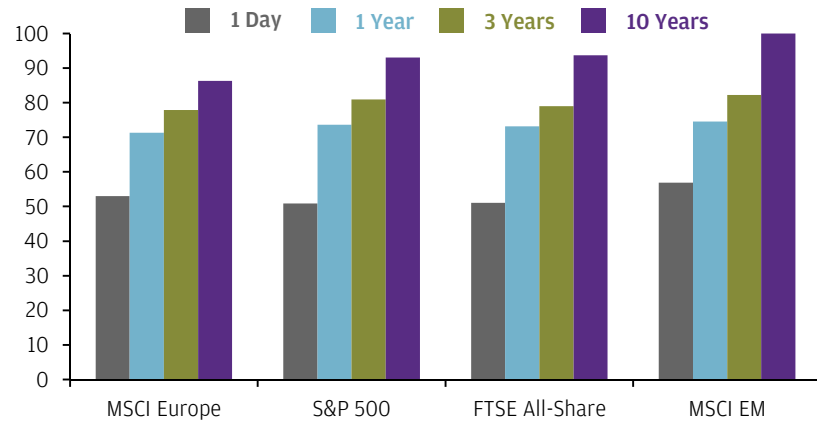


Thought of the week

This week's chart looks at how likely investors are to make money investing in different equity markets, depending on their holding period. On any given day an investor has just above a 50% chance of making money, in most markets. Extend the holding period to a year and the historic probability of making money rises to over 70%. Over three years, the probability rises above 78% for each of the markets shown below. For those who stay invested for ten years the probability of making money rises even further, to over 85% for European equities and over 90% for UK and US equities. EM equities have never lost money over a rolling ten year period since 1988. When it comes to investing, patience pays.

Probability of making money increases with holding period

% of total rolling periods with positive price returns



Source: FTSE, Standard & Poor's, MSCI, TOPIX, Thomson Reuters Datastream, J.P. Morgan Asset Management. Periods are the number of daily rolling time-horizons (1D, 1Y, 3Y, 10Y) from 3 January 1972 - 12 September 2017. MSCI EM periods begin 1 January 1988. Prices are all based on local currency. Data as of 13 September 2017.

The week ahead

Day	Country	Event	Period	Survey	Prior
Mon	US	PMI Manufacturing	Sep	57.5	58.8
	Euro	PMI Manufacturing	Sep	57.2	58.2
	Euro	Unemployment rate	Aug	9.1%	9.1%
	UK	PMI Manufacturing	Sep	55.0	56.9
	Global	PMI Manufacturing	Sep	-	53.1
Wed	Japan	Tankan business conditions	Q3	-	12.0
	US	PMI Services	Sep	56.9	55.1
	Euro	Retail sales (y/y)	Aug	2.6%	2.6%
Fri	Euro	PMI Services	Sep	54.8	55.6
	US	Non-farm payrolls	Sep	70k	165k
	US	Unemployment rate	Sep	4.4%	4.4%
	US	Average hourly earnings (y/y)	Sep	2.2%	2.3%
Sun	China	Foreign exchange reserves	Sep	\$3,095bn	\$3,092bn

Market statistics

Equities	Change (%)		
	Week ago	YTD	Year ago
MSCI Europe	1.1	12.2	18.5
DAX	1.9	11.7	23.3
CAC 40	1.0	12.7	23.8
IBEX	0.8	13.8	22.5
FTSE MIB	0.7	21.5	43.5
FTSE 100	0.9	6.6	10.9
S&P 500	0.7	14.2	19.6
TOPIX	1.4	12.5	27.3
MSCI EM	-1.1	23.9	20.9
MSCI China	-2.0	44.2	31.8
MSCI Brazil	-1.5	23.3	26.2
MSCI AC World	0.6	14.2	19.2
Energy	1.6	-2.9	6.9
Materials	0.5	14.4	22.7
Industrials	0.7	15.3	22.5
Cons discr.	0.5	13.4	18.4
Cons staples	0.4	7.8	5.0
Healthcare	0.2	16.3	13.1
Financials	1.0	13.0	31.1
Technology	0.4	29.7	31.1
Telecom svc	0.5	2.2	3.1
Utilities	-0.4	11.2	9.3
Value	0.6	9.9	18.8
Growth	0.5	18.7	19.5

Fund flows (\$bn)	4-week moving avg.		
	w/e 22/09	w/e 15/09	
Equity	-3.9	-2.5	-2.8
Fixed income	7.2	5.1	4.7
Money market	-14.6	16.8	-1.6

Bond spreads	Level		Change (bps)		
	29/09	Week ago	YTD	Year ago	
Global IG	102	-3	-23	-32	
EMBI+ (USD)	317	-3	-46	-34	
Global High Yld	350	-5	-75	-135	

Bond yields (10 yr)

	Level	Week ago	YTD	Year ago
UK	1.36	1	27	74
Germany	0.46	2	26	58
USA	2.33	7	-12	77
Japan	0.06	4	2	15
EMD* (local fx)	5.99	6	-80	-19

Commodities

	Change (%)			
Brent \$/bbl	58	1.2	1.3	16.9
Gold \$/oz	1,283	-0.9	12.0	-2.7
Copper \$/lb	2.94	0.4	17.6	34.7

Currency

	Level			
\$ per €	1.18	1.20	1.05	1.12
£ per €	0.88	0.88	0.85	0.87
\$ per £	1.34	1.35	1.24	1.30
¥ per €	133	134	123	114
¥ per \$	113	112	117	102
CHF per €	1.14	1.16	1.07	1.09

Volatility (%)

	Level	Week ago	YTD	Year ago
VIX	10	10	14	14

Macro	GDP (%)†	CPI (%)	Valuation	Fwd P/E
Eurozone	2.6	1.5	MSCI Europe	15.0
UK	1.2	2.9	FTSE 100	14.4
US	3.1	1.9	S&P 500	17.7
Japan	2.5	0.6	MSCI EM	12.5
China	7.0	1.8	MSCI World	16.5

Note: All index returns are total returns in local currency. Fund flows are for US-domiciled funds only, excluding ETFs. *Term = index duration. †GDP q/q seasonally adjusted annual rate.

The Weekly Brief

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Unless otherwise stated, all data is as of 29/09/2017. Economic releases: Bloomberg.

Equities: All data represents total returns for the stated period.

Fund flows: ICI.

Bond Yields: JPMorgan EMBI+ OAS over Treasuries ; Barclays Global Aggregate Corporate OAS; Barclays Global High Yield OAS; Government bond yields: Source: Tullett Prebon Information, UK Government Bonds 10 Year Note Generic Bid Yield; German Government Bonds 10 Year Debencher; Japan 10 Year Bond Benchmark; US Generic Government 10 Year Yield.

Commodities: WTI and Brent are the crude oil price in \$ per barrel, gold is \$ per troy ounce, copper is \$ per pound.

Rates: Bank of England Official Bank Rate; ECB Minimum Bid Refinancing Rate 1 Week; Federal Funds Target Rate; Bank of Japan Target Rate of Unsecured Overnight Call Rate; Bank of China 1 Year Best Lending Rate.

Macro: Headline CPI year on year percentage change; GDP growth quarter on quarter seasonally adjusted annualised rate.