

## Global Capital Markets Overview

December-17

### Major Fixed Income Indices

(USD)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
JPM EMBI Global Diversified	0.73	0.05	2.24	2.63	1.16		10.26	6.15
JPM GBI-EM Broad Diversified	1.73	1.48	3.40	3.14	0.78		13.91	7.47
Bloomberg Barclays Global Aggregate	0.35	1.11	2.60	1.76	1.08		7.39	5.54
Bloomberg Barclays US Aggregate	0.46	-0.13	1.45	0.85	0.39		3.54	2.70

### Major Equity Indices

(USD, Net)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
MSCI AC World	1.61	1.94	4.27	5.18	5.73		23.97	15.96
MSCI World	1.35	2.17	4.03	4.84	5.51		22.40	15.06
MSCI North America	1.20	2.84	2.82	4.50	6.27		20.89	14.18
MSCI Pacific	1.69	2.58	3.92	3.87	7.99		24.64	16.57
MSCI Europe	1.51	0.22	7.37	6.45	2.21		25.51	16.81
MSCI Kokusai	1.42	2.09	3.92	4.92	5.22		22.25	14.73
MSCI Emerging	3.59	0.20	6.27	7.89	7.44		37.28	23.18
MSCI EM Latin America	4.44	-3.01	-1.74	15.07	-2.34		23.74	10.42
MSCI EM Asia	2.79	0.12	8.64	7.02	8.36		42.83	25.98
MSCI EM EMEA	6.97	3.42	2.12	6.25	11.72		24.54	21.23
MSCI EM Europe	5.28	0.05	2.38	10.39	5.20		20.54	18.89

### REIT&Commodities

(USD)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
TSE REIT INDEX	-0.01	2.92	-3.85	-1.28	1.58		-6.79	-3.57
FTSE EPRA/NAREIT US	0.04	2.83	1.33	0.72	1.60		3.91	3.69
CRB	2.59	0.96	-5.76	5.03	6.21		1.66	5.13
S&P GSCI	4.41	1.38	-5.46	7.22	9.90		5.77	11.39
WTI Crude Oil	5.33	5.59	-8.94	12.28	17.01		12.48	19.63
NY Golds	1.90	0.76	-0.30	3.25	1.53		12.61	4.51

### 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	-0.13	0.98	-0.88	-0.10	-0.17		3.74	-1.14
EUR	0.79	2.22	7.27	3.40	1.56		14.09	12.64
CHF	0.95	1.43	4.67	-1.02	-0.63		4.52	2.95
GBP	-0.09	1.83	3.80	2.84	0.88		9.53	7.69
AUD	3.11	-1.18	0.81	1.87	-0.41		8.12	2.27
BRL	-1.20	0.00	-5.56	4.60	-4.54		-1.74	-5.71

\*Fiscal year to date  
Source:Datastream, Bloomberg

### <Global Capital Markets for December 2017>

#### ■ Interest Rates

During the month of December, all four major central banks held monetary policy meetings. As expected, FOMC raised FF target range by 25bps to 1.25% - 1.50% by a 7 to 2 vote (2 regional Fed chiefs were in favor of maintaining existing target range). BOE, ECB and BOJ maintained current monetary policy measures by a unanimous vote for BOE and by an 8 to 1 vote for BOJ. Other central banks including the ones of Czech, Hungary, Poland, India, Indonesia, Philippines, Thailand, Taiwan, Australia, Columbia, Chile and Peru maintained their policy rates unchanged. Central Banks of Brazil and Russia lowered their policy rates from 7.50% to 7.00%, and 8.25% to 7.75% respectively, while Bank of Mexico raised their policy rate from 7.00% to 7.25% following US rate hike. Despite the US rate action, cash and futures money rates in major currencies were mixed for the month; USD higher both in cash and futures markets notably in shorter ends, GBP flat to slightly higher in short ends but substantially lower in longer ends, EUR flat to marginally lower in short ends but substantially higher in longer ends, and JPY unchanged across maturities.

#### ■ Currencies

For the first half of December, upcoming US rate hike, record high equity markets and higher Treasury yields as well as the prospect of US Tax Reform package brought USD gradually higher. "Tax Cuts and Jobs Bills" passed both Congress and Senate and President signed the bills on Dec 22nd. Despite the rate hike and corporate tax rate of 21%, USD sharply lost grounds towards the end of 2017. Repatriation of US multinational corporations did not support USD. On the other hand, EUR strengthened substantially against USD as well as JPY based on the strong economic indicators in Euroland including 17year high Consumer Confidence as well as the positive comments by ECB President on Euroland economy and inflation target. JPY was more or less on the sidelines and closed the month marginally lower against USD at 112.69 (112.54) and substantially weaker against EUR at 135.28 (133.96).

#### ■ Bond Markets

In US, the yield was almost flat this month. For the first half, expected lower inflation as well as pace down of rate hike prevent the yield upward. Then, the yield increased based on the tax reform development but went down toward the month end. In Europe, the yield was up due to the announcement of bunds issuance expansion by German Federal Ministry of Finance. US Treasury 10Yr was flat to 2.41% and German Bund 10Yr was up by 6bps to 0.43%. European peripherals e.g., Italy and Spain were up to 2.01% and 1.57%, Greece was down to 4.12% respectively. On the US spread sectors, Corporates were robust while Securitized were mixed compared to Treasuries.

#### ■ Equity Markets

Global stock markets continued to rise in December on the back of improved macro economy and corporate earnings as well as the expectation of the enactment of tax reform bill in US. In terms of monthly return in USD, development markets gained 1.4% and emerging markets rose by 3.6%. Japanese stock market gained 1.6% in TOPIX as well. As for sector return in developed markets, the best performer was Energy sector which rose by 4.7% on the backdrop of rise in oil price. The worst performer was Utility sector which dropped by 4.8%.

## 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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