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New highs for Chinese economic data and US anti-China hysteria

By Jan Dehn

The Chinese economy continues to recover strongly. Anti-Chinese hysteria reaches a surreal new high as US President Donald Trump threatens to ban a Chinese-owned social media platform for children to sing, dance, joke, and lip-sync. Petrobras and PEMEX deliver strikingly different results. South Korean exports and industrial production improve. Chile puts in place measures to soften the market impact of pension fund withdrawals as Mexico now also considers allowing pension fund withdrawals. Hong Kong delays the election for the Legislative Council. South Africa secures IMF support. Ecuador extends the deadline for bondholders to agree to its restructuring offer. Brazilian credit conditions improve. The increase in Asian reserves in Q2 2020 was greater than the decline in reserves in Q1 2020, reflecting that EM external accounts are at their most resilient in two decades. The global backdrop discusses recent developments in the US and Europe.

Emerging Markets	Next year forward PE/Yield	Spread over UST	P&L (5 business days)
MSCI EM	13.4	–	1.77%
MSCI EM Small Cap	10.3	–	1.39%
MSCI Frontier	12.1	–	1.32%
MSCI Asia	14.1	–	2.15%
Shanghai Composite	12.2	–	3.58%
Hong Kong Hang Seng	7.7	–	-0.41%
MSCI EMEA	10.2	–	-1.42%
MSCI Latam	12.8	–	0.39%
GBI-EM-GD	4.35%	–	0.21%
ELMI+	2.64%	–	0.28%
EM FX spot	–	–	0.10%
EMBI GD	5.06%	446 bps	0.72%
EMBI GD IG	2.74%	209 bps	1.24%
EMBI GD HY	8.46%	791 bps	0.08%
CEMBI BD	4.53%	409 bps	0.51%
CEMBI BD IG	2.99%	255 bps	0.64%
CEMBI BD Non-IG	6.73%	629 bps	0.32%

Global Backdrop	Next year forward PE/Yield/Price	Spread over UST	P&L (5 business days)
S&P 500	19.9	–	1.75%
1-3yr UST	0.11%	–	0.07%
3-5yr UST	0.22%	–	0.22%
7-10yr UST	0.54%	–	0.43%
10yr+ UST	1.21%	–	0.86%
10yr+ Germany	-0.53%	–	1.38%
10yr+ Japan	0.00%	–	0.48%
US HY	5.37%	488 bps	0.84%
European HY	5.12%	571 bps	-0.26%
Barclays Ag	0.82%	28 bps	0.93%
VIX Index*	24.46	–	-1.38%
DXY Index*	93.53	–	-0.14%
EURUSD	1.1759	–	0.06%
USDJPY	105.92	–	0.52%
CRY Index*	143.69	–	0.65%
Brent	43.4	–	-0.14%
Gold spot	1976	–	1.72%

Note: Additional benchmark performance data is provided at the end of this document. *See last page for index definitions.

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- **Stronger China:** Manufacturing PMI advanced further in July to reach 51.1. This result was better than expected (50.8). New export orders recovered particularly strongly albeit from a low base (+5.8 points to 48.4), while new orders overall reached 51.7, up 0.3 compared to last month. The July Caixin manufacturing PMI was even stronger at 52.8, which is the highest level recorded since January 2011 (51.1 expected). The strong Chinese economic data reflects the country's mature handling of the coronavirus crisis and well-designed stimulus measures. Asia was the first region to enter the crisis and is now the first region to re-emerge. In its mid-year policy meeting, the Chinese Politburo indicated that economic performance in Q2 2020 has been better than expected, wherefore the government should now consider scaling back policy easing. The Politburo reiterated the country's long-term policy objective of placing greater reliance on domestic demand. This seems eminently sensible, given China's very high savings rate and increasing foreign hostility, including US protectionist pressures.

- **Anti-Chinese hysteria in the United States reaches new highs:** US President Donald Trump has threatened to ban TikTok, a social media platform that provides a space for children and young adults to express themselves through song, dance, comedy, and lip-syncing. The US objection to TikTok is that the owner, ByteDance, is Chinese. US technology giant Microsoft is reportedly in talks to buy TikTok.[1] As such, the US Administration's

[1] See: https://www.reuters.com/article/us-usa-tiktok-microsoft/microsoft-to-continue-talks-to-buy-tiktok-from-bytedance-idUSKBN24Y0TZ

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attack on TikTok amounts to very thinly veiled protectionism, which will ultimately be harmful for US consumers. The US government's intervention: (a) is anticompetitive by penalising successful innovative start-up companies, such as ByteDance, while favouring already very large, quasi-monopolistic US tech giants, such as Microsoft; (b) discourages foreign investment by technology firms in the US; and, (c) encourages other US companies to lobby the US government for interventions to enable them to usurp successful Chinese technology rather than innovating themselves. Indeed, a free-for-all appears to be about to begin as US Secretary of State Mike Pompeo indicated over the weekend that the Trump Administration will commence a broader crackdown on Chinese software companies within days.[2] As outlined in a recent report, we expect the US witch hunt on China to continue and intensify leading up to the US election in November.[3] A new poll released last week indicates that Americans generally support the Trump Administration's anti-China policies. This has prompted the Democratic Party to pursue a similarly hostile stance towards China. Supporters of both parties buy into unfounded allegations that China somehow 'caused' the coronavirus outbreak. Moreover, Republicans believe that China needs to be punished on trade, while Democrats believe China should be punished for its record on human rights.

- A tale of two state-owned oil companies: Petrobras and PEMEX, respectively the state-owned oil companies of Brazil and Mexico, reported strikingly different results last week. The differences reflect the fact that Petrobras is run along commercial principles, while PEMEX is a traditional inefficient state-owned enterprise. Despite the generally adverse conditions for the oil sector in Q2 2020, Petrobras reported strong and stable free cash flow of USD 3.0bn (unchanged yoy). Capital expenditure adjusted 25% lower to just under USD 2.0bn, aided in part by a lower currency and adjustments undertaken by the company in response to the pandemic. Petrobras also exercised strong control over borrowing with net leverage standing at 2.34x compared to 2.15x in Q1 2020. At USD 71.2bn, net debt was USD 2.6bn lower than in the Q1 2020. PEMEX, on the other hand, needs more and more government support. The company experienced a serious cash burn of USD 4.0bn in Q2 2020. PEMEX funded the gap by drawing on revolver lines, government support, and using up cash at hand, thereby reducing available liquidity.

- South Korea: Industrial production surged 7.2% in the month of June led by a 22.9% increase in autos and a pick-up in semiconductor production. The inventory-to-shipment ratio declined by 11.5 points to 117.1 due to both rising shipments and declining inventories. Consumer sentiment hit a five-month high of 84.2 in July, up 2.4 points from the previous month. Exports were also strong. They increased 6.3% in the month of July, which was better than expected, following a rise of 11.1% in June. On a yoy basis, exports also improved as the yoy rate improved to -7.0% in July from -10.9% in June and -23.7% in May.

- Chile's pension fund woes: Following parliament's approval of a law, which allows Chileans to withdraw of up to 10% of their pensions (approximately USD 20bn), the Central Bank of Chile has put in place swap arrangements worth USD 22bn under which the central bank can buy and sell corporate bonds. The new swap measures should enable the central bank to stabilise the impact on markets arising from the liquidation of pension fund assets. Chile's pension system owns nearly 60% of outstanding government bonds. However, under current laws the Central Bank of Chile is not allowed to buy government bonds, so a risk remains that yields in the government bond market could rise as the selling begins. Hence, the importance of the new tools for managing corporate bond spreads. In any case, the decision by Chile's parliament to undermine the country's pension system is deeply populist, myopic, and could conceivably break the backbone of the entire financial system, especially if raids on the pension system become more common following this negative precedent.

- Mexico: Following the worrisome path set by Chile and Peru, Mexico is now also considering allowing pension contributors to make early withdrawals of up to 10% of their pension savings. The idea was raised by President Andres Manuel Lopez Obrador ('AMLO') in a press conference last week, though the government has not yet officially decided to pursue this option. Two weeks ago AMLO proposed a far more market-friendly pension reform, which involved higher contributions in a bid to ensure that pay outs at pension age are in line with final year earnings. If Mexico follows Chile and Peru down the road of tapping pension savings to help smooth over the economic impact of the coronavirus pandemic then this should be viewed as a deeply negative development, in our view. Pension funds are the basis of financial stability in EM countries, especially in Latin America where domestic savings are inadequate to meet investment needs. Pensions fund ensure that governments have a reliable domestic source of funding, which is highly desirable, since foreign capital is completely unreliable. In other news, Mexico's economy likely bottomed out in Q2 2020 with massive 18.9% yoy contraction.

- Hong Kong: The government delayed the Legislative Council election for a year due to a recent spike in coronavirus cases. Hong Kong recorded its highest daily tally on Thursday last week and has limited public gatherings to two people. US Secretary of State Mike Pompeo condemned the delay, although US President Donald Trump has also proposed a delay to US elections (see global backdrop section below). In economic news, the massive contraction in retail sales in Hong Kong is finally moderating. June retail sales were 24.8% lower on a yoy basis, which actually marks an improvement relative to both May and April (-32.9 and -36.1% yoy,

[2] See: https://japantoday.com/category/world/pompeo-says-trump-to-take-broad-action-on-chinese-software

[3] For our view on the China witch hunt, see: *'The China Witch Hunt'*, The Emerging View, 10 June 2020.

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respectively). Q2 2020 real GDP growth was -9.0% yoy, which is roughly unchanged from Q1 2020 (-9.1% yoy). In addition to a bad case of coronavirus, Hong Kong is struggling with domestic political unrest and the effects of US's withdrawal of special status for the territory. We are not bullish on Hong Kong, which is likely to continue to struggle to come to terms with its ultimate destiny as just another 'normal' city within China.

- South Africa: The International Monetary Fund (IMF) approved a USD 4.3bn loan to South Africa under the Rapid Financing Instrument (RFI). In other news, South Africa's national energy company ESKOM won a court case against the regulator NERSA, which means that ESKOM can now ask for larger tariff increases. This could help the company's beleaguered finances, politics and the wider public finances. South African tax collections declined by almost 30% in June on a yoy basis, which marks a deterioration from the 24% yoy pace of decline recorded in the period from April to June. In other economic news, headline CPI inflation was 2.2% on a yoy basis in June, which was in line with expectations. Inflation remains well below the central bank's target range for inflation of 3%-6%.

- Ecuador: The government extended a deadline for bondholders to accept the terms of the restructuring offer from 31 July to 3 August, while stating that it expects consent. The delay was a gesture to show good faith at the request of the US Southern District Court in New York, which is currently processing a legal challenge to the offer. On Friday, US District Court judge Valerie Caproni said at a hearing that the plaintiffs' arguments were "unlikely to prevail" at the trial. The plaintiffs, who oppose the restructuring, hold around 3% of the sovereign's bonds and allege that the consent solicitation is coercive, and that Ecuador has made false statements about the nature of the consent. Judge Caproni said that the tender offer incentivises bondholders to participate, but does not compel or coerce them to do so. If the plaintiffs' arguments are rejected in the final judgement then Ecuador will be able to proceed with a consent solicitation to restructure USD 17.4bn of bonds.

- Brazil: Brazil's economy is showing more and more signs of a budding cyclical upswing. Credit growth expanded further in June (up 0.7% mom compared to 0.3% in May). Corporate credit went up 0.9% in June, while household credit picked up to a 0.7% mom pace from 0.3% mom in May. The current account surplus also declined to USD 2.2bn in June from USD 3.8bn expected. The primary fiscal deficit of the public sector consolidated government's (central, regional, and state-owned companies) reached BRL 188.7bn in June, which is the highest on record, but below the market consensus of BRL 198.4bn. The big deficit in June pushed the 12-month running primary deficit to 6.4% of GDP from 3.9% in May, while gross government debt has now grown to more than 85% of GDP. However, if the economy is now picking up then the debt dynamics will slowly improve.

- Asian foreign exchange (FX) reserves: The stock of FX reserves increased in all major Asian economies in Q2 2020. Moreover, the increase in reserves in Q2 2020 were greater than the modest declines in reserves recorded during the height of the coronavirus pandemic in Q1 2020. The resilience of Asia's FX reserves stands in sharp contrast to the often alarming reporting on EM reserves.[4] EM external balances are currently very solid for a number of reasons explained in a newly published report title "EM external accounts at the most resilient in two decades", The Emerging View, July 2020.[5]

Snippets:

- Angola: Final agreement with the IMF over a new loan agreement has been postponed in a sign that the two sides are not yet in agreement over the conditions for the loan.
- Argentina: The surplus on the trade balance was USD 1.5bn in June. On a 12-month annualised basis, Argentina is now running a trade surplus of about USD 18.5bn, or just shy of 5% of GDP.
- Colombia: The Central Bank of Colombia cut the policy rate by 25bp to 2.25%, which was in line with broad consensus expectations.
- Cote d'Ivoire: President Alassane Ouattara appointed Hamed Bakayoko as his new prime minister. Bakayoko could potentially be a presidential candidate if Ouattara does not run for a third term.
- Egypt: The current account deficit declined by USD 1.8bn over the past 12 months to reach USD2.8bn in Q1 2020. On an annualised basis, the deficit translates roughly into 2.5% of GDP.
- Ghana: The Bank of Ghana left the policy rate unchanged at 14.5%. The Ministry of Finance indicated that the consolidated fiscal deficit will widen to 11.4% of GDP in the fiscal year ending December 2020 compared to 4.7% in previous fiscal year before narrowing to 9.6% of GDP in 2021 and 7.1% in 2022.
- Hungary: Hungarian manufacturing PMI marginally beat expectations in July (50.8% versus 50.5 anticipated by market participants).
- India: The manufacturing PMI was 46.0 in July compared to 47.2 in June, reflecting the imposition of localised lockdowns across several states.

[4] For an example of grotesque media misrepresentation of the reserve position of EM countries see https://www.bloomberg.com/news/articles/2020-04-08/reserve-drawdown-of-105-billion-signals-emerging-currency-risk

[5] See: *'EM external accounts at the most resilient in two decades'*, The Emerging View, 31 July 2020.

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- **Indonesia:** The yoy rate of CPI inflation declined to just 1.54% in July from 1.96% in June. Bank Indonesia's inflation target range is 2%-4%. Core inflation also declined. Manufacturing PMI recovered to 46.9 in July from 39.1 in June.
- **Kenya:** The Central Bank of Kenya left the policy rate unchanged at 7.0%.
- **Malaysia:** The trade surplus expanded further to USD 4.9bn in June from USD 2.4bn in May on the back of stronger exports (21.5% mom). Manufacturing PMI declined from 51 in June to 50 in July.
- **Poland:** Manufacturing PMI recovered strongly to 52.8 in July from 47.2 in June. The market had expected a more modest recovery to 50.0.
- **Russia:** Russia's manufacturing PMI declined to 48.4 in July from 49.4 in June.
- **Singapore:** The rate of unemployment ticked up to 2.9%, but remains well below the level of unemployment witnessed during the 2008/2009 Developed Markets Crisis (just shy of 3.5%).
- **Sri Lanka:** An advisor to Prime Minister Mahinda Rajapaksa has called for a two-year moratorium on debt repayments to the World Bank and IMF. Sri Lanka has a poor record in managing its public finances.
- **Taiwan:** Real GDP growth was -0.7% in Q2 2020 on yoy basis. Taiwan's economy has been hit much less hard than most other economies in the world. This morning, Taiwan's July manufacturing PMI returned to expansion territory (50.6 from 46.2 in June).
- **Thailand:** Domestic demand picked up in June with private consumption increasing 6.0% in the month, while private investment improved by 5.7%. High frequency indicators suggest that domestic mobility has returned to 95% of normal levels.

Global backdrop

The Dollar's sudden descent since March has raised eyebrows. We have outlined some of the deeper reasons in a Market Commentary from 17 January 2020 titled "What goes around comes around: A short note on Dollar risk".[6] However, there have also been a number of recent developments that contributed to the lower Dollar. They include the leap forward towards centralised fiscal policy in the European Union, the rolling global economic recovery from East to West, the serious coronavirus situation in the US, renewed weakness in the US labour market, as well as reversal of some of the so-called 'safe haven' demand for Dollars that happened in Q1 2020. Finally, a number of political developments have further undermined US credibility, including President Donald Trump's suggestion that US presidential election should be rescheduled.

Anti-Trump political circles in the US have been banging the drum for some time about the risk that Trump postpones the presidential election, which is scheduled for November 2020. However, their voices have been widely dismissed as partisan and unreliable. However, when Trump himself last week raised the possibility of a delay even markets had to pay attention. Constitutional experts soon appeared to reassure investors that Trump does not have the power to cancel or delay US elections without the support of Congress. Members of Congress on both sides of the political spectrum soon spoke out against a rescheduling of the presidential election.

Still, we would not dismiss out of hand the possibility of a disruption to the November election. After all, history is replete with examples of how rulers successfully dismantled constitutional safeguards in order to take more power or to avoid losing power, including Hitler in Germany, Chavez in Venezuela, Putin in Russia, Erdogan in Turkey to Correa in Ecuador, and Orban in Hungary. The list goes on and on. Even if Trump respects the US Constitution, there are at least two ways in which the President could significantly disrupt the electoral process.

One way is to use ongoing protests and unrest in places, such as Portland, Oregon, as a pretext for declaring a 'national emergency', which could rule out an election on practical grounds. Under a national emergency, the President would assume powers to seize control of US internet traffic, including impeding domestic access to social media sites like Twitter.[7] The President can also deploy US military troops on the ground in a 'policing role'.[8]

A more conventional way would be to 'prepare the ground' for calling into question the legitimacy of the election result and then putting the question to the Supreme Court after the vote itself. In a series of tweets, Trump last week said that "universal mail-in voting" would make November's vote the "most inaccurate and fraudulent election in history" and a "great embarrassment to the USA". He has also appointed Louis DeJoy, a Trump donor, to the post of Postmaster General, which means that he could, conceivably, exercise influence over postal votes. This could prove essential to the legitimacy of the election, since postal votes will matter a great deal at a time when coronavirus makes it dangerous or even impossible to vote in conventional ways. In his years in office, Trump has appointed a number of sympathetic judges to the US Supreme Court.

[6] See: 'What goes around comes around: a short note on Dollar risk', Market Commentary, 17 January 2020.
[7] Under Section 706 of the Communications Act of 1934.
[8] Under the Insurrection Act of 1807.

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Global backdrop

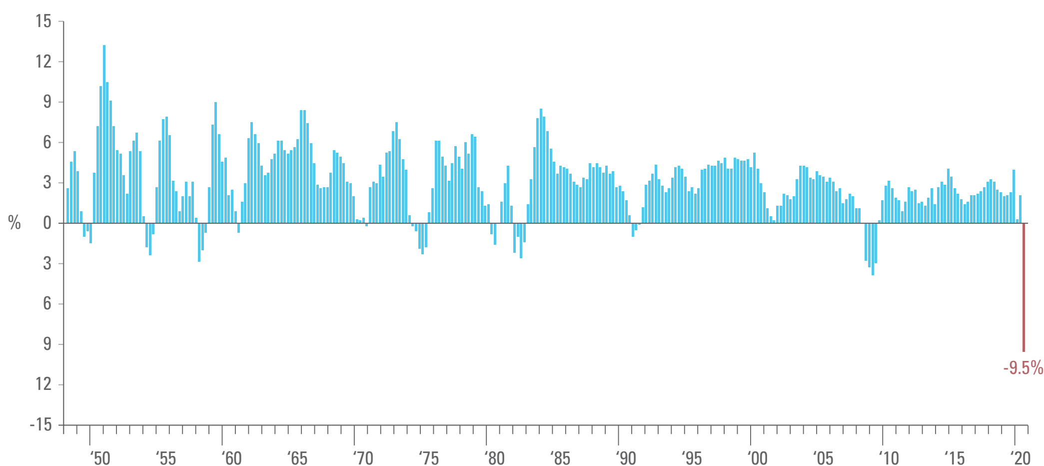
Needless to say, the two scenarios outlined above would be extremely disruptive in the context of financial markets, which are very long US assets and generally view the US as a 'risk free' investment destination. Dollar weakness may merely be the tip of the iceberg.

However, our base remains that the election goes ahead and that there is still not a critical loss of confidence in the US among most investors. A genuine loss of confidence would mean that all USD denominated assets are rejected, not just the currency. Take the example of the UK in 1992, when the Bank of England was forced to raise rates to 16% to try to defend the exchange rate. No GBP denominated assets were in demand at that time. However, in the US today there is clearly still strong demand for stocks, while 10-year yields are sitting near their all-time lows. This suggests that the decline of the Dollar is currency specific rather than a reflection of loss of faith in US broader markets.

Going forward, it is therefore key to watch what foreign and US investors do with their holdings of domestic US assets, including stocks, credit, and loans. If their money stays put in these markets then the recent Dollar move is probably only driven by a few hedge funds and banks, whose limited balance sheets will soon constrain the size of the move. On the other hand, if the Dollar move starts to impact the willingness of investors to hold domestic US assets more broadly then it could become massive. After all, foreigners alone have ploughed at least USD 10trn more into US bull markets than Americans have invested abroad since QE began.

In other US news, Congress failed to agree on an extension of USD 600 per week special coronavirus unemployment benefit. This means that the special unemployment benefits for upwards of 25 million Americans dropped by about 65% as of 31 July, although in some states, such as Oklahoma, benefits drop by as much as 93% to just USD 44 per week, according to media reports. JP Morgan's US economists estimate that special coronavirus unemployment benefit alone makes up 3% of total national income, so failure to renew the benefits should soon weigh on consumption unless the rate of unemployment drops very fast. Sadly, this does not appear to be happening, because initial and continuing claims for unemployment benefits are now rising again. Activity in the housing market improved, but the Conference Board's consumer confidence index declined from 98.3 in June to 92.6 in July. The US economy also shrank by 9.5% in real terms in Q2 2020 relative to the same quarter in 2019 (Figure 1). The Fed stood pat, but markets are expecting a broader policy review by September, which is likely to deliver more dovishness.

Fig 1: **US real GDP growth (% yoy)**



Source: Ashmore, Bloomberg.

Meanwhile, European economies went through very similar economic contractions as the US in Q2 2020. German real GDP growth was -11.7% yoy in Q2 2020. In this context, it was somewhat surprising that the German economy added 18K jobs in July and job vacancies declined outright. German retail sales also held up well, rising 5.9% on a yoy basis in July. The European Central Bank (ECB) advised banks to hold back on bonuses and dividend payments in order to have more equity and therefore capacity to extend credit during the coronavirus pandemic economic slump. Somewhat incongruously, core inflation in Europe jumped by 0.4% to 1.2% yoy in July, but this was most likely due to delayed collection of price data (prices have more time to rise if data collection in delayed).

Finally, the number of coronavirus cases now exceeds 18 million. Global mobility restrictions due to the pandemic are now picking up after a period of decline over the past couple of months. This does not bode well for economic growth. The reason why case numbers are picking up is that many governments recently eased movement restrictions.

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Benchmark performance

Emerging Markets	Month to date	Quarter to date	Year to date	1 year	3 years	5 years
MSCI EM	9.01%	9.01%	-1.53%	6.89%	3.19%	6.55%
MSCI EM Small Cap	9.29%	9.29%	-4.56%	1.39%	-0.95%	2.26%
MSCI Frontier	-0.63%	-0.63%	-16.26%	-13.81%	-2.63%	0.37%
MSCI Asia	8.57%	8.57%	3.52%	12.60%	4.90%	7.85%
Shanghai Composite	11.96%	11.96%	10.83%	15.57%	2.80%	0.21%
Hong Kong Hang Seng	4.24%	4.24%	-7.08%	-2.17%	1.27%	1.84%
MSCI EMEA	3.25%	3.25%	-18.71%	-16.27%	-3.59%	-0.50%
MSCI Latam	10.96%	10.96%	-28.02%	-24.94%	-6.14%	0.87%
GBI EM GD	3.02%	3.02%	-4.08%	-0.81%	1.45%	3.49%
ELMI+	1.82%	1.82%	-3.63%	-2.12%	0.11%	1.66%
EM FX Spot	1.99%	1.99%	-9.17%	-9.40%	-5.95%	-4.07%
EMBI GD	3.71%	3.71%	0.85%	2.97%	4.57%	5.96%
EMBI GD IG	4.21%	4.21%	7.47%	11.89%	7.74%	6.94%
EMBI GD HY	3.10%	3.10%	-6.79%	-6.76%	0.92%	4.78%
CEMBI BD	2.32%	2.32%	2.16%	5.21%	5.04%	5.61%
CEMBI BD IG	2.31%	2.31%	4.29%	7.19%	5.71%	5.35%
CEMBI BD Non-IG	2.33%	2.33%	-0.81%	2.42%	4.13%	6.06%

Global Backdrop	Month to date	Quarter to date	Year to date	1 year	3 years	5 years
S&P 500	5.64%	5.64%	2.38%	11.94%	11.99%	11.46%
1-3yr UST	0.09%	0.09%	3.11%	4.35%	2.66%	1.86%
3-5yr UST	0.27%	0.27%	6.32%	7.82%	4.13%	3.01%
7-10yr UST	0.87%	0.87%	12.10%	13.85%	6.99%	4.92%
10yr+ UST	4.23%	4.23%	26.33%	30.50%	13.82%	9.31%
10yr+ Germany	1.63%	1.63%	7.60%	3.76%	8.35%	5.67%
10yr+ Japan	0.68%	0.68%	-1.45%	-2.53%	2.08%	3.42%
US HY	4.69%	4.69%	0.71%	4.14%	4.53%	5.87%
European HY	1.52%	1.52%	-4.50%	-2.04%	1.17%	3.02%
Barclays Ag	3.19%	3.19%	6.27%	7.85%	4.30%	4.16%
VIX Index*	0.00%	-19.62%	77.50%	38.90%	134.29%	94.75%
DXY Index*	0.19%	-3.97%	-2.97%	-4.64%	0.74%	-4.07%
CRY Index*	0.00%	4.15%	-22.66%	-17.11%	-20.46%	-27.90%
EURUSD	-0.16%	4.67%	4.86%	4.95%	-0.94%	7.39%
USDJPY	0.09%	-1.86%	-2.48%	-0.04%	-3.75%	-14.61%
Brent	0.12%	5.35%	-34.32%	-29.96%	-16.65%	-12.46%
Gold spot	-0.01%	10.93%	30.21%	34.97%	55.75%	81.79%

*VIX Index = Chicago Board Options Exchange SPX Volatility Index. *DXY Index = The Dollar Index. *CRY Index = Thomson Reuters / CoreCommodity CRM Commodity Index.
Source: Bloomberg, JP Morgan, Barclays, Merrill Lynch, Chicago Board Options Exchange, Thomson Reuters, MSCI, total returns.
Figures for more than one year are annualised other than in the case of currencies, commodities and the VIX, DXY and CRY which are shown as percentage change.

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