

Global Capital Markets Overview

September-18

Major Fixed Income Indices

(USD)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
JPM EMBI Global Diversified	1.51	-1.73	-3.54	2.30			-3.04	-1.32
JPM GBI-EM Broad Diversified	1.78	-5.19	-9.44	-1.91			-7.44	-11.17
Bloomberg Barclays Global Aggregate	-0.86	0.10	-2.78	-0.92			-2.37	-3.68
Bloomberg Barclays US Aggregate	-0.64	0.64	-0.16	0.02			-1.60	-0.14

Major Equity Indices

(USD, Net)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
MSCI AC World	0.44	0.79	0.53	4.28			3.83	4.83
MSCI World	0.56	1.24	1.73	4.98			5.43	6.80
MSCI North America	0.39	2.99	3.47	7.01			9.47	10.72
MSCI Pacific	1.81	-0.46	-1.35	2.28			0.21	0.89
MSCI Europe	0.36	-2.79	-1.27	0.80			-2.46	-0.48
MSCI Kokusai	0.33	1.33	2.19	5.10			5.80	7.40
MSCI Emerging	-0.53	-2.70	-7.96	-1.09			-7.68	-8.97
MSCI EM Latin America	4.69	-8.37	-17.75	4.77			-6.91	-13.82
MSCI EM Asia	-1.69	-0.82	-5.85	-1.83			-6.79	-7.57
MSCI EM EMEA	1.75	-7.72	-10.19	-1.63			-12.48	-11.65
MSCI EM Europe	6.71	-7.57	-10.22	2.24			-6.33	-8.21

REIT&Commodities

(USD)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
TSE REIT INDEX	1.61	-0.32	5.37	1.81			10.15	7.28
FTSE EPRA/NAREIT US	-2.70	2.74	10.24	0.58			2.26	10.89
CRB	1.31	-0.64	3.06	-2.11			2.06	0.88
S&P GSCI	3.93	1.08	8.00	1.34			11.84	9.45
WTI Crude Oil	4.47	0.21	14.27	-1.31			21.01	12.78
NY Golds	-0.94	-1.57	-5.46	-4.77			-8.59	-9.97

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	-2.34	0.75	-3.98	-2.65			-0.89	-6.53
EUR	0.07	-0.77	-5.17	-0.65			-3.24	-5.79
CHF	-1.35	2.22	-3.69	0.88			-0.79	-2.85
GBP	0.52	-1.24	-5.77	-1.35			-3.58	-7.04
AUD	0.55	-3.20	-3.57	-2.35			-7.33	-5.84
BRL	0.16	-7.38	-14.75	-4.25			-18.19	-18.37

*Fiscal year to date
Source: Datastream, Bloomberg

<Global Capital Markets for September 2018>

Interest Rates

During the month of September, all four major central banks held monetary policy meetings as scheduled. As broadly expected, FOMC decided to raise Federal Funds target range by 25bps to 2.00 - 2.25% by a unanimous vote. ECB, MPC of BOE and BOJ maintained policy rates and policy measures unchanged. MPC voted unanimously, while BOJ voted 7 to 2 for their policy rate and yield curve control. After the FOMC decision, a few central banks including Bank Indonesia and Central Bank of Philippines followed the FOMC action and raised their policy rates from 5.50% to 5.75% and from 4.00% to 4.50% respectively. Also, Central Bank of Russia and Turkey raised their key rates from 7.25% to 7.50% and 17.75% to 24.0% respectively to defend their currencies. Money rates in major currencies were generally higher for the month; USD higher across the curve, EUR unchanged in cash but substantially higher in longer-dated futures, GBP unchanged in cash but higher in futures and JPY unchanged in cash but marginally higher in longer-dated futures.

Currencies

Based on the ongoing tension on US-China trade friction and mixed US economic indicators, USD index trended down towards the middle of the month, but backed up towards the month end due mostly to the prospect of rate hike and resulting higher bond yields as well as the stronger US equity markets. European currencies recovered somewhat owing to the reduced concern on Brexit terms and Italian politics as well as the recovering Turkish Lira. Conversely, JPY lost grounds due mainly to the risk-on market sentiment and widening yield spreads. JPY closed the month substantially lower against USD at 113.70 (111.03) and against EUR at 131.93 (128.84).

Bond Markets

In US, the yield was up due to improve corporate earnings together with rise in oil price. In Europe, the yield was also up due to concern over Italian government's attitude toward the disciplined fiscal policy in tandem with the statement by Draghi of ECB regarding inflation. US Treasury 10Yr was up by 20bps to 3.06% and German Bund 10Yr was also up by 14bps to 0.47%. European peripherals were mixed e.g. Italy was down to 3.15%, Spain was up to 1.50% and Greece were down to 4.18%. On the US spread sectors, compared to Treasuries, Securitized was positive but not much as Corporates.

Equity Markets

Global stock markets declined at the beginning of the month due to concern about trade friction. To the end of the month, the concern calmed down and global stock markets turned upward. In terms of monthly return in USD base, developed markets gained 0.6% and emerging markets lost 0.5%. Japanese stock market rose by 5.5% in TOPIX supported by the depreciation of JPY to the level 113 from 111 against USD to the end of the month.

As for sector return in developed markets, the best performer was Energy sector which gained 3.0%. The worst performer was Real Estate sector which lost 2.2%.

Index

- FTSE World Government Bond Index, FTSE US High-Yield Market Index (FTSE fixed income indices are developed, calculated and distributed by London Stock Exchange Group)
- 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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- TOPIX Dividend Index
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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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- 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, Credit Suisse western european leveraged loan Index, S&P European Leveraged Loan Index, Swiss Re USD Cat Bond Performance Index
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