

Global Capital Markets Overview

November-17

Major Fixed Income Indices

(USD)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
JPM EMBI Global Diversified	0.05	0.37	2.24	2.63	0.42		9.45	5.38
JPM GBI-EM Broad Diversified	1.48	-2.38	3.40	3.14	-0.94		11.97	5.64
Bloomberg Barclays Global Aggregate	1.11	-0.38	2.60	1.76	0.73		7.02	5.17
Bloomberg Barclays US Aggregate	-0.13	0.06	1.45	0.85	-0.07		3.07	2.23

Major Equity Indices

(USD, Net)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
MSCI AC World	1.94	2.08	4.27	5.18	4.05		22.01	14.12
MSCI World	2.17	1.89	4.03	4.84	4.10		20.77	13.53
MSCI North America	2.84	2.11	2.82	4.50	5.01		19.46	12.83
MSCI Pacific	2.58	3.53	3.92	3.87	6.20		22.56	14.63
MSCI Europe	0.22	0.47	7.37	6.45	0.69		23.64	15.08
MSCI Kokusai	2.09	1.63	3.92	4.92	3.75		20.54	13.12
MSCI Emerging	0.20	3.51	6.27	7.89	3.71		32.53	18.92
MSCI EM Latin America	-3.01	-3.60	-1.74	15.07	-6.50		18.48	5.73
MSCI EM Asia	0.12	5.30	8.64	7.02	5.42		38.96	22.56
MSCI EM EMEA	3.42	0.99	2.12	6.25	4.45		16.43	13.33
MSCI EM Europe	0.05	-0.13	2.38	10.39	-0.08		14.49	12.93

REIT&Commodities

(USD)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
TSE REIT INDEX	2.92	-1.29	-3.85	-1.28	1.59		-6.78	-3.56
FTSE EPRA/NAREIT US	2.83	-1.24	1.33	0.72	1.56		3.86	3.64
CRB	0.96	2.54	-5.76	5.03	3.53		-0.91	2.47
S&P GSCI	1.38	3.82	-5.46	7.22	5.25		1.30	6.69
WTI Crude Oil	5.59	5.21	-8.94	12.28	11.09		6.79	13.57
NY Golds	0.76	-1.12	-0.30	3.25	-0.37		10.51	2.56

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	0.98	-1.01	-0.88	-0.10	-0.04		3.87	-1.01
EUR	2.22	-1.42	7.27	3.40	0.76		13.20	11.75
CHF	1.43	-2.96	4.67	-1.02	-1.57		3.54	1.98
GBP	1.83	-0.85	3.80	2.84	0.97		9.63	7.78
AUD	-1.18	-2.26	0.81	1.87	-3.41		4.86	-0.81
BRL	0.00	-3.39	-5.56	4.60	-3.39		-0.55	-4.57

*Fiscal year to date
Source:Datastream, Bloomberg

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■ Interest Rates

During the month of November, FOMC and BOE held monetary policy meetings. As generally expected, FOMC maintained FF target range of 1.00% to 1.25% unchanged by a unanimous vote, but indicated another rate hike is imminent. BOE made the decision to raise the Base Rate from 0.25% to 0.50% by a 7 to 2 vote after a 10 year interval. Other central banks including the ones of Hungary, Poland, Czech, Israel, South Africa, Malaysia, Philippines, Indonesia, Thailand, Australia, New Zealand, Mexico and Chile maintained their policy rates unchanged. Central Banks of Peru and Columbia lowered their policy rates from 3.50% to 3.25%, and 5.00% to 4.75% respectively, while Bank of Korea raised their policy rate from 1.25% to 1.50% for the first time in the current economic cycle. Cash and futures money rates in major currencies were generally higher for the month; JPY unchanged to marginally higher across maturities, USD and GBP higher both in cash and futures markets, EUR unchanged in cash but marginally higher in the longer ends of futures.

■ Currencies

In November, despite the record high equity markets, higher bond yield spreads against other major currencies as well as the expected rate hike in December, USD gradually lost grounds against major currencies over the month. On the other hand, EUR strengthened substantially against USD as well as JPY based on the strong economic indicators in Euroland including the record high German PMI (62.5) as well as the positive comments by ECB governors on ECB tapering and Euroland economy. JPY was more or less on the sidelines and closed the month higher against USD at 112.54 (113.64) but substantially weaker against EUR at 133.96 (132.34).

■ Bond Markets

In US, the yield was down at first due to the nomination of Powell as Fed Chair but up in the end owing to the positive outlook on economy as well as the expectation for US tax reform. In Europe, the yield was flat in the prospect of continuous easing. US Treasury 10Yr was increased by 3bps to 2.41% and German Bund 10Yr was almost flat to 0.37%. European peripherals e.g., Italy, Spain and Greece were down to 1.75%, 1.45% and 5.45% respectively. On the US spread sectors, ABS was robust while Corporates were flat compared to Treasuries.

■ Equity Markets

Global stock markets continued to rise in November on the back of improvement of macro economy and corporate earnings, and the progress of tax reform in US was supportive. In terms of monthly return in USD, developed markets rose by 2.2% and emerging markets gained 0.2%. In the beginning of November, Japanese stock market began strongly, but became volatile due to the concern of steep rise in a short period. Japanese stock market gained 1.5% in TOPIX. As for sector return in developed markets, all 11 sectors rose in November. The best performer was Consumer Staple sector which rose by 3.8% after the drop for three consecutive months. The worst performer was Material sector which gained 0.8%.

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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- 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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