

Global Capital Markets Overview

March-17

Major Fixed Income Indices

(%)

| (USD) | This M | Last M | Apr-Jun | Jul-Sep | Oct-Dec | Jan-Mar | YTD | FYTD* |
|-------------------------------------|--------|--------|---------|---------|---------|---------|------|-------|
| JPM EMBI Global Diversified | 0.38 | 2.00 | 5.02 | 4.04 | -4.02 | 3.87 | 3.87 | 8.92 |
| JPM GBI-Broad Diversified | 2.35 | 1.50 | 2.08 | 2.82 | -5.15 | 5.99 | 5.99 | 5.51 |
| Bloomberg Barclays Global Aggregate | 0.15 | 0.47 | 2.89 | 0.82 | -7.07 | 1.76 | 1.76 | -1.90 |
| Bloomberg Barclays US Aggregate | -0.05 | 0.67 | 2.21 | 0.46 | -2.98 | 0.82 | 0.82 | 0.44 |

Major Equity Indices

(%)

| (USD, Net) | This M | Last M | Apr-Jun | Jul-Sep | Oct-Dec | Jan-Mar | YTD | FYTD* |
|-----------------------|--------|--------|---------|---------|---------|---------|-------|-------|
| MSCI AC World | 1.22 | 2.81 | 0.99 | 5.30 | 1.19 | 6.91 | 6.91 | 15.04 |
| MSCI World | 1.07 | 2.77 | 1.01 | 4.87 | 1.86 | 6.38 | 6.38 | 14.77 |
| MSCI North America | 0.11 | 3.55 | 2.49 | 3.96 | 3.37 | 5.88 | 5.88 | 16.61 |
| MSCI Pacific | 0.65 | 1.78 | 0.87 | 8.46 | -1.03 | 6.92 | 6.92 | 15.77 |
| MSCI Europe | 4.02 | 1.19 | -2.69 | 5.40 | -0.40 | 7.44 | 7.44 | 9.76 |
| MSCI Kokusai | 1.20 | 2.94 | 1.01 | 4.52 | 2.05 | 6.56 | 6.56 | 14.80 |
| MSCI Emerging | 2.52 | 3.06 | 0.66 | 9.03 | -4.16 | 11.45 | 11.45 | 17.22 |
| MSCI EM Latin America | 0.55 | 3.57 | 5.31 | 5.37 | -0.88 | 12.06 | 12.06 | 23.25 |
| MSCI EM Asia | 3.34 | 3.64 | 0.30 | 10.51 | -6.06 | 13.38 | 13.38 | 18.05 |
| MSCI EM EMEA | 0.52 | 0.10 | -1.27 | 5.67 | 1.83 | 2.74 | 2.74 | 9.14 |
| MSCI EM Europe | 1.67 | -2.02 | -3.90 | 4.45 | 9.40 | 1.38 | 1.38 | 11.33 |

REIT&Commodities

(%)

| (USD) | This M | Last M | Apr-Jun | Jul-Sep | Oct-Dec | Jan-Mar | YTD | FYTD* |
|---------------------|--------|--------|---------|---------|---------|---------|-------|-------|
| TSE REIT INDEX | -2.04 | -0.92 | -2.04 | -0.12 | 2.57 | -3.34 | -3.34 | -3.00 |
| FTSE EPRA/NAREIT US | -2.69 | 3.59 | 6.36 | -0.84 | -3.46 | 0.21 | 0.21 | 2.04 |
| CRB | -2.43 | -0.70 | 13.01 | -3.17 | 3.44 | -3.30 | -3.30 | 9.45 |
| S&P GSCI | -3.91 | 0.23 | 12.67 | -4.15 | 5.76 | -5.05 | -5.05 | 8.45 |
| WTI Crude Oil | -6.41 | 2.37 | 25.83 | -0.33 | 11.72 | -5.97 | -5.97 | 31.75 |
| NY Golds | -0.75 | 3.73 | 7.03 | 0.03 | -12.41 | 7.75 | 7.75 | 1.05 |

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 | 1.24 | 0.01 | 8.99 | 1.92 | -13.30 | 4.94 | 4.94 | 1.06 |
| EUR | 0.71 | -2.05 | -2.41 | 1.22 | -6.45 | 1.29 | 1.29 | -6.40 |
| CHF | 0.27 | -1.64 | -1.47 | 0.47 | -4.60 | 1.53 | 1.53 | -4.12 |
| GBP | 1.37 | -1.58 | -7.31 | -2.51 | -4.92 | 1.71 | 1.71 | -12.61 |
| AUD | -0.39 | 0.96 | -2.70 | 2.86 | -5.85 | 5.72 | 5.72 | -0.39 |
| BRL | -0.45 | 1.35 | 11.83 | -1.44 | 0.17 | 4.21 | 4.21 | 15.06 |

*Fiscal year to date

Source: Datastream, Bloomberg

<Global Capital Markets for March 2017>

■ Interest Rates

During the month of March, all four major central banks held policy meetings. As broadly anticipated, FOMC raised FF target range by 25 bps by 9 to 1 votes, while ECB, BOJ and BOE all maintained their key rates as well as current policy measures unchanged (by 7 to 2 votes for BOJ and 8 to 1 votes for BOE). Other central banks including the ones of Canada, Malaysia, Australia, Poland, Indonesia, New Zealand, Philippines, Taiwan, Hungary, Thailand and South Africa maintained their current policy rates unchanged. Central Bank of Mexico followed Fed action and raised their policy rate by 25bps to 6.25%. Central Bank of Turkey also raised the upper limit to 11.75% by 75 bps. Central Bank of Chile, Columbia and Russia cut their key rates by 25 bps to 3.00%, 7.00% and 9.75% respectively to stimulate their economies. Due to the Fed action, most cash and futures money rates moved higher notably in the short end in US and in the long end in most other countries.

■ Currencies

At beginning of March, JPY dipped to 115.51 YEN/USD level based on the strong US key economic indicator and the raised expectations for US rate hike. In the middle of March, the rate hike got executed on FOMC, however the statement was seen as a party of doves. In addition, Draghi's comments created the expectation for Tapering. JPY shifted to rise based on them. In late March, US political instability including the health care reform bill facing serious challenges had a dampening effect on USD.

■ Bond Markets

US yield curve was slightly up due to the good economic indices together with the expectation on acceleration of rate hikes. However, it moved down as no announcement of the acceleration was made at FOMC along with the concern over the ability of policy implementation by US government. In Europe, expectation for the tightening of negative policy rate range lead the yield up but down in the month end. US Treasury 10Yr was almost flat by 1bps down to 2.40% and German Bund 10Yr was up by 12bps to 0.33%. European peripherals e.g., Italy was up to 2.32%, Spain was almost flat as 1.67% and Greece was down to 6.99%. On the US spread sectors, Securitized were firm but Corporates were weak compared to Treasuries.

■ Equity Markets

In the first half of March, global stock markets continued to be firm. After American Health Care Act was withdrawn in the Congress, US stock markets concerned about feasibility of Trump's economic policy and moved nervously to the end of the month. In term of monthly returns in USD, developed markets gained 1.1% and emerging markets gained 2.5%. Japanese stock market lost 0.6% due to the correction at the end of the fiscal year. As for sector return in developed markets, all sectors except real estate sector were positive. Best performer was IT sector which gained by 2.6% but variance among sectors were relatively narrow.

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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- Credit Suisse Leveraged Loan Index, S&P European Leveraged Loan Index
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