

US: The ISM manufacturing index surprised to the upside in August, rising to 58.8 from 56.3 in July. The improvement was driven by the production, employment and inventories subcomponents. Production rose to 61.0 (+0.4 points) and the employment sub-index increased to 59.9 (+4.7 points), the highest reading since June 2011. This is consistent with the solid manufacturing payrolls data reported by BLS in the August employment report, released earlier today. New orders were little changed at 60.3 and remain consistent with a solid pace of growth in manufacturing orders. Overall, the headline ISM manufacturing index and its subcomponents are consistent with an improvement in business sentiment and activity in the sector.

August nonfarm employment rose by 156k. Private employment rose by 165k, as declines in government payrolls weighed on the headline. Federal employment fell by 1k on the month and state and local payrolls declined by another 8k. Goods producing sectors added 70k, boosted by outsized gains in both construction (28k) and manufacturing (36k). Private services sector employment, however, was noticeably weak with only a 95k increase in employment. Weakness was spread across a number of sectors, including wholesale and retail trade (7k), financials (10k), professional and business services (40k), education and health (25k), and leisure and hospitality (4k). Employment gains in the latter three categories were noticeably below their prior six-month average.

UK: The Manufacturing sentiment increased in August on output and new orders. The output index reached its highest reading since January while total new orders posted a three-month high. Orders appeared to be mainly driven by domestics as export orders eased to a six-month low. Nonetheless, new export order levels remain elevated from an historical perspective. While input prices rebounded somewhat in August, essentially on commodities, output prices continued to decelerate. The output price index is now nearly 5 points (or 3 standard deviations) below its April peak and just 3 points (or 1.7 standard deviations) above its long-term average. The employment index increased yet again, reaching a three-year high. Finally, business optimism regarding future activity also increased in August. August PMIs paint a substantially healthier picture of the manufacturing sector than a month ago as improvements have been seen across sub-indexes, sectors and company sizes.

EU: Euro area manufacturing PMIs were unchanged from the flash reading at 57.4, up 0.8 point in August. The improvement was underpinned by buoyant demand, and in particular by foreign orders, which reached a more than six and a half year high. This suggests that firms are not being very adversely affected by euro appreciation at this stage. Furthermore, improving demand led to higher production operating capacity pressures and supported healthy hiring intention levels. Supply chain pressures, together with stronger commodity prices, also drove a rise in input costs (at a three month high) that was partially transmitted to clients. Altogether, final manufacturing PMIs are in line with the European commission survey and point to further strength in industrial production in Q3.

EM flows: Both EM equity and bond funds saw inflows in the week ending August 30. This marks the first time in three weeks that there have been inflows into equity funds. With global equities and EM assets performing well over the past few days, it appears that risk sentiment has improved, and, as a result, flow momentum has once again turned positive. Recent resilience in EM should give investors some comfort for any test to EM sentiment on the autumn calendar, including a potential announcement of Fed (passive) balance sheet reduction and changes in ECB forward guidance and/or asset purchase programme, or further rhetoric on NAFTA/trade policies from the Trump administration in the US.

Equity	Current		Total Return			
	Level	Dividend yield	1 week (%)	MTD (%)	QTD (%)	YTD (%)
S&P 500	2477	2.00	1.43	0.20	2.58	12.16
NASDAQ	6435	1.12	2.73	0.10	5.02	20.52
RUSSELL 2000	1414	1.43	2.66	0.59	0.05	5.04
MSCI World (Developed only)	1966	2.44	1.14	0.31	2.95	14.29
MSCI All Country World	480	2.44	1.08	0.32	3.61	15.85
MSCI Europe	127	3.40	0.55	0.61	-0.51	6.57
MSCI Australia	1938	3.14	0.58	0.40	3.30	18.00
MSCI EM	1091	2.38	0.65	0.34	8.81	29.03
MSCI Asia Pacific	161	2.46	0.53	0.16	4.84	21.63
MSCI Asia ex-Japan	664	2.34	0.65	0.17	7.03	31.54
MSCI Brazil	2039	2.79	1.45	2.05	20.42	24.19
MSCI China	82	1.94	0.66	-0.04	13.80	43.18
MSCI India	1186	1.37	1.57	0.61	6.37	22.10
MSCI Indonesia	6866	2.50	-1.00	-0.33	-0.15	15.04
MSCI Korea	699	1.51	-1.01	-0.12	-0.95	20.81
MSCI Russia	565	5.15	4.08	0.56	13.64	-2.22
MSCI Taiwan	397	3.72	0.50	0.06	4.06	19.66
Nikkei 225	19521	1.77	1.29	0.23	-1.64	4.07
Shanghai Composite	3368	1.86	1.07	0.19	6.75	10.61
Hang Seng Index	27819	3.53	0.71	-0.06	9.83	31.25

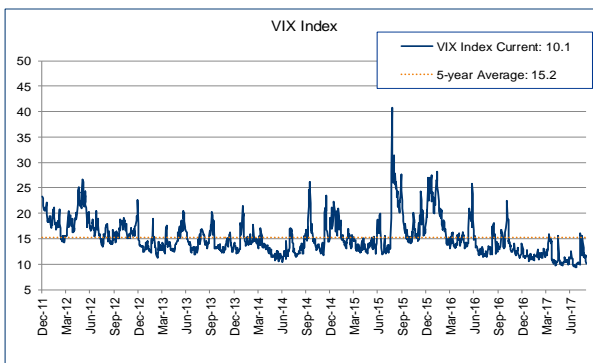
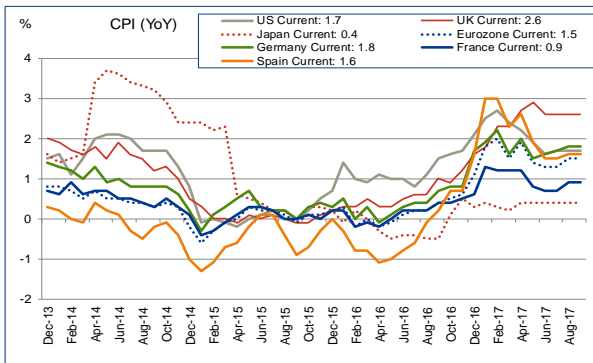
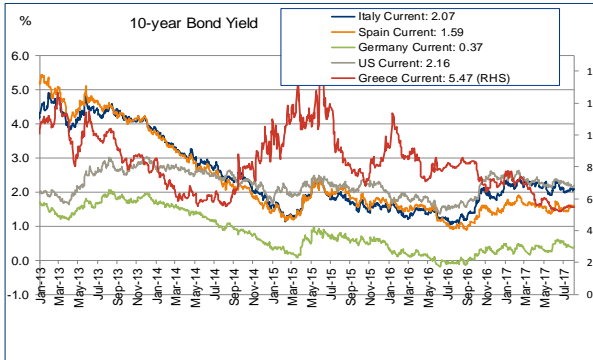
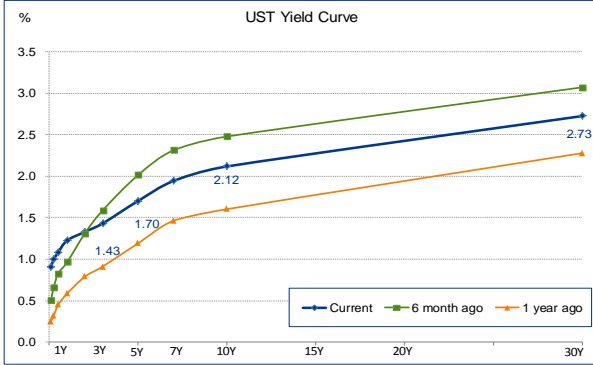
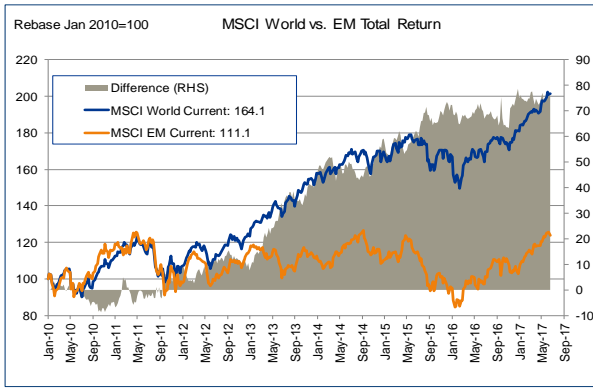
Fixed income	Current		Total Return			
	Spread	YTM/ YTW	1 week (%)	MTD (%)	QTD (%)	YTD (%)
Global Bonds (Barclays Global Agg)	41	1.52	0.00	-0.08	2.61	7.13
US Bonds (Barclays US Agg)	42	2.45	0.07	-0.18	1.15	3.45
Global IG Corp (Barclays Global Agg Corp)	109	2.43	0.09	-0.12	2.38	7.68
Global High Yield (Barclays Global HY)	370	5.17	0.38	0.05	2.19	8.79
EM USD Bonds (JP EMBI Global)	317	5.34	0.46	0.04	2.44	8.79
EM Corporate Bonds (JP CEMBI Div)	277	4.34	0.39	0.03	1.79	7.01
EM Local Bonds (JP GBI-EM Global Div)	N/A	6.03	0.64	0.37	4.29	15.09
Asian USD Bonds (JACI)	238	3.72	0.30	0.07	1.56	5.43
Asian Local Currency (Markit iBoxx ALCB)	N/A	3.60	0.68	0.20	1.91	8.44

Commodities	Current	Price Change			
		1 week (%)	MTD (%)	QTD (%)	YTD (%)
Goldman Sachs Commodity Index	386.15	1.91	0.26	3.75	-2.92
WTI Crude	47.41	1.80	0.38	1.94	-16.87
Brent Crude	52.49	2.08	-0.70	6.41	-10.69
Natural Gas	3.04	3.83	-0.10	0.07	-18.45
Spot Gold	1333.27	1.90	0.90	7.39	15.71
Spot Silver	17.83	2.20	1.34	7.23	12.01
CBOT Corn	355.25	0.50	-0.70	-9.38	-6.51
CBOT Wheat	438.75	0.80	0.98	-19.50	-5.65

FX market	Current		Price Change			
	Level	Implied Yield	1 week (%)	MTD (%)	QTD (%)	YTD (%)
USD Index	92.66	N/A	0.50	-0.00	-3.10	-9.34
AUD (quoted in USD)	0.80	1.94	-0.05	0.15	3.54	10.59
GBP (quoted in USD)	1.30	0.23	0.17	0.19	-0.55	4.84
EUR (quoted in USD)	1.19	-0.63	-0.81	-0.24	3.99	12.95
JPY	109.82	-0.53	-0.52	0.15	2.32	6.54
BRL	3.14	6.55	0.81	0.22	5.26	3.60
CNH	6.55	3.53	1.08	0.74	3.56	6.53
CNY	6.55	3.68	1.07	0.74	3.36	6.14
INR	63.91	5.19	-0.16	0.09	1.10	6.35
KRW	1130.25	0.82	-1.04	-0.48	1.35	6.83
MXN	17.82	7.17	0.27	0.38	1.70	16.33
NZD	1.39	2.12	-1.19	-0.11	-2.21	3.54
RUB	57.69	7.88	1.33	0.62	0.60	6.79
SGD	1.36	1.03	-0.27	-0.12	1.41	6.54
TWD	30.04	-0.05	0.32	0.52	1.21	7.79
TRY	3.43	11.65	0.50	0.75	2.75	2.81
ZAR	12.93	7.08	0.89	0.59	1.06	6.16

Watch list this week

05 September 2017	China Caixin Services PMI (Aug); UK Services PMI (Aug)
06 September 2017	US ISM Non-manufacturing (Aug)
07 September 2017	US Nonfarm business productivity
08 September 2017	China Exports (Aug); UK Industrial production (Jul)



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Source: Bloomberg