

Global Capital Markets Overview

July-17

Major Fixed Income Indices

(USD)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
JPM EMBI Global Diversified	0.84	-0.14	2.24	0.84			7.08	3.10
JPM GBI-EM Broad Diversified	2.04	0.87	3.40	2.04			11.83	5.51
Bloomberg Barclays Global Aggregate	1.68	-0.09	2.60	1.68			6.16	4.33
Bloomberg Barclays US Aggregate	0.43	-0.10	1.45	0.43			2.71	1.88

Major Equity Indices

(USD, Net)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
MSCI AC World	2.79	0.45	4.27	2.79			14.59	7.19
MSCI World	2.39	0.38	4.03	2.39			13.31	6.52
MSCI North America	2.10	0.72	2.82	2.10			11.15	4.98
MSCI Pacific	2.79	1.39	3.92	2.79			14.21	6.82
MSCI Europe	2.99	-1.09	7.37	2.99			18.80	10.57
MSCI Kokusai	2.43	0.32	3.92	2.43			13.42	6.44
MSCI Emerging	5.96	1.01	6.27	5.96			25.49	12.60
MSCI EM Latin America	8.28	0.66	-1.74	8.28			19.24	6.40
MSCI EM Asia	5.58	1.75	8.64	5.58			30.05	14.70
MSCI EM EMEA	5.91	-2.28	2.12	5.91			11.11	8.15
MSCI EM Europe	5.00	-0.45	2.38	5.00			8.99	7.50

REIT&Commodities

(USD)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
TSE REIT INDEX	1.24	-2.77	-3.85	1.24			-5.90	-2.65
FTSE EPRA/NAREIT US	0.99	2.41	1.33	0.99			2.55	2.33
CRB	4.60	-2.70	-5.76	4.60			-4.68	-1.43
S&P GSCI	4.58	-1.92	-5.46	4.58			-6.12	-1.13
WTI Crude Oil	9.10	-4.70	-8.94	9.10			-6.59	-0.65
NY Golds	2.04	-1.93	-0.30	2.04			9.62	1.73

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	1.93	-1.43	-0.88	1.93			6.02	1.03
EUR	3.64	1.62	7.27	3.64			12.61	11.17
CHF	-0.86	0.99	4.67	-0.86			5.36	3.78
GBP	1.44	1.06	3.80	1.44			7.10	5.29
AUD	4.06	3.50	0.81	4.06			10.91	4.91
BRL	5.78	-2.44	-5.56	5.78			4.10	-0.10

*Fiscal year to date

Source: Datastream, Bloomberg

<Global Capital Markets for July 2017>

■ Interest Rates

During July, FOMC, ECB and BOJ held policy meetings and kept their current monetary policy measures unchanged as generally expected. FOMC set the schedule of balance sheet adjustment as early as September, while the statement indicated that inflation will remain below 2% in the near term. ECB President Mario Draghi indicated tapering will be discussed in Autumn, while BOJ failed to present any forward guidance and just revised their inflation outlook downward. Other central banks including the ones of Poland, Hungary, Israel, Turkey, Australia, Indonesia, Malaysia, Thailand, Korea, Chile and Mexico maintained their policy rates unchanged. Central Banks of Brazil, Peru, Columbia and South Africa lowered their policy rates from 10.25% to 9.25%, 4.00% to 3.75%, 5.75% to 5.50% and 7.00% to 6.75% respectively, while Bank of Canada raised their key rate from 0.50% to 0.75% (the first tightening since Sep 2010). Cash and futures money rates in major currencies were mixed during the month; JPY and EUR marginally higher, GBP lower across the curve and USD lower in the longer ends.

■ Currencies

In July, USD remained to be under pressure for most of the month due to the Russian scandal, limited progress on health care reform bill as well as unstable Trump administration, despite the strong US equity markets and geopolitical risks in East Asia. EUR benefitted most owing to be the better economic outlook in Euroland and the prospect for ECB tapering and hit the two year high against USD. JPY weakened substantially both against USD and EUR towards the middle of month due to massive EUR buying against JPY. JPY recovered against USD from the low of 114.49 (7/11) to 110.22 towards the month end.

■ Bond Markets

In US, the yield was up together with Europe and then down by Yellen's comment on Inflation. In Europe, Draghi's comment which suggested the normalization of the ECB's policy lead the German yield up while others tended to decline. US Treasury 10Yr was down a little by 2bps to 2.30% and German Bund 10Yr was up by 7bps to 0.54%. European peripherals e.g., Italy was down to 2.08%, Spain and Greece were also down to 1.49% and 5.42% respectively. On the US spread sectors, Corporate was robust and Securitized was positive compared to Treasuries.

■ Equity Markets

Global stock markets continued to rise in July in the background of robust economy and corporate earnings. S&P500 reached an all-time high. In terms of monthly return in USD, developed markets gained 2.4% and emerging markets climbed by 6.0%. Japanese stock market gained slightly 0.4%, depressed by the appreciation of JPY to the level of 110 against USD to the end of the month. As for sector return in developed markets, all the sectors were positive. Telecommunication sector which was the worst performer in June was the best in July and gained 4.8%. The worst performer was health care sector which gained 0.1%.

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
"BLOOMBERG is a trademark and service mark of Bloomberg Finance L.P. BARCLAYS is a trademark and service mark of Barclays Bank Plc, used under license. Bloomberg Finance L.P. and its affiliates (collectively, "Bloomberg") or Bloomberg's licensors own all proprietary rights in the BLOOMBERG BARCLAYS INDICES.
- 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)
JPMorgan shall not guarantee the quality, accuracy or completeness of any data of JPMorgan Index, all data contained in which, all data pertaining to licensed right, all data acquired for the use of which, acquired by licensee or other persons/ entities.
- BofA Merrill Lynch USD Libor 1M, 3M, 6M, BofA Merrill Lynch JPY Libor 1M, 3M,6M, BofA Merrill Lynch EUR Libor 1M, 3M, 6M, BofA Merrill Lynch GBP Libor 1M,3M,6M, BofA Merrill Lynch US High Yield Master II Index, BofA Merrill Lynch Euro High Yield EUR Hedged, BofA Merrill Lynch US Treasury 1-3 Years Index, BofA Merrill Lynch US Treasury & Agency 1-5 Years Index, Index data is utilized under the permission for usage by BofA Merrill Lynch.
- 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
Indices and trademark of TOPIX is the intellectual property of The Tokyo Stock Exchange Inc. (hereinafter referred to as "TSE"). TSE shall have all the rights relating to TOPIX, such as calculation of stock index, official announce and use of exponent value. TSE may, alter the method of calculation or official announcement of exponential value of TOPIX, suspend calculation or official announcement of exponential value TOPIX, and alter or suspend the use of trademark. TSE shall not assume any responsibility for error, delay or suspension of calculation or official announcement of TOPIX.
- NOMURA-BPI Overall, NOMURA-BPI Overall, Short-term (1-3 years), Mid-term (3-7 years), Long (7 years~)
NOMURA-BPI Overall, Short-term (1-3 years), Mid-term (3-7 years), Long (7 years~) is an index officially announced by Nomura Securities Co., Ltd. Its intellectual rights shall be vested in Nomura Securities Co., Ltd.. Nomura Securities Co., Ltd. shall not assume any responsibility relating to HC's business activities and services using NOMURA-BPI Overall, Short-term (1-3 years), Mid-term (3-7 years) and Long (7 years~)
- Russell/Nomura Japan Index
Russell/ Nomura Japan Index is an index officially announced by Nomura and its intellectual property right shall be vested in Nomura Securities Co., Ltd. and Russell Investments. Nomura Securities Co, Ltd. nor Russell/Nomura Japan Index shall not guarantee the accuracy, completeness, credibility or availability of Russell/Nomura Japan Index, and shall not assume any responsibility of HC's business activities and services using Russell/Nomura Japan Index.
- Russell 2000 Growth Index
Russell Investments is the owner of the trademarks, service marks and copyrights related to the Russell Indexes. Indexes are unmanaged and cannot be invested in directly.
- 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
※All the above indices are total return indices. The term "Net" shall be accompanied in case it is calculated on an after-tax basis at times when using abbreviation.
※Intellectual property right and all other rights on the above indices are the properties of the index providers and the licensors.

Source: Datastream, Bloomberg and respective web sites of licensors. Kindly note that all the index data are used, based on the contracts with Datastream, Bloomberg or respective licensor (if applicable), and/or with the permission of applicable licensor.