

## Global Capital Markets Overview

January-17

### Major Fixed Income Indices

(%)

| (USD)                               | This M | Last M | Apr-Jun | Jul-Sep | Oct-Dec | Jan-Mar | YTD  | FYTD* |
|-------------------------------------|--------|--------|---------|---------|---------|---------|------|-------|
| JPM EMBI Global Diversified         | 1.44   | 1.33   | 5.02    | 4.04    | -4.02   | 1.44    | 1.44 | 6.38  |
| JPM GBI-EM Broad Diversified        | 2.03   | 1.26   | 2.08    | 2.82    | -5.15   | 2.03    | 2.03 | 1.57  |
| Bloomberg Barclays Global Aggregate | 1.13   | -0.46  | 2.89    | 0.82    | -7.07   | 1.13    | 1.13 | -2.51 |
| Bloomberg Barclays US Aggregate     | 0.20   | 0.14   | 2.21    | 0.46    | -2.98   | 0.20    | 0.20 | -0.18 |

### Major Equity Indices

(%)

| (USD, Net)            | This M | Last M | Apr-Jun | Jul-Sep | Oct-Dec | Jan-Mar | YTD  | FYTD* |
|-----------------------|--------|--------|---------|---------|---------|---------|------|-------|
| MSCI AC World         | 2.73   | 2.16   | 0.99    | 5.30    | 1.19    | 2.73    | 2.73 | 10.55 |
| MSCI World            | 2.41   | 2.39   | 1.01    | 4.87    | 1.86    | 2.41    | 2.41 | 10.49 |
| MSCI North America    | 2.14   | 1.82   | 2.49    | 3.96    | 3.37    | 2.14    | 2.14 | 12.49 |
| MSCI Pacific          | 4.37   | 0.46   | 0.87    | 8.46    | -1.03   | 4.37    | 4.37 | 13.01 |
| MSCI Europe           | 2.08   | 5.24   | -2.69   | 5.40    | -0.40   | 2.08    | 2.08 | 4.28  |
| MSCI Kokusai          | 2.29   | 2.53   | 1.01    | 4.52    | 2.05    | 2.29    | 2.29 | 10.20 |
| MSCI Emerging         | 5.47   | 0.22   | 0.66    | 9.03    | -4.16   | 5.47    | 5.47 | 10.93 |
| MSCI EM Latin America | 7.61   | 0.87   | 5.31    | 5.37    | -0.88   | 7.61    | 7.61 | 18.35 |
| MSCI EM Asia          | 5.86   | -1.41  | 0.30    | 10.51   | -6.06   | 5.86    | 5.86 | 10.22 |
| MSCI EM EMEA          | 2.10   | 7.21   | -1.27   | 5.67    | 1.83    | 2.10    | 2.10 | 8.46  |
| MSCI EM Europe        | 1.77   | 9.30   | -3.90   | 4.45    | 9.40    | 1.77    | 1.77 | 11.76 |

### REIT&Commodities

(%)

| (USD)               | This M | Last M | Apr-Jun | Jul-Sep | Oct-Dec | Jan-Mar | YTD   | FYTD* |
|---------------------|--------|--------|---------|---------|---------|---------|-------|-------|
| TSE REIT INDEX      | -0.42  | 3.74   | -2.04   | -0.12   | 2.57    | -0.42   | -0.42 | -0.06 |
| FTSE EPRA/NAREIT US | -0.58  | 4.65   | 6.36    | -0.84   | -3.46   | -0.58   | -0.58 | 1.23  |
| CRB                 | -0.20  | 1.73   | 13.01   | -3.17   | 3.44    | -0.20   | -0.20 | 12.96 |
| S&P GSCI            | -1.41  | 4.72   | 12.67   | -4.15   | 5.76    | -1.41   | -1.41 | 12.60 |
| WTI Crude Oil       | -1.86  | 8.78   | 25.83   | -0.33   | 11.72   | -1.86   | -1.86 | 37.51 |
| NY Golds            | 4.67   | -1.39  | 7.03    | 0.03    | -12.41  | 4.67    | 4.67  | -1.85 |

### Currency Returns (against the USD) Thomson Reuters Spot Rate (London 4pm)

(%)

|     | This M | Last M | Apr-Jun | Jul-Sep | Oct-Dec | Jan-Mar | YTD  | FYTD*  |
|-----|--------|--------|---------|---------|---------|---------|------|--------|
| JPY | 3.63   | -2.08  | 8.99    | 1.92    | -13.30  | 3.63    | 3.63 | -0.20  |
| EUR | 2.68   | -0.68  | -2.41   | 1.22    | -6.45   | 2.68    | 2.68 | -5.11  |
| CHF | 2.94   | -0.11  | -1.47   | 0.47    | -4.60   | 2.94    | 2.94 | -2.79  |
| GBP | 1.95   | -1.33  | -7.31   | -2.51   | -4.92   | 1.95    | 1.95 | -12.41 |
| AUD | 5.11   | -2.30  | -2.70   | 2.86    | -5.85   | 5.11    | 5.11 | -0.95  |
| BRL | 3.29   | 3.98   | 11.83   | -1.44   | 0.17    | 3.29    | 3.29 | 14.04  |

\*Fiscal year to date

Source:Datastream, Bloomberg Barclays

## <Global Capital Markets for January 2017>

### Interest Rates

During January 2017, only BOJ and ECB made rate announcement. BOJ maintained -0.1% deposit rate, 10Y JGB yield target of 0% as well as the current QE target by 7 to 2 votes. ECB also maintained all three key rates unchanged and confirmed that QE target will be reduced from EUR800bn to EUR600bn from April. Other central banks including the ones of Canada, Peru, Colombia, South Africa, Poland, Hungary, Indonesia and Korea maintained their policy rates unchanged, while Brazilian central bank lowered their key rate by three quarters of a point from 13.75% to 13.00% by surprise. Central Bank of Chile also lowered their policy rate from 3.50% to 3.25%. Central Bank of Turkey lowered reserve requirement by 50bps, while raised their O/N lending rate from 8.50% to 9.25% to protect their currency. Cash and futures money rates in most major currencies were more or less unchanged for the month.

### Currencies

At the beginning of January, the risk averse behavior based on the sudden rise of short term interest rate in China led to strong yen. In addition, Trump did not refer to the tax cut and fiscal policy at press conference, and it led to weak dollar. In the middle of January, USDJPY recovered to 115 yen level based on Fed Chair Yellen's constructive message for rate hike. However, at the end of January, Trump specifically referred to the Japan's policy of letting yen fall in value in foreign exchange markets. It moved JPY higher to 112.08 yen against USD.

### Bond Markets

US yield curve was almost unchanged with vague political statements from Trump's administration as well as with Yellen's suggestion of multiple rate hikes this year. German Bund was up due to good economic indices and Draghi's comment which showed moderate price rise forecast. US Treasury 10Yr was almost flat to 2.46% and German Bund 10Yr was up by 17bps to 0.44%. European peripherals e.g., Italy was up to 2.26%, Spain was also up to 1.60% together with Greece up to 7.82%. On the US spread sectors, most sectors, especially CMBS were good except Agency MBS compared to Treasuries.

### Equity Markets

Global stock markets moved higher continuously due to the expectation of stimulative economic policy by US new president Donald Trump. In term of monthly return in USD base developed markets gained by 2.4% and emerging markets gained by 5.5% as selling pressure in emerging markets calmed down. Japanese stock market gained slightly by 0.2% due to the appreciation of JPY to the level of 112 against USD after president Donald Trump concerned strong dollar. As for sector return in developed markets, 10 sectors excluding energy sector rose. The best performer was material sector with 6.8% gain and the worst performer was energy sector with 3.0% loss. The two sectors related to commodity markets moved in reverse each other.

## Index

- Citigroup World Government Bond Index, Citigroup US High -Yield Market Index (Citigroup fixed income indices are developed, calculated and distributed by Citigroup Global Markets Inc.)
- Bloomberg Barclays Global Aggregate Index, Bloomberg Barclays US Aggregate Bond Index, Bloomberg Barclays US Aggregate 1-3 Year Index, Bloomberg Barclays Euro Aggregate Bond Index, Bloomberg Barclays US Mortgage Backed Securities (MBS) Index, Bloomberg Barclays World Government Inflation-Linked Bond (WGILB) Index, Bloomberg Barclays Global High Yield Index  
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