

## Global Capital Markets Overview

June-17

### Major Fixed Income Indices

(USD)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
JPM EMBI Global Diversified	-0.14	0.88	2.24				6.19	2.24
JPM GBI-EM Broad Diversified	0.87	1.66	3.40				9.59	3.40
Bloomberg Barclays Global Aggregate	-0.09	1.55	2.60				4.41	2.60
Bloomberg Barclays US Aggregate	-0.10	0.77	1.45				2.27	1.45

### Major Equity Indices

(USD, Net)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
MSCI AC World	0.45	2.21	4.27				11.48	4.27
MSCI World	0.38	2.12	4.03				10.66	4.03
MSCI North America	0.72	1.20	2.82				8.86	2.82
MSCI Pacific	1.39	1.63	3.92				11.11	3.92
MSCI Europe	-1.09	4.85	7.37				15.36	7.37
MSCI Kokusai	0.32	2.03	3.92				10.73	3.92
MSCI Emerging	1.01	2.96	6.27				18.43	6.27
MSCI EM Latin America	0.66	-2.37	-1.74				10.12	-1.74
MSCI EM Asia	1.75	4.53	8.64				23.18	8.64
MSCI EM EMEA	-2.28	0.18	2.12				4.92	2.12
MSCI EM Europe	-0.45	-1.52	2.38				3.80	2.38

### REIT&Commodities

(USD)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
TSE REIT INDEX	-2.77	1.13	-3.85				-7.06	-3.85
FTSE EPRA/NAREIT US	2.41	-0.92	1.33				1.54	1.33
CRB	-2.70	-0.99	-5.76				-8.87	-5.76
S&P GSCI	-1.92	-1.54	-5.46				-10.24	-5.46
WTI Crude Oil	-4.70	-2.07	-8.94				-14.38	-8.94
NY Golds	-1.93	0.01	-0.30				7.43	-0.30

### 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	-1.43	0.70	-0.88				4.02	-0.88
EUR	1.62	3.18	7.27				8.65	7.27
CHF	0.99	2.83	4.67				6.27	4.67
GBP	1.06	-0.47	3.80				5.58	3.80
AUD	3.50	-0.77	0.81				6.58	0.81
BRL	-2.44	-1.55	-5.56				-1.59	-5.56

\*Fiscal year to date  
Source: Datastream, Bloomberg

## < Global Capital Markets for June 2017 >

### Interest Rates

During June, all four major central banks had policy meetings and, as widely expected, FOMC raised FF target range by 25 bps and the remaining three, namely ECB, BOE and BOJ kept their current monetary policy measures unchanged. However, underlying arguments and voting behavior varied substantially. BOE maintained their key rates by a 5 to 3 vote (3 MPC members voted for an increase) and ECB discussed dropping of QE Easing Bias, while BOJ failed to evaluate or adjust their policy measures. Other central banks including the ones of Poland, Hungary, Czech, Israel, Turkey, Australia, New Zealand, India, Indonesia, Philippines, Chile and Peru maintained their policy rates unchanged. Central Bank of Mexico followed FOMC and raised their key rate from 6.75% to 7.00%, while Central Banks of Russia and Columbia lowered their policy rates from 9.25% to 9.00% and 6.25% to 5.75% respectively. Cash and futures money rates in major currencies were mixed during the month; JPY mostly unchanged, GBP higher across the curve and USD/EUR higher in the very long end.

### Currencies

Towards the FOMC meeting held on June 13th and 14th, broadly expected rate hike together with the stabilization of US political scandal and the expected close vote in UK general election kept USD firm. After FOMC, heightened expectation of UK rate hike, voting result of French National Assembly in favor of President Macron and positive remarks made by ECB President Draghi led European currencies most notably EUR higher against USD and in particular against JPY. USD remained to be weaker towards the month end against major currencies except BRL and JPY. JPY lost 1.4% against USD and 3.0% against EUR for the month.

### Bond Markets

In the first half, the yield fluctuated in the US due to the downward unemployment rate, FOMC announcement of tapering by the end of 2017 as well as committee's optimistic view on against the weak data. Around the end of month, the yield was up along with European yields. In Europe, yields were relatively low but the indication by Draghi brought the cautions against tightening by ECB and pushed the yields up. US Treasury 10Yr was up by 11bps to 2.32% and German Bund 10Yr was also up by 16bps to 0.47%. European peripherals e.g., Italy was down to 2.16%, Spain and Greece were also down to 1.54% and 5.42%, respectively. On the US spread sectors, Corporates were robust but Securitized were flat compared to Treasuries.

### Equity Markets

In the middle of June, Fed decided to raise the target range for federal funds by 25bps, but the decision was along with the market expectations. So that global stock markets hovered at around the highest level in June. In terms of monthly return in USD, developed markets gained slightly 0.4% and emerging markets gained 1.1%. Japanese stock market rose by 2.8% supported by the depreciation of JPY to the level of 112 against USD to the end of the month. As for sector return in developed markets, the best performer was financial sector which rose by 4.8% due to the expectation of improving earnings from rising interest rate and the worst performer was telecommunications sector which dropped by 3.0%.

## 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.