

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
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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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- TOPIX Dividend Index
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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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