

## Global Capital Markets Overview

May-17

### Major Fixed Income Indices

(%)

(USD)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
JPM EMBI Global Diversified	0.88	1.49	2.39				6.34	2.39
JPM GBI-EM Broad Diversified	1.66	0.84	2.51				8.65	2.51
Bloomberg Barclays Global Aggregate	1.55	1.13	2.69				4.50	2.69
Bloomberg Barclays US Aggregate	0.77	0.77	1.55				2.38	1.55

### Major Equity Indices

(%)

(USD, Net)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
MSCI AC World	2.21	1.56	3.80				10.97	3.80
MSCI World	2.12	1.48	3.63				10.23	3.63
MSCI North America	1.20	0.87	2.08				8.08	2.08
MSCI Pacific	1.63	0.85	2.49				9.58	2.49
MSCI Europe	4.85	3.53	8.55				16.63	8.55
MSCI Kokusai	2.03	1.52	3.58				10.37	3.58
MSCI Emerging	2.96	2.19	5.21				17.25	5.21
MSCI EM Latin America	-2.37	-0.00	-2.38				9.40	-2.38
MSCI EM Asia	4.53	2.15	6.77				21.06	6.77
MSCI EM EMEA	0.18	4.32	4.51				7.37	4.51
MSCI EM Europe	-1.52	4.43	2.85				4.27	2.85

### REIT&Commodities

(%)

(USD)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
TSE REIT INDEX	1.13	-2.21	-1.10				-4.41	-1.10
FTSE EPRA/NAREIT US	-0.92	-0.14	-1.06				-0.85	-1.06
CRB	-0.99	-2.18	-3.15				-6.34	-3.15
S&P GSCI	-1.54	-2.11	-3.61				-8.48	-3.61
WTI Crude Oil	-2.07	-2.43	-4.45				-10.16	-4.45
NY Golds	0.01	1.65	1.66				9.54	1.66

### 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	0.70	-0.13	0.56				5.52	0.56
EUR	3.18	2.30	5.55				6.92	5.55
CHF	2.83	0.79	3.65				5.23	3.65
GBP	-0.47	3.19	2.71				4.47	2.71
AUD	-0.77	-1.84	-2.60				2.97	-2.60
BRL	-1.55	-1.68	-3.20				0.87	-3.20

\*Fiscal year to date

Source: Datastream, Bloomberg

## <Global Capital Markets for May 2017>

### Interest Rates

During the month of May, FOMC and BOE both maintained their current monetary policy measures unchanged by unanimous vote for FOMC and 7 to 1 (rates) and 8 to 0 (QE) votes for BOE. BOJ and ECB did not hold policy meetings for the month. Other central banks including the ones of Canada, Poland, Hungary, Israel, New Zealand, South Africa, Indonesia, Malaysia, Philippines, Thailand and Korea maintained their policy rates unchanged. Central Bank of Mexico unexpectedly raised their key rate from 6.50% to 6.75%, while Central Banks of Chile and Peru lowered their policy rates from 2.75% to 2.50% and 4.25% to 4.00% respectively. Cash and futures money rates in major currencies were mixed during the month; JPY mostly unchanged, USD and GBP higher across the curve and EUR flat to lower (in the long end).

### Currencies

Towards the middle of May, following the result of final vote in French Presidential Election, continuing liquidation of JPY long positions against EUR and other European currencies led JPY lower both against EUR (to 125.82) and USD (to 114.37). At around the middle of month, political scandal of US administration brought USD sharply lower most notably against JPY as a risk aversion currency. USD consolidated in late May due mainly to the FOMC minutes released on 5/24 as well as hawkish comments from FOMC members. USD lost 0.6% against JPY and 3.1% against EUR for the month.

### Bond Markets

In US, for the first half, FOMC decided to stay the rate but the firm economic index and retreat of political uncertainty in Europe pushed the US yield up but in the latter half, uncertainty in the US government and no positive news on the agreed extension of oil output cut lead the yield down. In Europe, for the first half, French presidential election and the increased tapering expectation made the yield up while in the latter half, attention to the Russian issue with Trump and the Draghi comments that is financial easing still necessary lead the yield down. US Treasury 10Yr was down by 8bps to 2.20% and German Bund 10Yr was almost flat, 2bps down to 0.30%. European peripherals e.g., Italy was down to 2.20%, Spain and Greece were also down to 1.55% and 6.12%, respectively. On the US spread sectors, all sectors but MBS Hybrid ARMs were good compared to Treasuries.

### Equity Markets

Global stock markets started firmly in May due to retrogression of political risk after French presidential election. In the mid of month global stock markets fell sharply by Trump's Russia scandal and after that, turned upward to the end of the month. In term of monthly return in USD developed markets gained by 2.2% and emerging markets gained by 3.0%. Japanese stock market also gained by 2.4%.

As for sector return in developed markets, the best performer was IT sector which rose by 4.9% and the worst was energy sector which dropped by 1.3%.

## 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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- JPMorgan Emerging Markets Bond Index Global Diversified (EMBI Global Diversified), JPMorgan Emerging Local Markets Bond Index Plus (ELMI+), JPMorgan Government Bond Index - Emerging Markets Global Diversified (GBI-EM GD) , JPMorgan Government Bond Index - Emerging Markets Broad Diversified (GBI-EM BD)  
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- MSCI AC World, MSCI AC Asia , MSCI AC Asia ex Japan , MSCI Asia Pacific, MSCI Asia Pacific ex Japan, MSCI KOKUSAI, MSCI China A, MSCI World ,MSCI EAFE MSCI Emerging Markets, Index data is utilized under the permission for usage by MSCI Inc.
- TOPIX Dividend Index  
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- NOMURA-BPI Overall, NOMURA-BPI Overall, Short-term (1-3 years) , Mid-term (3-7 years) , Long (7 years~)  
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- Russell/Nomura Japan Index  
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- Russell 2000 Growth Index  
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- Eurekahedge Asian Hedge Fund Index, Eurekahedge Asian Hedge Fund Index(Asia ex-Japan Index) Index data is utilized under the permission for usage by Eurekahedge.
- FTSE All World, FTSE World, S&P500
- Credit Suisse Leveraged Loan Index, S&P European Leveraged Loan Index  
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