

## Global Capital Markets Overview

July-18

### Major Fixed Income Indices

(USD)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
JPM EMBI Global Diversified	2.55	-1.19	-3.54	2.55			-2.81	-1.08
JPM GBI-EM Broad Diversified	1.65	-2.77	-9.44	1.65			-4.09	-7.95
Bloomberg Barclays Global Aggregate	-0.17	-0.44	-2.78	-0.17			-1.62	-2.94
Bloomberg Barclays US Aggregate	0.02	-0.12	-0.16	0.02			-1.59	-0.13

### Major Equity Indices

(USD, Net)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
MSCI AC World	3.02	-0.54	0.53	3.02			2.57	3.57
MSCI World	3.12	-0.05	1.73	3.12			3.57	4.91
MSCI North America	3.49	0.62	3.47	3.49			5.87	7.09
MSCI Pacific	0.91	-2.22	-1.35	0.91			-1.13	-0.45
MSCI Europe	3.33	-0.67	-1.27	3.33			-0.01	2.01
MSCI Kokusai	3.38	0.19	2.19	3.38			4.07	5.64
MSCI Emerging	2.20	-4.15	-7.96	2.20			-4.61	-5.94
MSCI EM Latin America	9.22	-3.06	-17.75	9.22			-2.96	-10.17
MSCI EM Asia	0.70	-4.65	-5.85	0.70			-4.40	-5.19
MSCI EM EMEA	4.77	-2.32	-10.19	4.77			-6.80	-5.91
MSCI EM Europe	3.66	-0.59	-10.22	3.66			-5.02	-6.94

### REIT&Commodities

(USD)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
TSE REIT INDEX	0.52	2.11	5.37	0.52			8.76	5.92
FTSE EPRA/NAREIT US	0.62	4.15	10.24	0.62			2.29	10.92
CRB	-2.75	-1.06	3.06	-2.75			1.39	0.22
S&P GSCI	-3.53	1.36	8.00	-3.53			6.47	4.19
WTI Crude Oil	-5.73	10.67	14.27	-5.73			15.58	7.72
NY Golds	-2.33	-4.06	-5.46	-2.33			-6.25	-7.66

### 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	-1.07	-1.68	-3.98	-1.07			0.72	-5.01
EUR	0.06	-0.06	-5.17	0.06			-2.55	-5.12
CHF	0.04	-0.49	-3.69	0.04			-1.61	-3.66
GBP	-0.62	-0.69	-5.77	-0.62			-2.87	-6.36
AUD	0.32	-2.17	-3.57	0.32			-4.79	-3.26
BRL	3.21	-3.96	-14.75	3.21			-11.82	-12.01

\*Fiscal year to date  
Source:Datastream, Bloomberg

## <Global Capital Markets for July 2018>

### ■ Interest Rates

During July, FRB and BOE did not hold monetary policy meetings as scheduled. ECB kept their target rates and APP unchanged and restated that key rates “remain at their present levels at least through the summer of 2019”. BOJ announced that they would introduce “forward guidance” and indicated their commitment to maintain current short and long rates through October 2019 and beyond. They also announced that yield curve will be controlled allowing certain yield fluctuation around 0%. Despite President Trump’s dissatisfaction with Fed rate hikes, Congressional testimony of Fed Chair Powell and higher prospect of UK rate hike moved money rates higher in US and Europe. During the month, Bank of Canada raised their target rate from 1.25% to 1.50%. Money rates in major currencies were mixed for the month; USD more or less unchanged in cash and higher in futures, EUR unchanged in cash and notably higher in longer-dated futures, GBP higher across the curve and JPY mostly unchanged both in cash and futures.

### ■ Currencies

USD moved lower in the early part of this month due to the weaker than expected wage numbers and unstable equity markets. From there, stronger US equity markets and Fed Chair Powell’s optimistic view on US Economy as well as FOMC consensus to “keep gradually raising federal funds rate” drove USD higher to the month high of 113.17 against JPY and 1.1575 against EUR on 7/19. After that, President Trump’s comment on US monetary policy and exchange rates (against CNY and EUR) brought USD sharply lower. Towards the month end, trade talks between US and EU eased some tension and moved EUR higher. EM and commodity currencies recovered against major currencies for the month. JPY closed this month weaker against USD at 111.67 (110.76) and lost 1.1% against EUR at 130.79 (129.36).

### ■ Bond Markets

In US, the yield was up due to the rate increase in Japan and expectation of ease over the trade friction between US and Europe. In Europe, the yield was up as well due to the similar factors. US Treasury 10Yr was up by 10bps to 2.96% and German Bund 10Yr was also up 14bps to 0.44%. European peripherals were in uptrend e.g., Italy and Spain were up to 2.72% and 1.40%, respectively. On the US spread sectors, Securitized were firm while Corporates were positive, especially Industrials compared to Treasuries.

### ■ Equity Markets

Global stock markets gained in July supported by strong earnings in spite of remaining concern of trade friction between US and China. In terms of monthly return in USD base, developed markets rose by 3.1% and emerging markets went up by 2.3%. Japanese stock market gained 1.3% in TOPIX as well. As for sector return in developed markets, all of 11 sectors were positive. The best performer was Healthcare sector which rose by 6.2% and the lowest performer was Real estate sector which gained 1.2%.