

Global Capital Markets Overview

June-18

Major Fixed Income Indices

(USD)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
JPM EMBI Global Diversified	-1.19	-0.94	-3.54				-5.23	-3.54
JPM GBI-EM Broad Diversified	-2.77	-4.24	-9.44				-5.64	-9.44
Bloomberg Barclays Global Aggregate	-0.44	-0.76	-2.78				-1.46	-2.78
Bloomberg Barclays US Aggregate	-0.12	0.71	-0.16				-1.62	-0.16

Major Equity Indices

(USD, Net)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
MSCI AC World	-0.54	0.12	0.53				-0.43	0.53
MSCI World	-0.05	0.63	1.73				0.43	1.73
MSCI North America	0.62	2.35	3.47				2.30	3.47
MSCI Pacific	-2.22	-0.55	-1.35				-2.02	-1.35
MSCI Europe	-0.67	-3.28	-1.27				-3.23	-1.27
MSCI Kokusai	0.19	0.79	2.19				0.67	2.19
MSCI Emerging	-4.15	-3.54	-7.96				-6.66	-7.96
MSCI EM Latin America	-3.06	-14.06	-17.75				-11.15	-17.75
MSCI EM Asia	-4.65	-1.34	-5.85				-5.06	-5.85
MSCI EM EMEA	-2.32	-5.79	-10.19				-11.03	-10.19
MSCI EM Europe	-0.59	-5.19	-10.22				-8.37	-10.22

REIT&Commodities

(USD)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
TSE REIT INDEX	2.11	0.62	5.37				8.19	5.37
FTSE EPRA/NAREIT US	4.15	4.46	10.24				1.67	10.24
CRB	-1.06	0.59	3.06				4.26	3.06
S&P GSCI	1.36	1.45	8.00				10.36	8.00
WTI Crude Oil	10.67	-2.30	14.27				22.61	14.27
NY Golds	-4.06	-0.69	-5.46				-4.01	-5.46

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	-1.68	0.47	-3.98				1.81	-3.98
EUR	-0.06	-3.20	-5.17				-2.61	-5.17
CHF	-0.49	0.50	-3.69				-1.65	-3.69
GBP	-0.69	-3.42	-5.77				-2.26	-5.77
AUD	-2.17	0.46	-3.57				-5.10	-3.57
BRL	-3.96	-5.81	-14.75				-14.56	-14.75

*Fiscal year to date
Source:Datastream, Bloomberg

<Global Capital Markets for June 2018>

Interest Rates

All four major central banks held monetary policy meetings in June. As widely expected, FOMC raised the FF target range by 25 bps to 1.75% - 2.00%. Remaining three central banks maintained their policy rates unchanged. ECB announced that net asset purchases under APP will be halved to EUR 15 bn at the end of September and net asset purchases will be terminated (cut to zero) at the year end, while they also indicated that key ECB rates will remain at the current levels "at least through the summer of 2019". Bank Indonesia, Reserve Bank of India and Banco de Mexico raised their policy rates, 4.75% to 5.25%, 6.00% to 6.25% and 7.50% to 7.75% respectively. Central Bank of Turkey further raised their policy rate from 16.5% to 17.75% to defend their currency. Money rates in major currencies were mixed; USD higher in the short ends of futures, EUR higher in the longer-dated futures, GBP higher across the curve and JPY marginally lower in cash and mostly unchanged in futures.

Currencies

For the early part of month, despite the concerns on heightened trade tensions between US and major trade partners including China, EU and Mexico, USD was supported by the strong US economy and the resulting higher US equity markets and higher bond yields. At around the middle of month, ECB announcement to keep their key rates unchanged for over one year moved EUR and other European currencies sharply lower, while USD strengthened further after FOMC as two more rate hikes are now likely towards the end of 2018. Later in the month, BOE voting action (6 to 3 from 7 to 2 at May MPC) triggered short covering in GBP and moved European currencies higher. JPY closed the month substantially weaker both against USD and EUR, at 110.76 (108.82) and at 129.36 (127.23) respectively.

Bond Markets

In US, the yield moved up and down, and ended up to the previous month level due to rate hike by FRB, the prudent stance of ECB toward rate increase and concern over the trade friction between US and China. In Europe, the yield was also up and down due to the expectation to the normalization of the monetary policy followed by the ECB's stance to continue the current policy rate level by summer in 2019. US Treasury 10Yr was almost flat at 2.86% and German Bund 10Yr was down a little by 4bps to 0.30%. European peripherals were down e.g., Italy, Spain and Greece were all down to 2.68%, 1.32% and 3.96%, respectively. On the US spread sectors, Securitized were neutral while Corporates were negative, especially Utilities compared to Treasuries.

Equity Markets

Global stock markets performed well in the first half in June supported by mitigation of political concern in Europe and strong economic statistics in US. However, to the end of the month the markets declined due to concern for trade friction between US and China. In terms of monthly return in USD base, developed markets lost slightly 0.0% and emerging markets dropped by 4.2% along with continuing decline of emerging currency. Japanese stock market declined to the end of the month and lost 0.8% in TOPIX. As for sector return in developed markets, the best performer was Consumer Staple sector which underperformed for past several months and gained 2.7% this month. The worst performer was Industrial sector which dropped by 2.5%.

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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- 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, Swiss Re USD Cat Bond Performance Index
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