) | Barclays Capital U.S. Government Inflation Linked TR | USD | -1.6% | -1.6% | -10.1% | -9.4% |
| US Corporate (investment grade) | Barclays Capital U.S. Corporate Investment Grade TR | USD | -1.1% | -1.1% | -4.4% | -3.4% |
| US High Yield | Barclays Capital U.S. High Yield 2% Issuer Cap TR | USD | 0.0% | 0.0% | 2.7% | 6.1% |
| UK Gilts | JP Morgan United Kingdom Government Bond Index TR | GBP | -0.9% | -0.9% | -4.3% | -4.7% |
| UK Corporate (investment grade) | BofA Merrill Lynch Sterling Non Gilts TR | GBP | -0.8% | -0.8% | -0.9% | 1.2% |
| Euro Government Bonds | Citigroup EMU GBI TR | EUR | -0.3% | -0.3% | 0.4% | 3.4% |
| Euro Corporate (investment grade) | Barclays Capital Euro Aggregate Corporate TR | EUR | -0.3% | -0.3% | 0.4% | 3.4% |
| Euro High Yield | BofA Merrill Lynch Euro High Yield Constrained TR | EUR | 0.0% | 0.0% | 4.7% | 14.3% |
| Japanese Government | JP Morgan Japan Government Bond Index TR | JPY | -0.4% | -0.4% | 1.0% | 0.9% |
| Australian Government | JP Morgan Australia GBI TR | AUD | -1.2% | -1.2% | -1.4% | -2.0% |
| Global Government Bonds | JP Morgan Global GBI | USD | -0.8% | -0.8% | -5.8% | -7.5% |
| Global Bonds | Citigroup World Broad Investment Grade (WBIG) TR | USD | -0.7% | -0.7% | -4.4% | -4.7% |
| Global Convertible Bonds | UBS Global Convertible Bond | USD | 1.4% | 1.4% | 9.9% | 13.2% |
| Emerging Market Bonds | JP Morgan EMBI + | USD | -0.3% | -0.3% | -11.7% | -8.9% |

* Estimate

Source: Bloomberg, September 2013

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|---|---|---|---|---|---|---|
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| **Property** | | | | | | |
| US Property Securities | MSCI US REIT NR | USD | 0.4% | 0.4% | -0.4% | 1.7% |
| UK Property Securities | FTSE EPRA/NAREIT United Kingdom TR | GBP | -0.2% | -0.2% | 11.2% | 19.9% |
| Europe ex UK Property Securities | FTSE EPRA/NAREIT Developed Europe ex UK TR | EUR | 0.1% | 0.1% | -0.6% | 7.6% |
| Australian Property Securities | FTSE EPRA/NAREIT Australia TR | AUD | -1.2% | -1.2% | 6.3% | 13.0% |
| Asia Property Securities | FTSE EPRA/NAREIT Developed Asia TR | USD | 2.0% | 2.0% | 1.3% | 10.7% |
| Global Property Securities | FTSE EPRA/NAREIT Developed TR | USD | 1.0% | 1.0% | 0.2% | 6.0% |
| **Currencies** | | | | | | |
| Euro | | USD | -0.3% | -0.3% | -0.1% | 2.5% |
| UK Pound Sterling | | USD | 0.8% | 0.8% | -3.8% | -3.3% |
| Japanese Yen | | USD | -1.0% | -1.0% | -12.5% | -21.4% |
| Australian Dollar | | USD | 3.2% | 3.2% | -11.6% | -11.5% |
| South African Rand | | USD | 2.6% | 2.6% | -15.5% | -17.0% |
| Swiss Franc | | USD | -0.8% | -0.8% | -2.3% | 0.2% |
| Chinese Yuan | | USD | 0.0% | 0.0% | 1.8% | 2.7% |
| **Commodities & Alternatives** | | | | | | |
| Commodities | RICI TR | USD | 0.7% | 0.7% | -0.1% | -3.5% |
| Agricultural Commodities | RICI Agriculture TR | USD | -0.3% | -0.3% | -7.6% | -13.0% |
| Oil | ICE Crude Oil CR | USD | -0.3% | -0.3% | 4.3% | 3.5% |
| Gold | Gold Spot | USD | -0.2% | -0.2% | -16.9% | -21.5% |
| Hedge Funds | HFRX Global Hedge Fund | USD | 0.5%* | 0.5%* | 3.8%* | 4.6%* |

* Estimate

Source: Bloomberg, September 2013

## Important notes

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