

US: The ISM nonmanufacturing index for August rebounded to 55.3 from 53.9. The index is consistent with other data on personal spending in Q3 that suggest strong consumption of services. Turning to the subcomponents, the improvement was broad-based. Employment (+2.6pts), new orders (+2.0pts) and business activity (+1.6pts) rebounded strongly. New export orders also rose by 2.0pts, suggesting favourable external demand conditions. Report suggests healthy services sector activity in Q3.

UK: Markets have been tough on the pound lately, sending the British currency 3% lower since July, which adds to the nearly 3% depreciation in May-June. The rule of thumb is that 10% depreciation could lead to about 0.5pp additional inflation in the first year, 0.2pp in the second and 0.1pp the third. While that largely depends on the cause of the depreciation, as well as the macro and microeconomic backdrop, sterling's recent slide poses upside risks to our as well as the Bank's inflation forecast to the tune of 0.1-0.2pp over the next year.

The August services sector activity and new orders weakened in line with the weakening trend in recent months. As in previous months, firms remained reluctant to build up capacity and rather expanded staff to work through their increasing outstanding orders. Prices are on a fresh round of increases, due to production costs and currency depreciation. The rebound in manufacturing PMI was not enough to offset the weaker trend in services, while lower new export orders highlighted general difficulties in extending gains from the currency depreciation.

Japan: Domestic private-sector machinery orders excluding ships and electric power companies (core) increased 8.0% m/m in July, the first gain in four months. The Cabinet Office retained last month's assessment of "a pause" in orders. In non-core orders, those from overseas increased 9.1% m/m (June: -3.1%), the first gain in three months. Year on year, overseas orders surged 30.1% (June: 8.9% y/y), suggesting brisk demand from abroad. Real exports fell q/q in Q2, but appear set to increase again in Q3 on firm machinery orders from overseas and elevated business sentiment globally. Also, public-sector orders fell by only 3.3% m/m in July, the first decline in two months – a solid result given the 50.1% m/m surge in June. Indeed, such orders were 15.1% higher in July than on average in Q2 (-17.6% q/q).

EU: The ECB's Governing Council (GC) did not make any policy changes this week but announced that monetary policy parameters will likely be recalibrated at the next meeting. One key item in the policy discussion at the September meeting was the euro's appreciation. President Draghi in his opening remarks acknowledged that the recent volatility in the exchange rate requires monitoring for its medium-term implications for the price stability outlook.

EM flows: There were inflows into both EM equity and bond funds in the week-ending 6 September. The resilience in flows despite recent geopolitical volatility has helped underpin valuations in EM, and should provide a strong backdrop for the busy primary market pipeline we expect this autumn in credit.

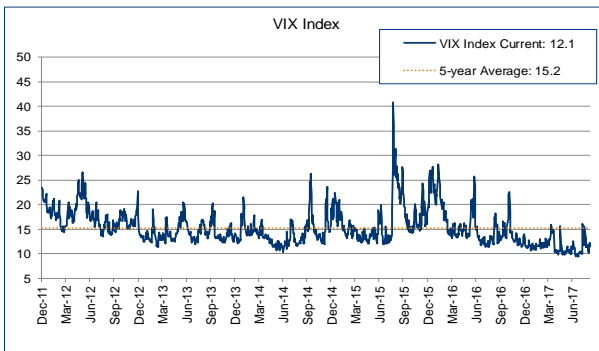
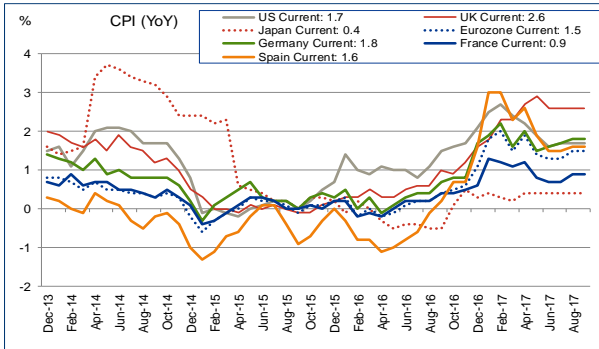
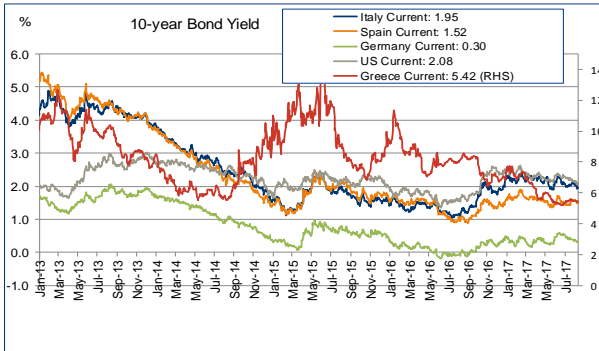
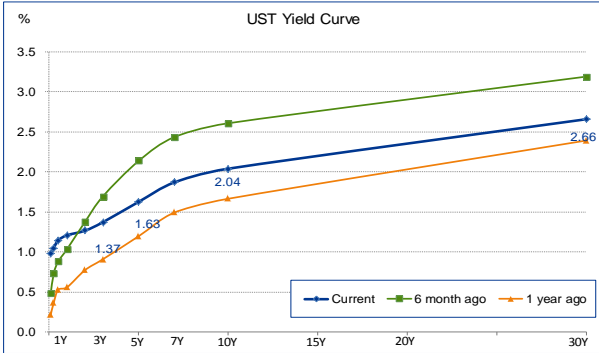
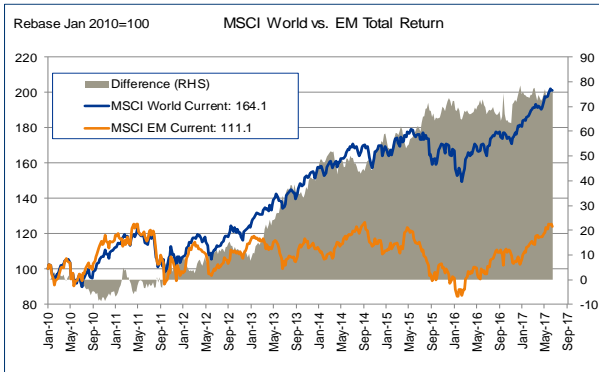
Equity	Current		Total Return			
	Level	Dividend yield	1 week (%)	MTD (%)	QTD (%)	YTD (%)
S&P 500	2461	2.02	-0.58	-0.38	1.98	11.51
NASDAQ	6360	1.13	-1.16	-1.05	3.80	19.13
RUSSELL 2000	1939	1.44	-0.98	-0.39	-0.93	4.01
MSCI World (Developed only)	1965	2.48	-0.03	0.29	2.92	14.26
MSCI All Country World	480	2.47	-0.02	0.30	3.59	15.83
MSCI Europe	127	3.43	-0.16	0.44	-0.68	6.39
MSCI Australia	1954	3.19	0.84	1.24	4.17	18.98
MSCI EM	1091	2.39	0.04	0.38	8.85	29.08
MSCI Asia Pacific	162	2.50	0.32	0.48	5.18	22.01
MSCI Asia ex-Japan	664	2.36	0.03	0.20	7.06	31.58
MSCI Brazil	2096	2.76	2.81	4.91	23.80	27.68
MSCI China	82	2.01	-0.57	-0.62	13.15	42.36
MSCI India	1182	1.37	-0.35	0.26	6.00	21.67
MSCI Indonesia	6882	2.49	-0.33	-0.33	-0.47	14.66
MSCI Korea	701	1.50	0.24	0.12	-0.71	21.10
MSCI Russia	573	5.12	1.44	2.02	15.28	-0.81
MSCI Taiwan	396	3.69	0.04	0.10	4.10	19.70
Nikkei 225	19541	1.77	-2.12	-1.89	-3.72	1.87
Shanghai Composite	3369	1.87	-0.04	0.15	6.71	10.57
Hang Seng Index	27932	3.62	-0.86	-0.92	8.89	30.12

Fixed Income	Current			Total Return		
	Spread	YTM/ YTW	1 week (%)	MTD (%)	QTD (%)	YTD (%)
Global Bonds (Barclays Global Agg)	42	1.47	1.17	1.10	3.82	8.39
US Bonds (Barclays US Agg)	44	2.38	0.46	0.27	1.61	3.92
Global IG Corp (Barclays Global Agg Corp)	111	2.38	0.81	0.69	3.21	8.56
Global High Yield (Barclays Global HY)	374	5.14	0.49	0.53	2.69	9.32
EM USD Bonds (JP EMBI Global)	318	5.26	0.65	0.69	3.10	9.49
EM Corporate Bonds (JP CEMBI Div)	280	4.27	0.40	0.43	2.20	7.44
EM Local Bonds (JP GBI-EM Global Div)	N/A	5.93	1.32	1.70	5.67	16.62
Asian USD Bonds (JACI)	241	3.64	0.42	0.48	1.98	5.87
Asian Local Currency (Markit iBoxx ALCB)	N/A	3.53	1.33	1.53	3.27	9.89

Commodities	Current	Price Change			
		1 week (%)	MTD (%)	QTD (%)	YTD (%)
Goldman Sachs Commodity Index	387.25	0.55	0.55	4.04	-2.64
WTI Crude	47.85	1.18	1.31	2.88	-16.10
Brent Crude	54.02	3.21	2.19	9.51	-8.08
Natural Gas	2.93	-4.69	-3.75	-3.59	-21.43
Spot Gold	1337.77	0.41	1.24	7.75	16.10
Spot Silver	17.86	-0.46	1.50	7.39	12.18
CBOT Corn	357.25	0.56	-0.14	-8.86	-5.99
CBOT Wheat	439.50	0.17	1.15	-19.36	-5.48

FX market	Current		Price Change			
	Level	Implied Yield	1 week (%)	MTD (%)	QTD (%)	YTD (%)
USD Index	91.50	N/A	-1.23	-1.27	-4.32	-10.48
AUD (quoted in USD)	0.80	1.94	1.31	1.26	4.68	11.81
GBP (quoted in USD)	1.32	0.25	1.89	1.91	1.16	6.64
EUR (quoted in USD)	1.20	-0.62	0.98	0.86	5.14	14.19
JPY	108.43	-0.48	1.19	1.43	3.63	7.90
BRL	3.09	6.43	1.57	1.88	7.01	5.32
CNH	6.52	3.38	0.14	1.17	4.01	6.99
CNY	6.51	3.62	0.31	1.34	3.98	6.78
INR	63.86	5.19	0.29	0.18	1.19	6.44
KRW	1130.50	0.84	0.26	-0.50	1.32	6.80
MXN	17.70	7.09	0.99	1.07	2.40	17.13
NZD	1.38	2.12	1.12	0.89	-1.23	4.58
RUB	57.36	7.62	0.82	1.19	1.17	7.39
SGD	1.34	0.96	1.06	0.95	2.49	7.68
TWD	30.02	-0.65	0.24	0.59	1.28	7.86
TRY	3.41	11.77	0.69	1.23	3.24	3.30
ZAR	12.92	7.09	0.18	0.65	1.12	6.22

Watch list this week	
12 September 2017	UK CPI (Aug);
13 September 2017	UK Unemployment rate (Jul); UK Average weekly earnings (Jul);
14 September 2017	US CPI (Aug); China Industrial production (Aug);
15 September 2017	US Retail sales (Aug); US Industrial production (Aug);



Source: Bloomberg

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