Global Capital Markets Overview

April-18

Major Fixed Income Indices (%)

(USD)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
JPM EMBI Global Diversified	-1.45	0.29	-1.45				-3.17	-1.45
JPM GBI-EM Broad Diversified	-2.74	1.26	-2.74				1.33	-2.74
Bloomberg Barclays Global Aggregate	-1.60	1.06	-1.60				-0.26	-1.60
Bloomberg Barclays US Aggregate	-0.74	0.64	-0.74				-2.19	-0.74

Major Equity Indices (%)

(USD, Net)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
MSCI AC World	0.95	-2.14	0.95				-0.02	0.95
MSCI World	1.15	-2.18	1.15				-0.15	1.15
MSCI North America	0.48	-2.40	0.48				-0.66	0.48
MSCI Pacific	1.45	-2.78	1.45				0.76	1.45
MSCI Europe	2.77	-1.20	2.77				0.73	2.77
MSCI Kokusai	1.20	-2.19	1.20				-0.31	1.20
MSCI Emerging	-0.44	-1.86	-0.44				0.97	-0.44
MSCI EM Latin America	-1.27	-0.96	-1.27				6.65	-1.27
MSCI EM Asia	0.09	-1.36	0.09				0.93	0.09
MSCI EM EMEA	-2.40	-4.98	-2.40				-3.32	-2.40
MSCI EM Europe	-4.75	-4.75	-4.75				-2.79	-4.75

REIT&Commodities (%)

(USD)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
TSE REIT INDEX	2.55	-0.50	2.55				5.30	2.55
FTSE EPRA/NAREIT US	1.33	3.85	1.33				-6.55	1.33
CRB	3.55	0.87	3.55				4.76	3.55
S&P GSCI	5.04	2.22	5.04				7.33	5.04
WTI Crude Oil	5.69	5.60	5.69				13.40	5.69
NY Golds	-0.77	0.31	-0.77				0.75	-0.77

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	-2.80	0.38	-2.80				3.06	-2.80
EUR	-1.98	1.05	-1.98				0.67	-1.98
CHF	-3.70	-1.00	-3.70				-1.66	-3.70
GBP	-1.75	1.87	-1.75				1.90	-1.75
AUD	-1.89	-1.06	-1.89				-3.44	-1.89
BRL	-5.76	-1.78	-5.76				-5.55	-5.76

*Fiscal year to date

Source:Datastream, Bloomberg

＜Global Capital Markets for April 2018＞

■Interest Rates

During April 2018, FRB and BOE did not hold monetary policy meetings, while ECB and BOJ maintained all monetary policy measures unchanged. BOJ voted 8 to1 for policy rates (controlled short and long rates) and voted unanimously for asset purchases. ECB statement remained basically the same, while Draghi comments were mixed, remained confident on Euroland Economy but indicated that future monetary policy was not discussed at the meeting. The dovish tone of the statement together with the Draghi's latter comment set the market sentiment. Other central banks including the ones of Sweden, Turkey, India, Indonesia, Australia, Canada, and Mexico maintained their policy rates unchanged. Central Bank of Columbia lowered their policy rate from 4.50% to 4.25%. Money rates in major currencies were mixed; USD higher in both cash and futures most notably in longer-dated futures, EUR marginally higher in cash and unchanged in futures, GBP unchanged in cash but substantially lower in the short ends of futures and JPY unchanged in cash and marginally higher in futures.

■Currencies

At the beginning of April, Trade War between US and China and weaker equity markets brought JPY higher to 105.66 (4/3) against USD as a risk-off currency. After that, USD gradually regained grounds against major currencies. Despite the joint missile attack against Syria by US, UK and French forces, unexpected announcement by DPRK to stop nuclear nor ballistic missile testing on 4/21 and the summit meeting between North and South Korea scheduled on 4/27 improved market sentiment substantially. During April, EM currencies most notably Brazil Real and South African Rand and risk aversion currencies namely JPY and CHF were hit hard against USD. Towards the month end, 10Y US Treasury yield hit 3.0% level on 4/24 and further supported USD. For April, JPY closed the month substantially weaker against USD at 109.34 (106.28) and lost 0.8% against EUR at 132.05 (130.97).

■Bond Markets

In US, the yield was up as the tension of US-China trade friction retreated and oil price increased. In Europe, the yield was almost flat as Draghi's remark lead the market into more prudent view on the normalization of monetary policy and mitigated the rise. 10Y US Treasury was up by 17bps to 2.96% and 10Y German Bund was up a little by 6bps to 0.56%. European peripherals were mixed e.g., Italy was flat to 1.79%, Spain was up to 1.28% and Greece was down to 3.87% respectively. On the US spread sectors, all sectors showed positive excess returns against Treasuries, especially Utilities and MBS Pass-Through.

■Equity Markets

Global stock markets showed a steady move in April thanks to mitigation of concern about trade war between US and China. In terms of monthly return in USD, developed markets gained 1.2% and emerging markets lost slightly by 0.4%. Japanese stock markets rose by 3.6% in TOPIX, supported by the depreciation of JPY to the level of 109 against USD. As for sector return in developed markets, the best performer was Energy sector which gained 9.4% supported by higher crude oil prices. The worst performer was Consumer Staple sector which dropped by 1.9%.

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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- Russell/Nomura Japan Index

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- Russell 2000 Growth Index

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- FTSE All World, FTSE World, S&P500
- Credit Suisse Leveraged Loan Index, S&P European Leveraged Loan Index、Swiss Re USD Cat Bond Performance Index

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