

HOW OIL PRICES MAY AFFECT YOUR PORTFOLIO



The table below details the assumptions that MSCI RiskManager® subscribers can use to model the effect of changes in oil prices on their portfolios.

	OIL ST - 10USD	OIL ST - 35USD_SYST	OIL ST - 35USD_NOSYST
EQUITY (UK)			
PREDICTIVE STRESS TEST			
MSCI Emerging Markets in USD	-25.4%	-3.9%	6.2%
The World Index	-15.9%	-1.5%	4.8%
MSCI World/Energy in USD	-16.4%	-8.2%	-8.2%
EQUITY (FINANCIALS)			
Uniform Shock	-50.0%	-25.0%	NONE (FOLLOWS PST)
INTEREST RATE			
PREDICTIVE STRESS TEST			
USD Govt 10Y	-0.84%	-0.16%	0.09%
JPY Govt 10Y	-0.23%	-0.07%	0.18%
GBP Govt 10Y	-0.51%	-0.06%	0.13%
EUR Govt 10Y	-0.77%	-0.16%	0.05%
VOLATILITY			
PREDICTIVE STRESS TEST			
VIX	200.00%	100.00%	no shock
CREDIT SPREADS			
PARAMETER STRESS TEST			
Energy Companies	100%	0.0%	0.0%
Financial Companies	200%	100.0%	-5.9%
Other	44%	0.0%	-5.9%

RISK SETTINGS FOR PREDICTIVE STRESS TEST

Return specification:

- Five-day returns
- Four-day overlay

Use the estimation windows of 07/01/2014 through 02/15/2016 for all three scenarios.

The tables below detail the effects of all three scenarios for changes in oil prices by equities, high-yield bonds and emerging market corporate debt by sector.

GLOBAL EQUITIES

MSCI ACWI	OIL USD10	OIL USD35 WITH INCR SYST RISK	OIL 35USD
TOTAL	-22.6%	-6.0%	5.8%
CONSUMER DISCRETIONARY	-16.5%	-0.5%	7.3%
CONSUMER STAPLES	-13.2%	-0.5%	5.5%
ENERGY	-16.1%	-7.1%	-6.0%
FINANCIALS	-50.0%	-25.0%	7.1%
HEALTH CARE	-14.5%	0.5%	8.2%
INDUSTRIALS	-16.2%	-1.5%	5.2%
INFORMATION TECHNOLOGY	-17.5%	-0.6%	7.6%
MATERIALS	-18.1%	-3.0%	3.5%
TELECOMMUNICATION SERVICES	-14.0%	-1.0%	5.0%
UTILITIES	-12.1%	-0.7%	4.6%

HIGH-YIELD BONDS (BY SECTOR)

MERRILL HIGH YIELD INDEX	OIL USD10	OIL USD35 WITH INCR SYST RISK	OIL 35USD
TOTAL	-19.4%	-4.6%	1.3%
CONSUMER DISCRETIONARY	-10.0%	0.2%	1.3%
CONSUMER STAPLES	-10.1%	0.1%	1.4%
ENERGY	-35.4%	0.2%	0.1%
FINANCIALS	-34.3%	-20.3%	1.3%
HEALTH CARE	-9.5%	0.2%	1.2%
INDUSTRIALS	-11.5%	0.1%	1.6%
INFORMATION TECHNOLOGY	-12.5%	0.0%	1.6%
MATERIALS	-12.1%	0.2%	1.9%
TELECOMMUNICATION SERVICES	-10.8%	0.4%	1.6%
UTILITIES	-13.5%	0.4%	1.9%

EMERGING MARKET CORPORATE DEBT (BY SECTOR)

JPM CEMBI	OIL USD10	OIL USD35 WITH INCR SYST RISK	OIL 35USD
TOTAL	-20.4%	-7.4%	0.9%
CONSUMER DISCRETIONARY	-11.1%	0.5%	1.4%
CONSUMER STAPLES	-10.2%	0.3%	1.3%
ENERGY	-21.8%	0.5%	-0.2%
FINANCIALS	-29.4%	-16.9%	0.9%
HEALTH CARE	-4.0%	1.1%	0.6%
INDUSTRIALS	-7.2%	0.6%	1.0%
INFORMATION TECHNOLOGY	-4.8%	0.4%	0.5%
MATERIALS	-13.6%	0.5%	2.0%
TELECOMMUNICATION SERVICES	-10.8%	0.4%	1.5%
UTILITIES	-4.5%	0.7%	0.6%

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