

Global Capital Markets Overview

February-18

Major Fixed Income Indices

(USD)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
JPM EMBI Global Diversified	-1.99	-0.04	2.24	2.63	1.16	-2.03	-2.03	3.99
JPM GBI-EM Broad Diversified	-1.10	4.04	3.40	3.14	0.78	2.90	2.90	10.58
Bloomberg Barclays Global Aggregate	-0.89	1.19	2.60	1.76	1.08	0.29	0.29	5.85
Bloomberg Barclays US Aggregate	-0.95	-1.15	1.45	0.85	0.39	-2.09	-2.09	0.56

Major Equity Indices

(USD, Net)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
MSCI AC World	-4.20	5.64	4.27	5.18	5.73	1.20	1.20	17.36
MSCI World	-4.14	5.28	4.03	4.84	5.51	0.92	0.92	16.12
MSCI North America	-3.92	5.44	2.82	4.50	6.27	1.30	1.30	15.67
MSCI Pacific	-2.09	4.34	3.92	3.87	7.99	2.16	2.16	19.08
MSCI Europe	-5.88	5.40	7.37	6.45	2.21	-0.79	-0.79	15.89
MSCI Kokusai	-4.40	5.35	3.92	4.92	5.22	0.71	0.71	15.54
MSCI Emerging	-4.61	8.33	6.27	7.89	7.44	3.34	3.34	27.30
MSCI EM Latin America	-3.61	13.15	-1.74	15.07	-2.34	9.07	9.07	20.44
MSCI EM Asia	-5.35	8.01	8.64	7.02	8.36	2.23	2.23	28.79
MSCI EM EMEA	-1.77	6.13	2.12	6.25	11.72	4.25	4.25	26.38
MSCI EM Europe	-2.74	10.16	2.38	10.39	5.20	7.14	7.14	27.39

REIT&Commodities

(USD)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
TSE REIT INDEX	-1.96	5.25	-3.85	-1.28	1.58	3.19	3.19	-0.49
FTSE EPRA/NAREIT US	-7.32	-4.18	1.33	0.72	1.60	-11.20	-11.20	-7.92
CRB	-1.62	1.94	-5.76	5.03	6.21	0.30	0.30	5.44
S&P GSCI	-3.34	3.42	-5.46	7.22	9.90	-0.03	-0.03	11.36
WTI Crude Oil	-5.23	7.21	-8.94	12.28	17.01	1.60	1.60	21.55
NY Golds	-1.66	2.93	-0.30	3.25	1.53	1.22	1.22	5.78

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	2.35	3.21	-0.88	-0.10	-0.17	5.63	5.63	4.42
EUR	-1.82	3.53	7.27	3.40	1.56	1.64	1.64	14.48
CHF	-1.40	4.61	4.67	-1.02	-0.63	3.15	3.15	6.19
GBP	-3.04	5.01	3.80	2.84	0.88	1.82	1.82	9.65
AUD	-3.64	3.24	0.81	1.87	-0.41	-0.52	-0.52	1.74
BRL	-1.86	3.97	-5.56	4.60	-4.54	2.04	2.04	-3.79

*Fiscal year to date
Source:Datastream, Bloomberg

<Global Capital Markets for February 2018>

■ Interest Rates

During February 2018, monetary policy meetings were not scheduled for FOMC, ECB and BOJ. Only BOE held Monetary Policy Committee on February 8th and maintained their Base Rate at 0.50% and also maintained Gilt and corporate bond purchases under their Asset Purchase Facility, by unanimous votes. During the month, the Minutes of Jan 30 – 31 FOMC meeting as well as the first congressional testimonies of new Fed Chair drove the markets on possible acceleration of coming rate hikes. Other central banks including the ones of Sweden, Hungary, Poland, Israel, India, Indonesia, Thailand, Philippines, New Zealand, Korea, Chile and Peru maintained their policy rates unchanged. Central Banks of Brazil and Russia lowered their policy rates from 7.00% to 6.75% and 7.75% to 7.50% respectively, while Central Banks of Czech and Mexico raised their policy rates from 0.50% to 0.75% and 7.25% to 7.50% respectively. Based on the Minutes and testimonies, US money rates are higher both in cash and futures across maturities. Other money rates in major currencies are mixed; EUR marginally lower both in cash and futures, GBP slightly higher both in cash and futures and JPY marginally lower in cash and unchanged for futures.

■ Currencies

For the early part of February, strong US economic indicators including the larger than expected NFP and higher wage numbers drove USD and US bond yields higher. Record sharp sell-off of US equity markets on February 5th drove USD lower towards the middle of month. From there, weaker European economic numbers and resulting weaker European equity markets as well as the hawkish FOMC minutes moved USD higher. Congressional testimonies of Fed Chair Powell at the month end kept USD firm and US Dollar Index closed the month higher by 1.7%. EUR lost grounds for the month while JPY benefitted substantially as a risk averting currency. For February, JPY closed the month further higher against USD at 106.68 (109.19) and gained 4% against EUR at 130.08 (135.54).

■ Bond Markets

In US, the yield was up this month due to the employment situation, expectation of inflation as well as some concern over the US financial deterioration. In Europe, the yield was down due to the EUR appreciation and lower business confidence in Euro zone. US Treasury 10Yr was up by 14bps to 2.86% and German Bund 10Yr was down by 4bps to 0.66%. European peripherals e.g., Italy was down to 1.97%, Spain and Greece were up to 1.54% and 4.41% respectively. On the US spread sectors, all sectors dropped and, especially, Corporates were down and Securitized were resilient compared to Treasuries.

■ Equity Markets

Global stock markets dropped sharply in February due to concern of negative impact to US economy from further interest hike by FRB after release of strong US employment statistics. In terms of monthly return in USD, development markets declined by 4.1% and emerging markets dropped by 4.6%. Japanese stock markets declined by 3.7% in TOPIX depressed by the appreciation of JPY to the level of 105 against USD. As for sector return in developed markets, all sectors were negative return. The worst performer was Energy sector which dropped by 9.1%. IT sector lost slightly by 0.2% which was the best performer in all sectors.

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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- NOMURA-BPI Overall, NOMURA-BPI Overall, Short-term(1-3 years), Mid-term(3-7 years), Long(7 years~)
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- Russell/Nomura Japan Index
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- Russell 2000 Growth Index
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- Eureka hedge Asian Hedge Fund Index, Eureka hedge Asian Hedge Fund Index(Asia ex-Japan Index) Index data is utilized under the permission for usage by Eureka hedge.
- FTSE All World, FTSE World, S&P500
- Credit Suisse Leveraged Loan Index, S&P European Leveraged Loan Index, Swiss Re USD Cat Bond Performance Index
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