

Weekly Review

Week ending 12th March 2010

The second week of March seemed to follow many of the patterns of the first. The equity markets provided positive returns and bonds were muted. The risks surrounding Greece's debt seem to have abated further still as a plan is drawn up in Brussels, and this has brought a degree of stability to the markets. The chart below demonstrates the compression of the CDS spread for Greece, from a peak of 400bps to sub 300 suggesting a relaxation of the tensions surrounding Greece's financial state.



Within equity markets, a couple of recent laggards, Japan and the Emerging Markets, outperformed the developed markets. Japan returned 2.8% over the week to bring the year to date return to 3.2% in yen terms. The emerging markets returned 1.8% to bring their year to date return into positive territory in dollar terms. The other developed markets all posted returns close to 1.0% for the week in local currency terms and the developed equity index is up 2.0% for the year to date in US Dollar terms. The greenback's slight weakness providing a tail wind to performance.

Within bond markets, investment grade debt outperformed sovereign paper over the short term, although the year to

date returns for both the Global Broad Investment Grade and Government bond indices are both 0.2% in US Dollar terms. Investment grade debt spread has narrowed significantly from the highs 18 months ago and this narrower spread suggests a greater degree of sensitivity to the interest rate risk of the government debt markets. Investment grade debt still provides a reasonable yield pick up over government debt however. High Yield debt posted returns analogous to the equity markets, with US High Yield returning 0.9% in US Dollar terms. Global convertible bonds performed well, returning 1.2% in US Dollars. Emerging market Debt was also strong, with the JP Morgan EMBI+ returning 0.9% in US Dollars for the week and 3.4% year to date.

Property securities underperformed the broader equity markets last week on a regional basis, but strong returns in the US and a weak US Dollar resulted in global returns that at 2.2% were ahead of broad equity markets. The US market in particular has posted significant returns year to date, returning 7.5% compared to global returns of 1.8%. Asian property performed in line with the latter, whilst Europe underperformed, returning -1.5% in euro terms.

The US Dollar's recent rally abated somewhat last week, with most majors gaining some ground against the greenback. The yen was the exception, falling -0.2% against the US Dollar. Year to date, the yen has performed well, however, returning 2.6%. The euro performed well, as the risks relating to Greece appeared to abate further, gaining 1.1%. Sterling added 0.5%, but year to date is still worth 6.0% less in Dollar terms than it was at the start of the year. Commodity returns were weak. Oil's gains of 1.8% were offset by negative returns elsewhere and broad commodities returned -0.9%. Agricultural commodities fared worse, returning -1.7% for the week.

Returns to 12 March 2010

Asset Class/Region	Index	Currency	Week	Month to date	Year to date
Equities					
United States	S&P 500 NR	USD	1.0	4.2	3.4
United Kingdom	FTSE All Share TR	GBP	0.8	5.4	5.1
Continental Europe	MSCI Europe ex UK NR	EUR	0.8	5.8	1.8
Japan	Topix TR	JPY	2.8	4.7	3.2
Australia	S&P/ASX 300 TR	AUD	1.1	4.4	0.0
Global	MSCI World NR	USD	1.5	4.9	2.0
Global emerging markets	MSCI World Emerging markets TR	USD	1.8	6.1	0.6
Bonds					
US Treasuries	JP Morgan United States Government Bond Index TR	USD	-0.1	-0.5	1.5
US Treasuries (inflation protected)	Barclays Capital U.S. Government Inflation Linked TR	USD	0.2	0.3	0.7
US Corporate (investment grade)	Barclays Capital U.S. Corporate Investment Grade TR	USD	0.3	0.1	2.1
US High yield	Barclays Capital U.S. High Yield 2% Issuer Cap TR	USD	0.9	2.1	3.6
UK Gilts	JP Morgan United Kingdom Government Bond Index TR	GBP	-0.3	-0.5	-0.2
UK Corporate (investment grade)	Merrill Lynch Sterling Non Gilts TR	GBP	0.2	0.3	2.3
Euro Government Bonds	Citigroup EMU GBI TR	EUR	0.1	0.1	1.7
Euro Corporate (investment grade)	Barclays Capital Euro Aggregate Corporate TR	EUR	0.2	0.4	2.6
Euro High yield	Merrill Lynch Euro High Yield 3% constrained TR	EUR	1.4	3.0	6.8
Japanese Government	JP Morgan Japan Government Bond Index TR	JPY	-0.1	0.0	0.1
Australian Government	JP Morgan Australia GBI TR	AUD	-0.9	-0.8	0.8
Global Government bonds	JP Morgan Global GBI	USD	0.3	-0.5	0.2
Global Bonds	Citigroup World Broad Investment Grade (WBIG) TR	USD	0.4	0.0	0.2
Global Convertible bonds	UBS Global Convertible Bond	USD	1.2	3.2	2.5
Emerging Market Bonds	JP Morgan EMBI +	USD	0.9	1.9	3.5

Source: RMB Asset Management / Bloomberg / Lipper Hindsight. March 2010.

Returns to 12 March 2010

Asset Class/Region	Index	Currency	Week	Month to date	Year to date
Property					
US Property securities	MSCI US REIT TR	USD	3.7	7.8	7.5
UK Property securities	FTSE EPRA/NAREIT United Kingdom TR	GBP	-1.8	3.8	-2.6
Europe ex UK Property securities	FTSE EPRA/NAREIT Developed Europe ex UK TR	EUR	-1.5	3.0	2.5
Australian property securities	FTSE EPRA/NAREIT Australia TR	AUD	-2.3	-0.1	-1.5
Asia Property securities	FTSE EPRA/NAREIT Developed Asia TR	USD	2.2	4.1	0.2
Global Property securities	FTSE EPRA/NAREIT Developed CR	USD	2.2	5.4	1.8
Currencies					
Euro		USD	1.1	0.8	-4.1
Sterling		USD	0.5	-0.3	-6.0
Yen		USD	-0.2	-2.1	2.6
Australian Dollar		USD	0.9	2.3	1.9
Rand		USD	0.5	3.6	-0.5
Commodities					
Commodities	RICI TR	USD	-0.9	0.1	-2.8
Agricultural Commodities	RICI Agriculture TR	USD	-1.7	-3.8	-7.4
Oil	Brent Crude Index (ICE) CR	USD	1.8	3.4	3.1
Gold	Gold index	USD	-2.5	-0.2	-1.7

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