# Weekly Review

## Week ending 8th March 2013

In the US, equity markets performed strongly over the week, with the Dow Jones finishing at a record high of 14,397 and the S&P 500 closing 2.2% higher over the five days. Better than expected employment numbers provided a positive impetus, after data showed the US economy to have created 236,000 jobs in February (79,000 more than in January) and unemployment to have fallen 0.2% to 7.7% in February, the lowest since December 2008. The Non-Manufacturing Institute for Supply Management (ISM) report also came in better than expected at 56, and at the highest level since February last year (a reading above 50 is a sign of expansion in the sector), whilst the US factory orders for January (although negative at -2.0%) were higher than the -2.2% expected; a decrease in military hardware and commercial aircraft orders having contributed to the negative result. Later in the week, figures released from the Commerce department showed the US trade deficit to have widened to USD 44.5 billion in January, from USD 38.1 billion in December. The biggest contribution came from a 12% increase oil imports over the month. Results from the Federal Reserve's latest banking stress test on Thursday, showed signs of improving standards and strengthening financial systems in the country. 17 out of 18 of the US banks tested received projected tier 1 capital ratios above the minimum 5% level under a severely "adverse scenario".

In Europe, monetary policy meetings between officials in the European Central Bank (ECB) and the Bank of England (BoE) voted to keep rates unchanged at 0.75% and 0.5% respectively. This marks the eighth consecutive month the rate has been kept on hold by the ECB, after being cut from 1% in July last year. Officials in the UK also rejected proposals to increase the size and pace of the quantitative easing programme for the country. Elsewhere in Europe, the ratings agency, Standard & Poor's, revised up its BB negative rating on Portugal to BB stable, on grounds of falling public sector refinancing risks.

In the UK, data from the Office for National Statistics (ONS) showed construction output to have fallen 7.9% in January, compared with the same time last year, whilst the Business Chambers of Commerce (BCC) downgraded its economic growth forecast for the year to 0.6%, from 1.0% previously. The BCC also cut its forecast for growth in 2014, from 1.8% to 1.7%.

In Asia, Chinese export growth rose more than expected in February, following a 21.8% rise (against 8.1% predicted) from a year earlier, helped by strong demand from the US and South East Asia. Lunar year holidays, however, are thought to have complicated this measure after the national holiday fell in February this year compared to January for 2012. Aside from data releases, the nation's top leaders met at the National People's Congress on Monday, where Premier Wen's final report revealed that the government would keep the country's 2013 GDP and inflation targets at 7.5% and 3.5% respectively. The Premier also said the country would strengthen the management of its local government debt, whilst the Minister of Finance said the country's budget for 2013 is planned at 2.0% of GDP and features a 10.7% increase in the military's budget.

At the Bank of Japan's meeting, officials rejected a proposal to start up its open ended asset purchasing programme ahead of its planned start date in 2014 and voted to keep the fund for asset purchases, at JPY 76 trillion, and the policy rate, of 0.0 to 0.1%, unchanged. In his final meeting before standing down at the end of the month, Governor Shirakawa, said the Bank of Japan now believes the economy has "stopped weakening"; comments which helped see the Topix close the week 3.7% higher in local currency terms.

Global developed and emerging equities added 2.0% and 1.3% respectively, following positive returns in local currency terms for all major equity markets over the week. In fixed income markets, global government bonds declined by 1.2% in US dollar terms whilst global convertible bonds returned 1.3% to provide some positive returns for this asset class. Finally, global property securities gained 0.6% last week, helped by a 1.6% rise in UK and Europe ex UK listed property, whilst commodities rose by 0.9%.

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

## Returns to 8 March 2013

| Asset Class/Region | Index | Currency | Currency returns: Week ending 8 March 2013 | Month to date | YTD 2013 |
|---|---|---|---|---|---|
| **Developed Market Equities** | | | | | |
| United States | S&P 500 NR | USD | 2.2% | 2.4% | 9.1% |
| United Kingdom | FTSE All Share TR | GBP | 1.8% | 2.1% | 11.1% |
| Continental Europe | MSCI Europe ex UK NR | EUR | 3.0% | 2.6% | 7.4% |
| Japan | Topix TR | JPY | 3.7% | 4.6% | 18.7%* |
| Asia Pacific (ex Japan) | MSCI Pacific ex Japan TR | USD | 0.9% | 0.4% | 8.1% |
| Global | MSCI World NR | USD | 2.0% | 1.7% | 7.1% |
| **Emerging Market Equities** | | | | | |
| Emerging Europe | MSCI EM Europe NR | USD | 2.0% | 1.3% | 0.3% |
| Emerging Asia | MSCI EM Asia NR | USD | 0.5% | 0.5% | 1.5% |
| Emerging Latin America | MSCI EM Latin America NR | USD | 3.1% | 2.7% | 3.6% |
| BRICs | MSCI BRIC NR | USD | 2.7% | 2.1% | 1.8% |
| South Africa | FTSE JSE All Share TR | USD | 1.5% | 2.0% | -3.0% |
| Global emerging markets | MSCI EM (Emerging Markets) NR | USD | 1.3% | 1.1% | 1.2% |
| **Bonds** | | | | | |
| US Treasuries | JP Morgan United States Government Bond Index TR | USD | -0.9% | -0.8% | -1.1% |
| US Treasuries (inflation protected) | Barclays Capital U.S. Government Inflation Linked TR | USD | -1.1% | -0.8% | -1.5% |
| US Corporate (investment grade) | Barclays Capital U.S. Corporate Investment Grade TR | USD | -0.9% | -0.8% | -0.9% |
| US High Yield | Barclays Capital U.S. High Yield 2% Issuer Cap TR | USD | 0.4% | 0.4% | 2.3% |
| UK Gilts | JP Morgan United Kingdom Government Bond Index TR | GBP | -1.4% | -0.6% | -1.7% |
| UK Corporate (investment grade) | BofA Merrill Lynch Sterling Non Gilts TR | GBP | -0.7% | -0.2% | -0.3% |
| Euro Government Bonds | Citigroup EMU GBI TR | EUR | 0.1% | 0.3% | 0.0% |
| Euro Corporate (investment grade) | Barclays Capital Euro Aggregate Corporate TR | EUR | -0.1% | 0.0% | 0.1% |
| Euro High Yield | BofA Merrill Lynch Euro High Yield Constrained TR | EUR | 0.8% | 0.1% | 0.1% |
| Japanese Government | JP Morgan Japan Government Bond Index TR | JPY | 0.1% | 0.2% | 1.4% |
| Australian Government | JP Morgan Australia GBI TR | AUD | -1.0% | -0.9% | -0.8% |
| Global Government Bonds | JP Morgan Global GBI | USD | -1.2% | -1.6% | -4.2% |
| Global Bonds | Citigroup World Broad Investment Grade (WBIG) TR | USD | -0.8% | -1.2% | -2.9% |
| Global Convertible Bonds | UBS Global Convertible Bond | USD | 1.3% | 1.1% | 3.4% |
| Emerging Market Bonds | JP Morgan EMBI + | USD | -0.6% | -0.5% | -2.8% |

*Source: Bloomberg, March 2013*

## Returns to 8 March 2013

| Asset Class/Region | Index | Currency | Currency returns: Week ending 8 March 2013 | Currency returns: Month to date | Currency returns: YTD 2013 |
|---|---|---|---|---|---|
| **Property** | | | | | |
| **US Property Securities** | MSCI US REIT NR | **USD** | 0.9% | 1.3% | 6.2% |
| **UK Property Securities** | FTSE EPRA/NAREIT United Kingdom TR | **GBP** | 1.6% | 2.1% | 5.4% |
| **Europe ex UK Property Securities** | FTSE EPRA/NAREIT Developed Europe ex UK TR | **EUR** | 1.6% | 1.4% | 2.4% |
| **Australian Property Securities** | FTSE EPRA/NAREIT Australia TR | **AUD** | 1.1% | -0.5% | 7.6% |
| **Asia Property Securities** | FTSE EPRA/NAREIT Developed Asia TR | **USD** | 0.0% | 0.1% | 5.6% |
| **Global Property Securities** | FTSE EPRA/NAREIT Developed TR | **USD** | 0.6% | 0.7% | 4.6% |
| **Currencies** | | | | | |
| **Euro** | | **USD** | -0.2% | -0.4% | -1.4% |
| **UK Pound Sterling** | | **USD** | -0.8% | -1.6% | -8.1% |
| **Japanese Yen** | | **USD** | -2.5% | -3.6% | -9.7% |
| **Australian Dollar** | | **USD** | 0.3% | 0.2% | -1.6% |
| **South African Rand** | | **USD** | -0.2% | -0.8% | -6.9% |
| **Swiss Franc** | | **USD** | -0.9% | -1.5% | -3.8% |
| **Chinese Yuan** | | **USD** | 0.1% | 0.1% | 0.3% |
| **Commodities & Alternatives** | | | | | |
| **Commodities** | RICI TR | **USD** | 0.% | 0.1% | -0.1% |
| **Agricultural Commodities** | RICI Agriculture TR | **USD** | 0.4% | 0.3% | -0.1% |
| **Oil** | ICE Crude Oil CR | **USD** | -0.9% | -1.5% | 0.4% |
| **Gold** | Gold Index | **USD** | 0.2% | 0.0% | -5.8% |
| **Hedge Funds** | HFRX Global Hedge Fund | **USD** | 0.4%* | 0.5%* | 2.9%* |

* *Estimate*

*Source: Bloomberg, March 2013*

## Important notes

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