Asia: Chinese equities
In China, margin trading for the Shanghai and Shenzhen Composites has fallen to around RMB1.4tn vs. RMB2.1tn at its peak as leverage continues to be flushed out of the system. At the same time we understand that government-linked authorities are stabilizing the market through share purchases. 12% of A-share market cap still remains suspended, down from 34% at its peak. Mainland stock markets still remain fragile, which continues to place pressure on offshore-listed H-shares. We still expect volatility to continue throughout the summer.

The reality is that Chinese interest rates are still very high in real terms and the cost of funding needs to come down. This should slowly happen, as reserve requirement ratios (RRR) and interest rates are lowered. But this cannot happen very quickly as it could put pressure on the currency through capital outflows. So we would suggest that investors take a medium term view, invest into real franchises with sustainable operations. would look at fundamentals first but also be mindful of stocks that could benefit from policy changes, particularly those related to the "one belt, one road" (OBOR) development strategy, water, internet, environment, travel, communications, transportation networks and new energy.

EMEA: European sentiment data
A slight upwards move in European sentiment in July – as measured by the European Commission's Business and Consumer Survey – index – provides further evidence that the region is still slowly getting back on its feet.

The Eurozone Economic Sentiment Indicator (ESI) rose by 0.5 points to 104, its highest level since June 2011. Sentiment improved in the industrial and, in particular, services sectors. The rise in the export indicators index was encouraging although this has not yet been accompanied by a similarly strong pick-up in actual exports.

The ESI for the European Union as a whole rose by a larger 1.1 points to 106.6 due to higher confidence in the U.K. and Poland.

Consumer – as opposed to business – confidence however fell to its lowest level since the start of 2015. It is difficult to know whether this was largely due to the Greek crisis, which was very much in the headlines when the survey was made. Another big question is whether the boost to consumption from lower oil prices is now starting to decline.

No assurance can be given that any forecast or target can be achieved. Forecasts are based on assumptions, estimates, opinions and hypothetical models which may prove to be incorrect. Past performance is not indicative of future returns. Investments come with risk. The value of an investment can fall as well as rise and you might not get back the amount originally invested at any point in time. Your capital may be at risk.