

Global Capital Markets Overview

May-18

Major Fixed Income Indices

(USD)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
JPM EMBI Global Diversified	-0.94	-1.45	-2.38				-4.08	-2.38
JPM GBI-EM Broad Diversified	-4.24	-2.74	-6.86				-2.96	-6.86
Bloomberg Barclays Global Aggregate	-0.76	-1.60	-2.35				-1.02	-2.35
Bloomberg Barclays US Aggregate	0.71	-0.74	-0.04				-1.50	-0.04

Major Equity Indices

(USD, Net)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
MSCI AC World	0.12	0.95	1.08				0.11	1.08
MSCI World	0.63	1.15	1.78				0.48	1.78
MSCI North America	2.35	0.48	2.84				1.67	2.84
MSCI Pacific	-0.55	1.45	0.89				0.21	0.89
MSCI Europe	-3.28	2.77	-0.61				-2.58	-0.61
MSCI Kokusai	0.79	1.20	2.00				0.48	2.00
MSCI Emerging	-3.54	-0.44	-3.97				-2.61	-3.97
MSCI EM Latin America	-14.06	-1.27	-15.15				-8.34	-15.15
MSCI EM Asia	-1.34	0.09	-1.25				-0.43	-1.25
MSCI EM EMEA	-5.79	-2.40	-8.05				-8.92	-8.05
MSCI EM Europe	-5.19	-4.75	-9.69				-7.83	-9.69

REIT&Commodities

(USD)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
TSE REIT INDEX	0.62	2.55	3.19				5.95	3.19
FTSE EPRA/NAREIT US	4.46	1.33	5.85				-2.38	5.85
CRB	0.59	3.55	4.16				5.37	4.16
S&P GSCI	1.45	5.04	6.56				8.89	6.56
WTI Crude Oil	-2.30	5.69	3.25				10.78	3.25
NY Golds	-0.69	-0.77	-1.46				0.05	-1.46

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	0.47	-2.80	-2.34				3.55	-2.34
EUR	-3.20	-1.98	-5.12				-2.55	-5.12
CHF	0.50	-3.70	-3.22				-1.16	-3.22
GBP	-3.42	-1.75	-5.12				-1.58	-5.12
AUD	0.46	-1.89	-1.44				-2.99	-1.44
BRL	-5.81	-5.76	-11.24				-11.04	-11.24

*Fiscal year to date
Source:Datastream, Bloomberg

<Global Capital Markets for May 2018>

■ Interest Rates

During May, ECB and BOJ did not hold monetary policy meetings as scheduled. FOMC and MPC (of BOE) kept their target rates unchanged. FOMC voted unanimously for the action while MPC voted 7 to 2 for policy rates (two voted for 0.25% increase) and voted unanimously for asset purchases. FOMC statement indicated the Committee's confidence on current US economic growth as well as running inflation close to their target. Other central banks including the ones of Norway, Poland, South Africa, Israel, Thailand, Malaysia, Australia, New Zealand, Canada, Mexico, Peru and Brazil maintained their policy rates unchanged. Central Bank of Indonesia (Bank Indonesia) raised their policy rate from 4.50% to 4.75%. Central Bank of Turkey raised their policy rate (late liquidity window) further to 16.5% by 300 bps to defend their currency. Money rates in major currencies were mixed; USD lower both in cash and futures most notably in longer-dated futures, EUR unchanged in cash and substantially lower in longer-dated futures, GBP lower across the curve and JPY more or less unchanged both in cash and futures.

■ Currencies

Despite the continuing trade tension with China and US decision to exit from "Iranian nuclear deal," USD remained firm owing to the prospect for the summit meeting between US and DPRK, political instability in Italy and Spain, higher US Treasury yields and reasonably strong US equity markets. USD substantially strengthened against major EM currencies most notably Argentine Peso and Turkish Lira. Towards the month end, President Trump's statement to cancel the summit brought JPY higher one time against major currencies. JPY closed the month marginally stronger against USD at 108.82 (109.34) and gained 3.8% against EUR at 127.23 (132.05).

■ Bond Markets

In US, the yield was up and reached 3.1% level as Core European yield rose and good economic indices, but then down due to the retreat of concern over the pace of rate hike by Fed, oil price drop and uncertainty of European politics. In Europe, moved yields higher the attention to the comment on the early start of rate hike by ECB and then yields come down due to concern for the economic slowdown and political uncertainty. US Treasury 10Yr was down by 10bps to 2.86% and German Bund 10Yr was also down by 22bps to 0.34%. European peripherals were up e.g., Italy was boosted up to 2.79%, Spain and Greece were 1.50% and 4.59%, respectively. On the U.S. spread sectors, Securitized were neutral while Corporates were negative, especially Utilities compared to Treasuries.

■ Equity Markets

Global stock markets performed well in the first half of the month supported by mitigation of continuing trade tension between US and China and strong earnings but declined to the end of the month due to political turmoil in Italy.

In terms of monthly return in USD, developed markets gained slightly 0.7% and emerging markets dropped by 3.5% along with decline of currencies in South America and Middle East. Japanese stock market lost by 1.7% in TOPIX depressed by appreciation of JPY to the level 108 from 111 against USD to the end of the month.

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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- 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, Swiss Re USD Cat Bond Performance Index
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