

Global Capital Markets Overview

August-17

Major Fixed Income Indices

(USD)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
JPM EMBI Global Diversified	1.77	0.84	2.24	2.62			8.98	4.92
JPM GBI-EM Broad Diversified	1.66	2.04	3.40	3.74			13.69	7.26
Bloomberg Barclays Global Aggregate	0.99	1.68	2.60	2.69			7.22	5.36
Bloomberg Barclays US Aggregate	0.90	0.43	1.45	1.33			3.64	2.80

Major Equity Indices

(USD, Net)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
MSCI AC World	0.38	2.79	4.27	3.19			15.03	7.60
MSCI World	0.14	2.39	4.03	2.54			13.47	6.67
MSCI North America	0.25	2.10	2.82	2.35			11.42	5.24
MSCI Pacific	0.05	2.79	3.92	2.85			14.28	6.88
MSCI Europe	0.06	2.99	7.37	3.05			18.87	10.64
MSCI Kokusai	0.16	2.43	3.92	2.59			13.60	6.61
MSCI Emerging	2.23	5.96	6.27	8.32			28.29	15.12
MSCI EM Latin America	4.62	8.28	-1.74	13.29			24.75	11.32
MSCI EM Asia	1.38	5.58	8.64	7.04			31.85	16.29
MSCI EM EMEA	4.39	5.91	2.12	10.55			15.99	12.90
MSCI EM Europe	6.57	5.00	2.38	11.90			16.16	14.57

REIT&Commodities

(USD)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
TSE REIT INDEX	-0.97	1.24	-3.85	0.26			-6.82	-3.60
FTSE EPRA/NAREIT US	-0.43	0.99	1.33	0.55			2.10	1.89
CRB	-0.89	4.60	-5.76	3.67			-5.53	-2.31
S&P GSCI	-0.78	4.58	-5.46	3.77			-6.85	-1.90
WTI Crude Oil	-5.88	9.10	-8.94	2.69			-12.07	-6.49
NY Golds	3.72	2.04	-0.30	5.83			13.70	5.51

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	0.25	1.93	-0.88	2.19			6.29	1.29
EUR	0.57	3.64	7.27	4.24			13.26	11.81
CHF	0.82	-0.86	4.67	-0.04			6.23	4.63
GBP	-2.15	1.44	3.80	-0.74			4.80	3.03
AUD	-0.70	4.06	0.81	3.34			10.13	4.17
BRL	-0.68	5.78	-5.56	5.06			3.39	-0.78

*Fiscal year to date
Source:Datastream, Bloomberg

<Global Capital Markets for August 2017>

■ Interest Rates

During the month of August, no monetary policy meeting was held at FOMC, ECB nor BOJ. Only BOE held a MPC meeting and kept their current monetary policy measures unchanged (by a 6 to 2 vote for rates and by a unanimous vote for QE). Although the minutes for July 26th FOMC meeting suggested that balance sheet adjustment is likely to be implemented at the next meeting, member concerns on subdued inflation together with the lower than expected July CPI and PPI numbers set the tone for money markets. Other central banks including the ones of Hungary, Israel, Australia, New Zealand, Thailand, Korea, Chile, Peru and Mexico maintained their policy rates unchanged. Central Banks of Indonesia, India and Columbia lowered their policy rates from 4.75% to 4.50%, 6.25% to 6.00% and 5.50% to 5.25% respectively. No major central bank raised their key rate during the month. Cash and futures money rates in major currencies were generally lower for the month; JPY marginally lower across the curve and USD/EUR/GBP substantially lower in the longer ends.

■ Currencies

In August, USD recovered somewhat towards the middle of the month based on the marginally reduced tension in East Asia and the stable US bond and equity markets. However, unprepared remarks by President Trump on "white supremacy" reignited confrontation in and around the Administration. Missile launch by DPRK over Japan and resumed decline of US Treasury yields put USD under renewed pressures. Kansas City Fed sponsored symposium accelerated the USD decline through non-remark (no hawkish remark) by Fed Chair Yellen and the confident remarks made by ECB President Draghi on coming tapering as well as on the global economic recovery. Consequently, EUR remained firm and JPY fluctuated erratically during the month. JPY closed the month marginally higher against USD at 109.98 and slightly lower against EUR at 130.98.

■ Bond Markets

In US, the yield was on a downward trend due to geopolitical risk and some concerns on the inflation, even though it rose temporarily based on some favorable economic indices. In Europe, the yield was down due to North Korea and the terrorist attack in Spain together with a concern by ECB over EUR appreciation. US Treasury 10Yr was down by 18bps to 2.12% and German Bund 10Yr was also down by 18bps to 0.36%. European peripherals e.g., Italy was down a little to 2.05% while Spain and Greece were up to 1.56% and 5.54% respectively. On the US spread sectors, Corporate lagged a little but Securitized was slightly positive compared to Treasuries.

■ Equity Markets

Global stock markets were trendless in August despite improving macro economy and corporate earnings, due to the concerns for the monetary policy of FRB and ECB and the increasing geopolitical risk of North Korea. In terms of monthly return in USD, developed markets rose slightly by 0.2% and emerging markets gained 2.3%. Emerging stock markets continued to outperform the developed markets so far in 2017. Japanese stock market finished at the almost same level as the end of July. As for sector return in developed markets, the best performer was utilities sector which rose by 3.2% and the worst performer was energy sector which dropped by 3.3%.

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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- 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
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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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