

Global Capital Markets Overview

November-18

Major Fixed Income Indices

(USD)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
JPM EMBI Global Diversified	-0.42	-2.16	-3.54	2.30	-2.57		-5.53	-3.86
JPM GBI-EM Broad Diversified	3.26	-1.66	-9.44	-1.91	1.55		-6.01	-9.79
Bloomberg Barclays Global Aggregate	0.31	-1.12	-2.78	-0.92	-0.81		-3.16	-4.46
Bloomberg Barclays US Aggregate	0.60	-0.79	-0.16	0.02	-0.20		-1.79	-0.34

Major Equity Indices

(USD, Net)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
MSCI AC World	1.46	-7.49	0.53	4.28	-6.14		-2.55	-1.60
MSCI World	1.14	-7.34	1.73	4.98	-6.29		-1.20	0.08
MSCI North America	1.79	-7.02	3.47	7.01	-5.35		3.61	4.80
MSCI Pacific	1.21	-8.55	-1.35	2.28	-7.45		-7.26	-6.62
MSCI Europe	-0.93	-7.63	-1.27	0.80	-8.49		-10.74	-8.93
MSCI Kokusai	1.20	-7.24	2.19	5.10	-6.12		-0.67	0.83
MSCI Emerging	4.12	-8.71	-7.96	-1.09	-4.95		-12.24	-13.47
MSCI EM Latin America	-2.19	3.46	-17.75	4.77	1.19		-5.80	-12.80
MSCI EM Asia	5.16	-10.92	-5.85	-1.83	-6.33		-12.69	-13.41
MSCI EM EMEA	4.51	-6.78	-10.19	-1.63	-2.58		-14.74	-13.93
MSCI EM Europe	2.32	-5.57	-10.22	2.24	-3.38		-9.49	-11.31

REIT&Commodities

(USD)	This M	Last M	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	YTD	FYTD*
TSE REIT INDEX	4.36	-1.53	5.37	1.81	2.76		13.20	10.25
FTSE EPRA/NAREIT US	4.81	-2.28	10.24	0.58	2.43		4.74	13.58
CRB	-4.65	-1.95	3.06	-2.11	-6.50		-4.58	-5.68
S&P GSCI	-11.28	-5.84	8.00	1.34	-16.47		-6.57	-8.57
WTI Crude Oil	-22.25	-10.73	14.27	-1.31	-30.59		-16.01	-21.72
NY Golds	0.30	2.02	-5.46	-4.77	2.32		-6.47	-7.88

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	0.67	-3.98	-2.65	0.19		-0.70	-6.35
EUR	0.04	-2.56	-5.17	-0.65	-2.52		-5.68	-8.16
CHF	0.97	-2.62	-3.69	0.88	-1.68		-2.46	-4.48
GBP	-0.11	-2.03	-5.77	-1.35	-2.13		-5.64	-9.02
AUD	3.45	-2.17	-3.57	-2.35	1.20		-6.21	-4.71
BRL	-3.75	8.79	-14.75	-4.25	4.71		-14.34	-14.53

*Fiscal year to date
Source: Datastream, Bloomberg

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■ Interest Rates

During November, BOE and FRB held monetary policy meetings as scheduled. As widely expected, MPC of BOE voted unanimously to maintain the Bank Rate at 0.75% as well as the stock of purchased UK gilts at GBP435 bn. FOMC also maintained the Federal Funds target range of 2.00 - 2.25% by a unanimous vote, however, clearly indicated that another increase is "likely to be warranted fairly soon". This set the market sentiment for the month. During November, several central banks including Banco de Mexico, South African Reserve Bank and Bank Indonesia raised their policy rates, from 7.75% to 8.00%, from 6.50% to 6.75% and from 5.75% to 6.00% respectively. Money rates in major currencies were mixed for the month; USD notably higher in cash but marginally lower in futures, EUR unchanged in cash and lower in the long-dated futures, GBP higher in cash but marginally lower in futures and JPY marginally lower both in cash and futures.

■ Currencies

For November, with the US midterm elections on Nov 6th, FOMC on Nov 7th and 8th, pending political agenda in Europe and prospect for a summit talk on US-China trade frictions, USD fluctuated erratically in a fairly choppy market. Despite the stronger than expected US NFP and US 10Y Treasury yield above 3.2%, USD moved lower before the elections. From there, the passage of major political event together with the very likely rate hike in December, USD recovered and moved higher, most notably against European currencies, towards the middle of month. For the rest of November, USD moved in a fairly narrow range and US Dollar Index closed the month more or less unchanged. GBP remained under pressure due mainly to the resignation of Cabinet Ministers concerning Brexit terms and further difficulty in ratifying the agreement. JPY closed the month slightly weaker both against USD at 113.57 (112.94) and against EUR at 128.44 (127.76).

■ Bond Markets

In US, the yield was up based on the employment statistics and equity recovery in the first half of the month. Thereafter the yield was pushed down together with the equity pullback and oil price fluctuations, due to the concern over recession and the expectation of slowdown in the rate hikes. In Europe, the yield was also down due to Italian issue, uncertainty on Brexit and weak German economic indices. US Treasury 10Yr was down by 16bps to 2.99% and German Bund 10Yr was also down by 7bps to 0.31%. European peripherals were down e.g., Italy to 3.21%, Spain to 1.50% and Greece to 4.27%. On the US spread sectors, Securitized was almost flat while Corporates was weak, especially Utilities, compared with Treasuries.

■ Equity Markets

Global stock markets were volatile and rebounded after Chairman of FRB made the dovish speech. In terms of monthly return in USD, developed markets gained by 1.2% and emerging markets rose by 4.1%. Japanese stock market gained by 1.3% in TOPIX. As for sector return in developed markets, the best performer was Healthcare sector which gained by 5.5%. The worst performer was Energy sector which lost by 3.4%.

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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