



Overview

- Global markets suffered widespread losses in August, after slightly looking up in July amid what continue to be challenging conditions.
- Emerging markets once again outperformed the rest of the world, with India again leading the pack.
- Fears over increasingly aggressive tightening (interest rate hikes) from the main central banks have significantly dampened sentiment.

In a reversal of July's outcomes, August was generally a much slower month for global equity markets. Many markets ended down, with the familiar tale of rising costs and rising interest rates persisting throughout. Once again, there was light at the end of the tunnel for Emerging markets which outperformed the rest of the world.

Europe

European equities ended July in negative territory partly due to the Federal Reserve's renewed commitment to interest rate increases.

Inflation hit a new record high of 9.1%, beating consensus. Wholesale energy and commodities, like wheat, were among the main drivers. Pressure is building on the European Central Bank to be more aggressive with interest rate hikes in September.

A new link in a gas pipeline from the Iberian peninsula to France could be ready within a year say Spain, after backing from Germany. This will help to alleviate Europe's reliance on Russia for gas supply.

The UK

Similarly, UK markets also suffered in August. Once again, fears over more aggressive interest rate hiking from central banks was a key driver.

The Bank of England raised its rates by a further 0.5% to 1.75%, which was the biggest increase in 27 years. Inflation hit 10.1% in July and is now forecast to hit 13.1% by the end of the year. Recession could follow.

As the cost-of-living crisis continues to worsen, UK consumer confidence fell to its lowest level in 50 years according to data from Growth for Knowledge.

The US

After a promising start, US markets slipped to end August down. Contrary to some expectations, the Federal Reserve (Fed) doubled down on its commitment to curbing inflation through interest rate rises.

Though inflation seems to have passed its 9.1% June peak, Core inflation (minus food and energy) still remains above target.

The US economy more than doubled its expected new job additions, which went some way to relieve recession fears. Job levels are now back to pre-covid markers.

Asia

The Federal Reserve's renewed aggressive stance also negatively impacted Asian equities. Chinese markets were flat. Contrary to other central banks, the People's Bank of China actually cut some of its interest rates to try to boost slow economic growth.

India was once again the standout performer beating the region and the rest of the world. The Reserve Bank of India raised rates by 0.5% which was higher than consensus estimates.

Japanese markets were bolstered by reports that the government will ease Covid restrictions and allow a cap of 20,000 tourists to arrive in the country a day.

Emerging Markets

Marginal gains in emerging markets were enough to ensure they once again outperformed the rest of the world. This time, EM Asia led the way with India at the fore. Thailand, Indonesia and the Philippines all also strengthened.

EM Latin America traded sideways, but still outperformed the developed world. Brazil posted the biggest gains while Colombia and Mexico lagged.

In EM Europe, Middle East & Africa (EMEA), Turkey rallied strongly boosted by new government regulation on bank lending among other factors. Poland was the biggest detractor, hit by the gas crisis halting production in nitrogen fertiliser companies.

Fixed income

The threat of aggressive tightening of monetary policy (raising interest rates) by the central banks spooked bond markets in August.

The Federal Reserve's renewed its stance on the matter in its annual Jackson Hole meeting as a way of curbing inflation. This meant a big sell off in government bonds with UK gilts hit the hardest.

Corporate debt markets also struggled. There were losses across the board for sterling, euro and US dollar denominated bonds.

Environmental, Social and Governance

Asia takes the focus for August's ESG roundup. Here, there's been significant movement in the development of ESG regulation.

There are now more than 200 relevant regulations in the region, increasing two-fold since 2016. The main trends have centred around corporate disclosures, greenwashing, climate risk and taxonomy.

China for example, published one of its first voluntary ESG disclosure guides with a range of suggested metrics with alignment to global standards. Developments like this should make the comparability of standards globally easier, and help drive ESG investing in Asia.

Europe

- European Central Bank expected to raise interest rates by record amount
- Inflation hits another new high
- Eurozone jobless rate hits record low

European shares ended lower in August. This was in part due to the US Federal Reserve emphasising its resolve to raise interest rates to curb inflation at the annual Jackson Hole summit. From a sector perspective, all except for energy ended in negative territory, with real estate and information technology leading the losses.

Eurozone inflation hit another new record of 9.1% in August, higher than consensus estimates. Wholesale gas and electricity prices rose to record levels in Europe during the month and pushed up the cost of agricultural commodities, like wheat. This has increased calls for the European Central Bank (ECB) to raise interest rates more aggressively in September.

Eurozone government bonds sold off, sending their yields higher. This reflects growing expectations that the ECB will raise rates by 0.75% points for the first time in its history.

The eurozone jobless rate fell to hit a record low of 6.6% in July as the labour market showed resilience against the backdrop of record high inflation. This could encourage the ECB to continue with monetary policy tightening (raising interest rates).

The flash purchasing managers' composite index (PMI) for the eurozone fell to 49.2, the second consecutive month below the 50 mark and its lowest level since February 2021.

The composite PMI, which measures activity at services and manufacturing companies across the eurozone, was below 50, indicating businesses are contracting.

This reduction in business activity was mostly driven by Germany and France. German businesses reported a reversal of activity for more than two years, while French businesses had their first contraction in 18 months.

Calculation by the Financial Times showed that the ECB injected billions of euros into weaker eurozone debt markets including Italian, Spanish, and Greek markets. The Central Bank ended net purchases under its pandemic emergency purchase programme in March but is focusing reinvestments of maturing bonds. The reinvestments highlight the ECB's eagerness to keep a lid on borrowing costs for countries such as Italy to prevent another sovereign debt crisis.

In other news, the EU is preparing emergency measures to curb the price of electricity by separating it from the rising cost of gas. European Commission president Ursula von der Leyen said Brussels was working on intervention as well as reforms which could allow cheaper renewable energy to help set electricity prices.

Spain announced a link in a gas pipeline from the Iberian Peninsula to France could be ready within a year following backing from Germany. This would link the region to central Europe, improving energy security and helping wean Europe off Russian gas.



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- Bank of England enacted largest interest rate rise for 27 years
- UK inflation reaches 10.1%
- UK GDP contracts in quarter two

The UK equity market closed lower on fears that more aggressive interest rate hikes from central banks will lead to a global economic downturn.

The Bank of England raised interest rates by 0.5% points to 1.75%, the largest increase in 27 years. The Bank of England is now forecasting inflation to rise above 13% at the end of the year, whilst also forecasting a 15-month recession with GDP shrinking by more than 2% from peak to trough.

UK inflation was 10.1% in July, mainly driven by higher food prices, and exceeding consensus forecasts. Whilst being widespread globally, Inflation has been stronger in the UK than in other G7 countries and most European nations.

The Office for National Statistics (ONS) data showed the UK economy contracted 0.1% in the second quarter, as the cost-of-living impacted peoples spending. This follows a 0.7% increase in the first quarter of this year. The main decline in output in the second quarter came in services, particularly in the health sector and retail. Improvements in services related to a recovering travel sector offset slightly.

The pound recorded its steepest decline against the US dollar since the outcome of the Brexit referendum in 2016. Sterling fell 4.5% against the dollar in August and also fell by just under 3% against the euro in the same period. UK gilts had their biggest monthly fall for almost 30 years due to fears of a lengthy recession and the potential for more government borrowing.

Data from Growth for Knowledge (GfK) showed UK consumer confidence fell to its lowest level since comparable records began almost 50 years ago. The August index score for overall consumer confidence fell to minus 44 from minus 41 the previous month. The rising cost of living caused concerns over personal finances and economic prospects.



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- US equities lost ground over fears around the Federal Reserve's more aggressive approach to interest rates
- CPI inflation edges lower to 8.5%
- US labour market continues to show strength

US stock markets enjoyed a summer rally in the first half of the month. But this was quickly undone as investors digested the Federal Reserve's (Fed) unexpectedly more aggressive stance towards inflation.

The Jackson Hole meeting - an annual economic policy symposium hosted by the Federal Reserve Bank of Kansas City - saw the Fed articulate aggressive policy to fight inflation. Their stance was that some "pain" may be required, pointing towards further interest rate hikes and balance sheet shrinking. This went against investor expectations of the Fed pivoting towards lower interest rates due to rising recession fears.

Fed officials seem to see falling asset prices as a necessary means of stunting inflation and a sign that the market has received the right message. At the same time, inflation appears to have passed its peak of 9.1% registered in June, with the key inflation metric declining to 8.5% year-on-year in July. Core inflation (excluding food and energy) nonetheless remains above the Fed's target.

Concerns of a recession were alleviated as the US economy unexpectedly added 528,000 new jobs last month, more than double the forecast. More significantly, this meant that the American labour market has now recovered all the jobs lost since the beginning of the Covid outbreak in February 2020.

Additionally, the unemployment rate dropped by 0.1% to 3.5%, matching its half-century low reached in 2020 before the pandemic began. While this relieves concerns surrounding the slowdown of the world's largest economy, it also gives further reason for the Fed to carry on their aggressive rate hike path.

- Asian equities detract as inflation woes persist
- The Federal Reserve's Jackson Hole meeting a key market mover
- India the standout market as it continued with its upward trajectory

Asian equity markets ended the month lower, with investor sentiment dampened by the Federal Reserve's (Fed) reaffirmation of their aggressive stance towards inflation with increased interest rates at the annual Jackson Hole meeting. India was the key outperformer though - for the second month running.

The Fed's stance flattened Chinese equities. Macroeconomic data highlighted some softness in domestic demand and cautious private sector sentiment.

Retail sales disappointed and industrial profits contracted amid slowing economic activity. Industrial production did recover some ground though, growing by 1.1% month-on-month in July. The People's Bank of China continued to diverge from other central bank policies by further cutting their MLF (one-year medium-term lending facility) rate and loan prime rate to try to bolster their uncharacteristically slowing economic growth.

It was a similarly disappointing month for Taiwan's stock market which also declined in value. Appetite for technology stocks continued to show weakness. Investor confidence was particularly tested as US House speaker Nancy Pelosi visited Taiwan, despite Beijing's objection. China retaliated with live-fire military drills and trade suspensions on select items.

The Fed's reaffirmation of their aggressive stance towards inflation at the Jackson Hole meeting was the main market driver for Korean equities. They retreated and underperformed the broader region. The Bank of Korea hiked its base policy rate by 25 basis points to 2.5%, with forward guidance suggesting similar increases in the remaining meetings in 2022.

India was yet again the top performing market, beating the broader region and the world as it continued its upward momentum. The Reserve Bank of India hiked their policy rates by 50 basis points for a second consecutive Monetary Policy Committee meeting, higher than consensus estimates.

Positive macroeconomic data drove gains, with year-on-year industrial production beating estimates and annual inflation dropping from 7.01% to 6.71%. Nonetheless, India's trade deficit continued to widen as exports growth fell considerably.

In Pacific region equities, there was a disparity between Japan and Australia. The former advanced higher whereas Australia's stock market lost some ground. Japanese travel stocks jumped, based on reports that the government is considering easing their Covid measures. This includes a cap of 20,000 tourists arriving per day, to help aid economic recovery. Meanwhile, a correction in commodity prices along with the broader macroeconomic headwinds held back Australian equities.

Emerging Markets

- Emerging equity markets outperformed the developed world
- China continues to cut interest rates
- Polish equities the worst hit by European energy crisis

Emerging markets finished marginally up, outperforming the developed markets, with EM Asia the leading region, followed by Latin America and EM Europe, Middle East & Africa (EMEA). Turkey was the standout performer, while Poland was the key detractor.

EM stocks enjoyed a summer rally at the start of the month. This was supported by the weaker-than-expected July CPI inflation in the US which led to expectations of softer Federal Reserve (Fed) tightening of monetary policy (lower interest rate rises). This was short-lived though as weak macroeconomic data in China and rising European energy prices reignited recession fears in EM. The Fed also affirmed their aggressive stance towards inflation in the annual Jackson Hole meeting.

While the Fed action dragged on EM Asia equities, China's decision to provide both monetary and fiscal support provided some relief. The Chinese State Council set new policy financing for their property market which continued to grapple with its mortgage crisis.

The central bank also cut their MLF (one-year medium-term lending facility) rate and loan prime rate to try to bolster their economy's slowing growth. Indonesia, Thailand, India, and the Philippines all strengthened. But South Korea and Taiwan offset some of these gains as demand for technology stocks weakened.

Latin American equities traded sideways this month but outperformed the rest of the world. Brazil posted the best returns, while Colombia and Mexico were the two biggest detractors.

Equities in Brazil were supported by a stronger-than-expected quarterly GDP print, as well as a return of foreign investment flows. The Central Bank of Brazil meanwhile raised interest rates for the twelfth consecutive time since it started tightening in March 2021.

Chilean stocks also rose in value, as investors await the exit referendum to accept or reject the new constitution on 4 September. The latest polls lean towards the latter and therefore hint at a potential market-friendly outcome. Mixed economic indicators in Mexico dragged on performance, and CPI inflation continued to rise, reaching 8.15%.

Equities in EM EMEA fell behind the broader index, as the Fed's tougher stance on inflation pushed stocks lower. The CE3 (three central European) markets declined, with Poland and Czech the key detractors. Hungary marginally retreated.

The European gas crisis notably hit Poland with key nitrogen fertiliser companies halting production due to spiking gas prices. There was also uncertainty surrounding government intervention which increased investor woes.

Turkey rallied strongly though. Its market built on a strong quarter two earnings season and foreign capital inflows. This combined with new government regulation on bank lending attracted local investors searching for inflation hedges.



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Fixed Income

- Broad losses for government and corporate bond markets following hawkish¹ comments from central bankers.
- Markets price in faster pace of interest rate hikes.
- Inflationary pressures in Europe continue to build, fuelled by surge in natural gas prices on Russian supply concerns.

Bond markets were unnerved by the prospect of large interest rate hikes from the US Federal Reserve, European Central Bank, and the Bank of England. The likelihood of more aggressive monetary action (further interest rate rises) from the central banks grew as surging food and fuel prices, particularly in Europe, added to inflationary woes.

Consumer price growth in the euro area hit a record high of 9.1% in August while the annual UK inflation rate rose above 10% for the first time in 40 years. By comparison, the pace of price rises dipped in the US in July to 8.5%, down from 9.1% the previous month.

A pivotal point in the month was the delivery of a hawkish¹ speech from US Federal Reserve Chair Jerome Powell at the Jackson Hole Economic Symposium, where he unequivocally committed the US central bank to raising interest rates until inflation meaningfully slows. Markets began to price in a faster pace of rate hikes following his remarks that getting back to price stability would “likely require maintaining a restrictive policy stance for some time”.

Against this backdrop government bonds sold off. UK gilts came under the most pressure. There was negative sentiment soured by sterling weakness. Concerns that Conservative leadership front-runner Liz Truss’s tax and spending plans would be fiscally expansive, fuelling inflation also played a role.

UK gilts returned -8.09% over the month with the yield (which moves inversely to price) on the 10-year note rising from 1.86% to 2.80%. German bunds also fell in value, down 5.08%, with the yield on the 10-year bund increasing from 0.82% to 1.54%.

Weakness in US treasuries was less pronounced following earlier hopes that we may have seen “peak inflation” in the US following the lower-than-expected CPI reading. Still, US treasuries still recorded a monthly loss, returning -2.62%. The yield on the 10-year bond climbed from 2.65% to 3.19%.

It was also a challenging month for corporate debt markets with losses across the board for sterling, euro and US dollar denominated bonds. As with sovereign bonds, sterling credit was the worst affected with the Sterling Corporate Index returning -6.57%, according to data from ICE BofA. By comparison, the Euro and US Corporate Indexes fell by 4.25% and 2.66% respectively (returns in local currency). Weakness was more pronounced in longer-dated investment grade bonds.

Environmental, Social and Governance

- There has been lots of movement in the development of ESG regulation in Asia this year.
- The main trends have been around corporate disclosures, greenwashing, climate risk and taxonomy.
- These developments should make the comparability of standards easier and increase adoption of ESG investing in Asia

This month, we turn our ESG focus to regulation in Asia, where amidst economic and geopolitical developments in 2022, ESG investing has continued as a theme of interest.

In particular, the Asia region has seen a myriad of ESG regulatory developments where research estimates that there are now more than 200 relevant regulations in Asia, marking a two-fold increase since 2016. Key regulatory trends include corporate disclosures, greenwashing in focus, climate risks and taxonomies.

All eyes have been on International Sustainability Standards Board (ISSB)/U.S. Securities and Exchange Commission (SEC)/ European Financial Reporting Advisory Group (EFRAG) consultations globally. Meanwhile, China published Guidance for Enterprise ESG Disclosures.

This is one of the nation's first voluntary ESG disclosure guides with a range of suggested metrics with alignment to global standards while also including regional nuance. ESG data availability and disclosure rates have always been a challenge for the region. Continued increase in disclosures would help improve transparency and data availability ahead.

Second, various regulators have all commented on the risks of greenwashing. The Australian Securities and Investments Commission (ASIC) recently released a guide for investors on greenwashing.

The Monetary Authority of Singapore (MAS) also just announced Disclosure and Reporting Guidelines for Retail ESG Funds. Addressing greenwashing is key in ESG investing's continued growth and we should expect further regulations focused on investor transparency.

Third, many regions in Asia are most vulnerable to both physical and transition risks of climate change. There's an increasing focus for both businesses and investors to factor in material climate risks in their strategy and operations. Hong Kong's Securities and Futures Commission (SFC) and Singapore's MAS both had mandatory climate risk requirements go live in this past year.

Finally, the region has seen a flurry of taxonomies being developed particularly in the Association of Southeast Asian Nations (ASEAN) region. China also recently announced the China Green Bond Principles. This will help to unify China's onshore green bond standards while also aligning its framework with international standards like EU Taxonomy or Common Ground Taxonomy.

These developments will continue to drive convergence and comparability of standards and hopefully increase adoption of ESG investing in Asia.



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Government Bonds

Yield to maturity¹ (%)

	Current	1 month	3 months	6 months	12 months
US Treasuries 2 year	3.49	2.88	2.56	1.43	0.21
US Treasuries 10 year	3.19	2.65	2.84	1.83	1.31
US Treasuries 30 year	3.29	3.01	3.05	2.16	1.93
UK Gilts 2 year	3.02	1.71	1.59	1.04	0.22
UK Gilts 10 year	2.80	1.86	2.10	1.41	0.71
UK Gilts 30 year	3.08	2.40	2.39	1.59	1.06
German Bund 2 year	1.20	0.28	0.50	-0.53	-0.71
German Bund 10 year	1.54	0.82	1.12	0.14	-0.38
German Bund 30 year	1.63	1.07	1.38	0.42	0.09

Source: Bloomberg LP, Merrill Lynch data. Data as at 31 August 2022. The yield is not guaranteed and may do down as well as up.

Corporate Bonds

Yield to maturity¹ (%) / Spread² (bps)

	Current	1 month	3 months	6 months	12 months					
£ AAA Investment Grade Corporate	4.01	105	2.98	100	2.96	97	2.20	86	1.15	47
£ AA	4.19	123	3.13	119	3.10	110	2.27	95	1.19	56
£ A	4.66	168	3.53	157	3.45	143	2.56	121	1.53	87
£ BBB	5.42	243	4.29	234	4.04	202	3.27	186	2.01	127
£ High Yield	9.11	610	8.54	676	7.46	560	6.03	470	4.43	359
£ BB	7.92	491	7.44	563	6.37	444	4.94	354	3.39	259
€ AAA Investment Grade Corporate	2.47	109	1.53	94	1.80	87	0.87	92	0.02	54
€ AA	2.52	124	1.57	109	1.76	100	0.76	98	-0.05	57
€ A	3.01	172	2.04	154	2.14	137	1.09	127	0.19	74
€ BBB	3.66	232	2.75	223	2.71	189	1.61	172	0.52	99
€ High Yield	6.95	553	6.37	581	5.64	474	4.43	445	2.86	303
€ BB	5.87	442	5.22	463	4.65	374	3.55	355	2.11	231
European High Yield (inc € + £)	7.17	559	6.60	591	5.83	484	4.60	448	3.03	309

Source: Bloomberg LP, ICE BofA. Data as at 31 August 2022. The yield is not guaranteed and may go down as well as up.

¹ Yield to maturity – is the total return anticipated on a bond if the bond is held until it matures.

² Credit spread – difference in yields offered by corporate bonds over government bonds, that have similar maturity but different credit quality.

Global currency movements – figures to 31 August 2022

	Current value	Change Over:													
		1 Month (%)	3 Months (%)	6 Months (%)	YTD (%)	2021 (%)	2020 (%)	2019 (%)	2018 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)
Euro/US Dollar	1.01	-1.6	-6.3	-10.4	-11.6	8.9	-2.2	-4.5	14.1	-3.2	-10.2	-12.0	4.2	1.8	1.8
Euro/GB Sterling	0.87	3.1	1.6	3.5	2.8	5.7	-5.9	1.2	4.1	15.8	-5.1	-6.5	2.3	-2.6	-2.6
Euro/Swiss Franc	0.98	1.0	-4.5	-4.4	-5.3	-0.4	-3.5	-3.8	9.2	-1.5	-9.5	-2.0	1.6	-0.7	-0.7
Euro/Swedish Krona	10.72	3.3	2.3	0.8	4.1	-4.3	3.4	3.2	2.7	4.4	-2.9	6.7	3.1	-3.8	-3.8
Euro/Norwegian Krone	9.98	0.9	-0.9	1.0	-0.4	6.5	-0.6	0.6	8.3	-5.4	6.6	8.1	13.6	-5.2	-5.2
Euro/Danish Krone	7.44	-0.1	0.0	0.0	0.0	-0.4	0.1	0.3	0.2	-0.4	0.2	-0.2	0.0	0.4	0.4
Euro/Polish Zloty	4.72	-0.4	3.0	0.4	2.9	7.2	-0.8	2.7	-5.1	3.4	-0.6	3.2	1.8	-8.7	-8.7
Euro/Hungarian Forint	400.52	-1.0	0.8	7.9	8.5	9.5	3.1	3.3	0.4	-1.9	-0.4	6.5	2.0	-7.5	-7.5
US Dollar/Yen	138.96	4.3	8.0	20.8	20.8	-4.9	-1.0	-2.7	-3.7	-2.7	0.4	13.7	21.4	12.8	12.8
US Dollar/Canadian Dollar	1.31	2.6	3.8	3.6	3.9	-2.0	-4.7	8.5	-6.5	-2.9	19.1	9.4	7.1	-2.9	-2.9
US Dollar/South African Rand	17.12	3.0	9.5	11.3	7.4	5.0	-2.4	15.9	-9.9	-11.2	33.7	10.3	23.8	4.7	4.7
US Dollar/Brazilian Real	5.18	0.2	9.5	0.6	-7.0	29.0	4.0	17.1	1.8	-18.0	49.1	12.7	15.5	9.5	9.5
US Dollar/South Korean Won	1338.10	3.0	8.1	11.3	12.5	-6.0	3.6	4.2	-11.4	3.0	6.7	4.1	-1.4	-7.1	-7.1
US Dollar/Taiwan Dollar	30.44	1.7	4.8	8.6	10.0	-5.8	-2.2	3.1	-7.6	-2.1	4.0	6.1	2.6	-3.9	-3.9
US Dollar/Thai Baht	36.46	-0.9	6.6	11.6	9.2	-0.1	-7.9	-0.1	-9.0	-0.8	9.7	0.1	7.4	-3.1	-3.1
US Dollar/Singapore Dollar	1.40	1.2	2.0	3.1	3.6	-1.8	-1.2	2.0	-7.7	2.0	7.0	4.9	3.4	-5.8	-5.8
US Dollar/GB Sterling	0.86	4.7	8.4	15.4	16.4	-3.0	-3.8	5.9	-8.6	19.4	5.7	6.3	-1.9	-4.4	-4.4
GB Sterling/South African Rand	19.89	-1.6	0.9	-3.6	-7.8	8.2	1.3	9.6	-1.3	-25.7	26.5	3.7	26.5	9.3	9.3
Australian Dollar/US Dollar	0.68	-2.0	-4.7	-5.8	-5.8	9.6	-0.4	-9.7	8.3	-1.1	-10.9	-8.3	-14.2	1.8	1.8
New Zealand Dollar/US Dollar	0.61	-2.5	-6.1	-9.6	-10.4	6.6	0.3	-5.3	2.4	1.5	-12.4	-5.1	-0.9	6.6	6.6

Source: Bloomberg, all figures subject to rounding.

An investment cannot be made into an index directly. The performance data shown relates to a past period. Past performance does not predict future returns.

Global equity and commodity index performance – figures to 31 August 2022

(%)

	1month	3months	6months	YTD	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Global US & Canada														
MSCI World (US\$)	-4.1	-5.4	-10.7	-17.5	16.5	28.4	-8.2	23.1	8.2	-0.3	5.6	27.4	16.6	16.6
MSCI World Value (US\$)	-3.0	-7.4	-7.9	-10.5	-0.3	22.8	-10.1	18.0	13.3	-4.0	4.5	27.6	16.5	16.5
MSCI World Growth (US\$)	-5.3	-3.3	-13.9	-24.7	34.2	34.2	-6.4	28.5	3.2	3.5	6.6	27.2	16.6	16.6
MSCI World Small Cap (US\$)	-3.2	-4.9	-11.5	-18.0	16.5	26.8	-13.5	23.2	13.2	0.8	2.3	32.9	18.1	18.1
MSCI Emerging Markets (US\$)	0.4	-6.3	-13.1	-17.3	18.8	18.8	-14.3	37.8	11.8	-14.6	-2.0	-2.3	18.6	18.6
FTSE World (US\$)	-3.9	-5.9	-11.0	-17.4	16.4	27.8	-8.7	24.1	8.7	-1.4	4.8	24.7	17.2	17.2
Dow Jones Industrials	-3.7	-3.9	-6.0	-12.0	9.7	25.3	-3.5	28.1	16.4	0.2	10.0	29.7	10.2	10.2
S&P 500	-4.1	-3.9	-8.8	-16.2	18.4	31.5	-4.4	21.8	11.9	1.4	13.7	32.4	16.0	16.0
NASDAQ	-4.5	-2.0	-13.7	-24.1	45.0	36.7	-2.8	29.7	9.0	7.1	14.8	40.2	17.7	17.7
Russell 2000	-2.0	-0.7	-9.3	-17.2	19.9	25.5	-11.0	14.6	21.3	-4.4	4.9	38.8	16.4	16.4
S&P/TSX Composite	-1.5	-5.9	-7.0	-7.1	5.6	22.9	-8.9	9.1	21.1	-8.3	10.5	13.0	7.2	7.2
Europe & Africa														
FTSE World Europe ex-UK €	-5.1	-6.0	-7.1	-15.1	2.9	27.6	-10.5	12.9	3.2	10.7	7.2	21.8	21.0	21.0
MSCI Europe	-4.9	-5.5	-5.6	-11.4	-2.8	26.8	-10.1	10.8	3.2	8.8	7.5	20.5	17.9	17.9
CAC 40	-5.0	-5.0	-5.6	-12.0	-5.0	30.5	-8.1	12.5	8.8	11.9	2.5	22.2	20.4	20.4
DAX	-4.8	-10.8	-11.2	-19.2	3.5	25.5	-18.3	12.5	6.9	9.6	2.7	25.5	29.1	29.1
Ibex 35	-3.3	-9.8	-4.8	-7.0	-12.7	16.5	-11.5	11.3	2.5	-3.7	8.5	27.6	2.2	2.2
FTSEMIB	-3.8	-11.4	-12.4	-18.3	-3.3	33.8	-13.6	16.9	-6.5	15.8	3.0	20.4	12.2	12.2
Swiss Market Index (capital returns)	-2.6	-6.5	-9.4	-13.4	0.8	26.0	-10.2	14.1	-6.8	-1.8	9.5	20.2	14.9	14.9
Amsterdam Exchanges	-6.2	-4.0	-5.0	-12.9	5.5	28.5	-7.4	16.5	13.6	7.3	8.7	20.7	14.0	14.0
HSBC European Smaller Cos	-8.0	-15.5	-23.2	-32.2	15.3	23.7	-20.2	31.0	-2.5	7.0	-9.6	34.9	22.2	22.2
MSCI EM Europe, Middle East and Africa (US\$)	0.4	-4.9	-20.1	-30.9	-7.3	19.9	-7.4	16.5	22.8	-14.5	-28.2	-3.9	25.1	25.1
FTSE/JSE Africa All-Share (SA)	-1.8	-5.8	-9.6	-5.9	7.1	12.1	-8.4	21.0	2.8	5.3	10.9	21.5	26.7	26.7
UK														
FTSE All-Share	-1.7	-3.6	-1.4	-2.2	-9.7	19.1	-9.5	13.1	16.8	0.9	1.2	20.8	12.3	12.3
FTSE 100	-1.1	-3.1	0.1	1.5	-11.4	17.2	-8.8	12.0	19.2	-1.4	0.7	18.7	10.0	10.0
FTSE 250	-5.2	-5.9	-8.1	-17.3	-4.6	28.9	-13.3	17.8	6.7	11.2	3.7	32.3	26.1	26.1
FTSE Small Cap ex Investment Trusts	-4.0	-8.5	-10.6	-16.9	1.7	17.7	-13.8	15.6	12.5	13.0	-2.7	43.9	36.3	36.3
FTSE TechMARK 100	0.9	0.3	-4.4	-11.2	7.3	39.2	-4.9	9.8	10.0	16.6	12.3	31.7	23.0	23.0
Asia Pacific & Japan														
Hong Kong Hang Seng	-0.8	-5.3	-9.8	-12.5	-0.2	13.0	-10.6	41.3	4.3	-3.9	5.3	6.6	27.4	27.4
China SE Shanghai Composite (capital returns)	-1.4	2.7	-5.3	-9.9	16.5	25.3	-22.7	8.8	-10.5	11.2	58.0	-3.9	5.8	5.8
Singapore Times	1.7	1.1	2.7	6.8	-8.1	9.4	-6.5	22.0	3.8	-11.3	9.6	2.9	23.3	23.3
Taiwan Weighted (capital returns)	1.2	-6.7	-10.9	-13.7	27.0	28.8	-5.0	19.4	15.5	-6.9	11.2	15.0	12.9	12.9
Korean Composite (capital returns)	0.8	-7.7	-8.0	-16.6	33.8	10.0	-15.4	23.9	5.2	4.1	-3.5	2.0	10.7	10.7
Jakarta Composite (capital returns)	3.3	0.4	4.2	11.6	-5.1	1.7	-2.5	20.0	15.3	-12.1	22.3	-1.0	12.9	12.9
Philippines Composite (capital returns)	4.2	-2.8	-9.9	-6.1	-8.6	4.7	-12.8	25.1	-1.6	-3.9	22.8	1.3	33.0	33.0
Thai Stock Exchange	4.5	-0.9	-1.0	1.0	-5.3	4.3	-8.1	17.3	23.9	-11.2	19.1	-3.8	40.4	40.4
Mumbai Sensex 30	3.6	7.6	6.8	3.3	17.2	15.7	7.2	29.6	3.5	-3.7	32.0	10.7	28.0	28.0
Hang Seng China Enterprises index	-0.2	-5.2	-12.0	-14.2	0.0	14.5	-10.0	29.6	1.4	-16.9	15.5	-1.4	19.7	19.7
ASX 200	1.2	-2.4	0.7	-2.8	2.3	25.0	-1.5	13.4	13.4	4.2	7.1	22.0	22.2	22.2
Topix	1.2	2.8	5.5	-0.1	7.4	18.1	-16.0	22.2	0.3	12.1	10.3	54.4	20.9	20.9
Nikkei 225 (capital returns)	1.0	3.0	5.9	-1.3	16.0	18.2	-12.1	19.1	0.4	9.1	7.1	56.7	22.9	22.9
MSCI Asia Pac ex Japan (US\$)	-0.1	-5.7	-11.1	-15.5	23.1	19.8	-13.5	37.8	7.4	-8.8	3.5	4.1	23.2	23.2
Latin America														
MSCI EM Latin America (US\$)	2.8	-11.0	-5.1	6.9	-13.6	17.8	-6.2	24.2	31.4	-30.9	-12.1	-13.2	8.8	8.8
MSCI Mexico (US\$)	-5.0	-14.3	-11.8	-12.3	-1.7	11.6	-15.4	16.2	-9.1	-14.4	-9.3	0.1	29.1	29.1
MSCI Brazil (US\$)	6.5	-9.1	-2.3	15.7	-18.9	26.7	-0.1	24.5	66.7	-41.2	-13.8	-15.8	0.2	0.2
MSCI Argentina (US\$)	11.0	-2.9	0.5	3.4	12.3	-20.7	-50.8	73.6	5.1	-0.4	19.2	66.0	-37.1	-37.1
MSCI Chile (US\$)	2.8	-6.0	10.4	28.7	-4.2	-16.2	-18.9	43.6	16.8	-16.8	-12.2	-21.4	8.3	8.3
Commodities														
Oil - Brent Crude Spot (US\$/BBL)	-11.4	-20.1	-5.1	23.6	-23.0	24.9	-20.4	20.6	55.0	-35.9	-49.7	-1.0	4.1	4.1
Oil - West Texas Intermediate (US\$/BBL)	-9.2	-21.9	-6.4	16.3	-20.5	34.5	-24.8	12.5	45.0	-30.5	-45.9	7.2	-7.1	-7.1
Reuters CRB index	-0.3	-7.8	8.7	25.9	-9.3	11.8	-10.7	1.7	9.7	-23.4	-17.9	-5.0	-3.3	-3.3
Gold Bullion LBM (US\$/Troy Ounce)	-2.1	-6.7	-10.2	-5.0	23.9	19.1	-1.3	11.9	9.1	-11.4	-0.2	-27.8	5.7	5.7
Baltic Dry index	-49.1	-62.4	-52.7	-56.5	25.3	-14.2	-7.0	42.1	101.0	-38.9	-65.7	225.8	-59.8	-59.8

Source: Bloomberg, total returns in local currency unless otherwise stated.

An investment cannot be made into an index directly. The performance data shown relates to a past period. Past performance does not predict future returns.

Footnotes

¹ A hawkish view is one that supports rising interest rates as a control measure for inflation

Risk warnings

The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested.

Important information

Data as of 31 August 2022 unless stated otherwise.

This document has been prepared by Invesco Australia Ltd (Invesco) ABN 48 001 693 232, Australian Financial Services Licence number 239916, who can be contacted on freecall 1800 813 500, by email to clientservices.au@invesco.com, or by writing to GPO Box 231, Melbourne, Victoria, 3001. You can also visit our website at www.invesco.com/au.

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