

CIO Views – Weekly Bulletin



A Prudential plc company



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What's top of investors' minds?

US growth risk is rising

Market pricing of US growth risk has begun responding to the Trump Administration's policy changes. This probably has further to run if Trump implements 25% tariffs on Canada and Mexico in addition to the recent 10% added to tariffs on China (for a total 20% increase this year).

The good news is that US payrolls should show that the US labour market remained healthy in February with job growth of about 150k – 160k. Unemployment insurance initial claims remained low last month and in line with prior months'.

Nonetheless, the pricing of risk is rising. The S&P 500 fell 0.9% last week and is down for the year despite rising earnings estimates. The Treasury yield curve has flattened (but has not inverted), credit spreads have widened to the highest levels since November last year and issuance has slowed sharply.

The extent to which sustained employment growth in February might alleviate market concerns about growth is likely to come down to tariffs. If the Trump administration follows through with the 25% tariffs on Canada and Mexico and signals extension of something similar to Europe, growth concerns are likely to rise, further weighing on equities.

China's currency response to the additional 10% US tariff will also matter. History suggests that if China decides to back away from its recent defense of the CNY, it would create new pressure on global equities.

#USEconomy #Fed #equities #rates

The need to differentiate in China.

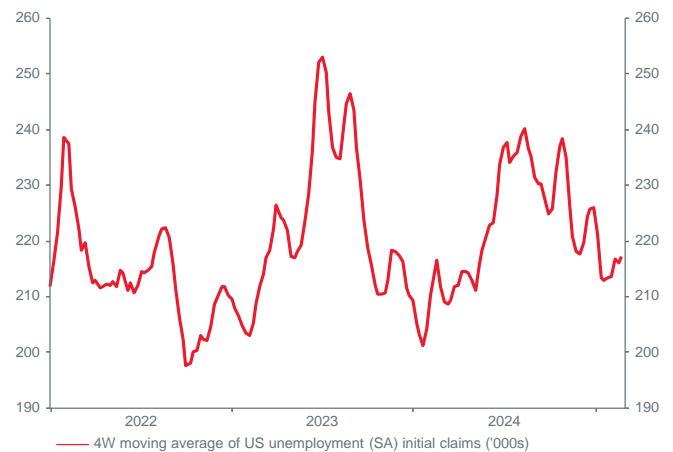
Are Chinese equities up or down year-to-date? The answer is it depends on which equity market one looks at. MSCI China is up 12.5% year-to-date, while the CSI 300 A-share index is down 0.8% year-to-date in USD terms. Earnings expectations have been the key differentiating factor with estimates for MSCI China having risen sharply relative to estimates for CSI 300 stocks.

How this dynamic plays out from here will depend heavily on a) tariffs, b) technology advances, and c) the extent and contours of domestic stimulus announced at the National People's Congress later this week.

We think this highlights the importance for investors to differentiate among Chinese sectors and stocks this year rather than just default to simple index-based investment strategies. Put differently, we continue to expect alpha to be more important than beta this year.

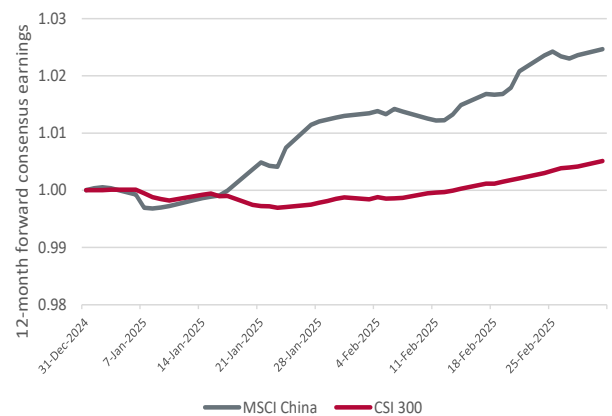
#China #equities #bonds

Initial jobless claims show the US labour market is still OK



Source: LSEG Datastream, March 2025.

One country, two earnings outlooks



Source: Bloomberg, March 2025. Earnings estimates are rebased to 1 on 31 December 2024.

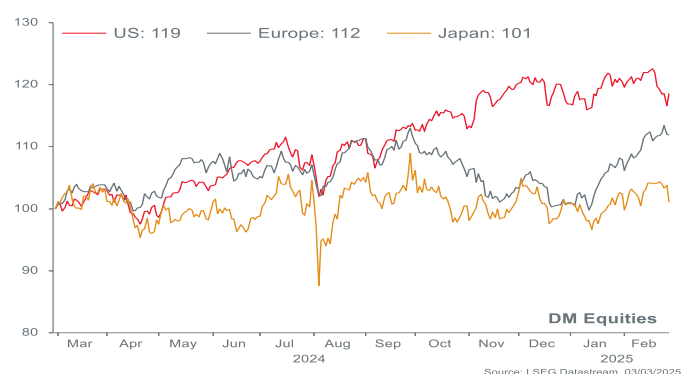
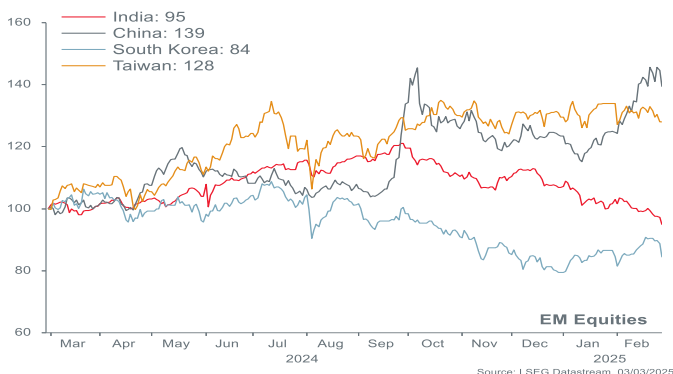
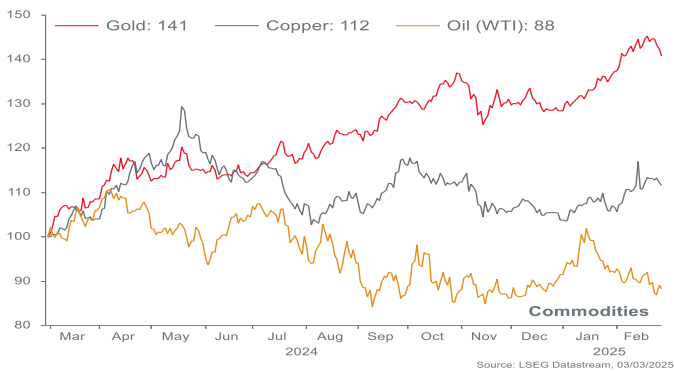
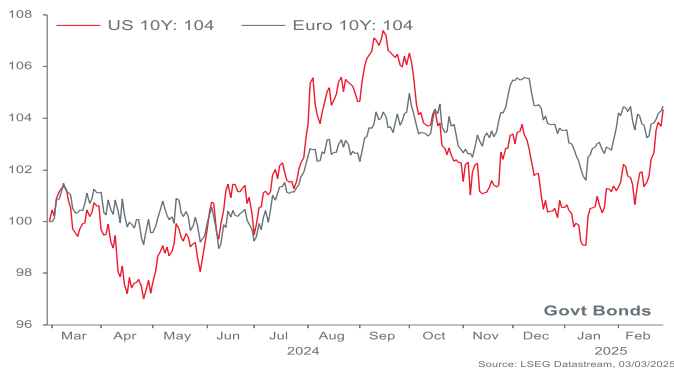
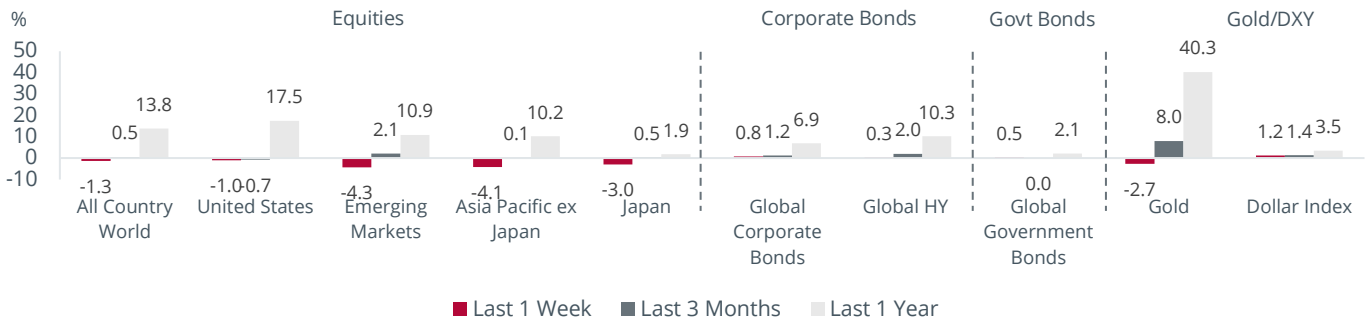
Market Review

Global equities declined -1.3% over the past week. The S&P 500 and Asia ex Japan equity index fell by -1.0% and -4.2% respectively. Declines were also seen in Japan (-3.0%), emerging market (-4.3%) and China (-2.2%) equities. In contrast, the Global Aggregate Bond index gained 0.4%.

The yield on 10-year US Treasuries decreased by 22 basis points, while the 5-year/30-year yield spread widened by 6 basis points. The yield on 10-year Singapore government bonds fell by 14 basis points. US investment-grade credit spreads widened by 7 basis points, and Asia credit spreads widened by 8 basis points.

The US Dollar strengthened against major currencies. The Dollar Index (DXY) rose by 0.9%. Conversely, Asian currencies weakened against the Dollar with the ADXY index falling by 0.8%.

Asset Performances



Market Data

Equity Indices	Close	1 week change (%)	1 month change (%)	3 month change (%)	1 year change (%)	YTD change (%)	52 week high	52 week low
World								
MSCI AC World Index (USD)	862.95	-1.33	-0.66	0.54	13.83	2.57	887.72	743.29
North America								
US S&P 500 Index	5,954.50	-0.98	-1.87	-0.74	17.45	1.24	6,147.43	4,953.56
US Nasdaq Composite Index	18,847.28	-3.47	-4.49	-1.12	18.18	-2.40	20,204.58	15,222.78
Europe								
MSCI Europe	2,215.04	0.16	4.77	8.57	8.16	10.59	2,250.56	1,979.88
Asia Pacific								
MSCI Asia Pacific ex Japan	577.03	-4.15	0.52	0.06	10.23	1.34	629.66	514.71
Japan Nikkei 225	37,155.50	-4.18	-4.77	-3.11	-5.23	-6.87	42,426.77	31,156.12
Shanghai Stock Exchange Composite	3,320.90	-1.72	2.16	0.77	12.27	-0.92	3,674.40	2,689.70
Hong Kong Hang Seng	22,941.32	-2.29	13.43	18.46	38.73	14.36	24,076.53	16,044.45
Taiwan TAIEX	23,053.18	-2.85	-2.01	3.38	22.27	0.08	24,416.67	18,794.62
Korea KOSPI	2,532.78	-4.59	-0.16	1.12	-4.51	5.55	2,896.43	2,360.18
India NIFTY 50	22,124.70	-2.94	-3.63	-7.48	0.79	-6.43	26,277.35	21,281.45
Australia Stock Exchange 200	8,172.40	-1.49	-2.70	-3.22	6.68	0.16	8,615.20	7,492.60
Indonesia Jakarta Composite	6,270.60	-7.83	-12.50	-12.91	-14.44	-11.43	7,910.56	6,246.28
Thailand SET	1,203.72	-3.41	-10.56	-15.71	-12.90	-14.03	1,506.82	1,186.36
Malaysia FTSE Bursa KLSE	1,574.70	-1.03	1.42	-1.43	1.88	-4.12	1,684.68	1,518.84
Philippines Stock Exchange PSE	5,997.97	-1.64	-2.53	-9.65	-12.78	-8.13	7,604.61	5,862.59
Singapore FTSE Straits Times Index	3,895.70	-0.87	2.49	4.24	24.11	2.85	3,951.64	3,101.24

Government Bonds	Close	1 week change (%)	1 month change (%)	3 month change (%)	1 year change (%)	YTD change (%)	52 week high	52 week low
US Treasury Yield (%)								
10 Year	4.23	-4.32	-7.03	-0.31	-1.05	-7.60	4.81	3.62
10 Year Bond Yield (%)								
Japan	1.37	-3.58	14.98	30.36	96.29	25.48	1.44	0.70
China	1.78	2.41	7.80	-12.78	-25.16	6.07	2.38	1.61
Australia	4.30	-4.70	-2.98	-1.76	2.77	-1.51	4.70	3.82
Singapore	2.74	-4.76	-5.02	-1.93	-11.97	-4.09	3.45	2.41
Thailand	2.20	-4.14	-3.93	-5.58	-14.56	-3.08	2.83	2.17
Malaysia	3.80	-0.05	-0.13	-0.97	-2.16	-0.63	4.01	3.69
Indonesia	6.93	2.02	-0.45	0.32	4.97	-1.38	7.30	6.43

	Close	1 week change (%)	1 month change (%)	3 month change (%)	1 year change (%)	YTD change (%)	52 week high	52 week low
Bond Indices								
Bloomberg Global Aggregate USD	94.75	0.74	1.07	0.15	2.15	1.06	96.21	91.49
Bloomberg U.S. Aggregate USD	92.51	1.20	1.88	0.67	3.10	2.30	94.86	87.88

Currencies (vs USD)	Latest	1 week Change	1 Month Ago	3 Months ago	1 Year Ago	YTD	52 week high	52 week low
Developed Markets								
EUR	-0.21	-0.79	-0.51	-1.69	-4.25	0.21	1.12	1.02
GBP	-0.16	-0.42	1.09	-0.87	-0.66	0.53	1.34	1.22
CHF	0.42	0.61	-0.07	2.31	2.80	-0.44	0.92	0.84
JPY	0.53	0.88	-3.16	-0.62	-0.05	-4.19	161.68	140.60
Asia								
CNY	-0.03	0.45	0.44	0.54	1.18	-0.23	7.33	7.01
HKD	0.01	0.11	-0.15	-0.07	-0.63	0.14	7.84	7.76
INR	0.16	1.03	1.02	3.58	5.51	2.23	87.63	82.71
MYR	0.43	1.00	1.64	0.36	-6.44	-0.18	4.79	4.12
KRW	0.74	1.97	1.10	4.85	9.54	-1.05	1,476.78	1,308.30
SGD	0.16	1.10	-0.03	0.64	0.35	-1.07	1.37	1.28
TWD	-0.07	0.41	0.25	1.08	3.92	0.37	33.09	31.31
IDR	0.79	1.69	2.50	4.48	5.71	3.01	16,575.00	15,095.00

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Sources

Page 2 (top chart): Eastspring Investments, Refinitiv, as at 28 February 2025. Equities: using MSCI indices in USD, United States is using the S&P 500. Corporate Bonds: using ICE BofA indices in USD. Government Bonds: using the FTSE Global Sovereign Bond index, in USD. Gold is London Bullion Market US Dollar per Metric Tonne. DXY is US Dollar Index.

Page 2 (remaining charts): Eastspring Investments, Refinitiv, as at the end of the prior week, rebased to 100 as at 1 year ago. Equities: MSCI indices, in USD. Corporate Bonds: using Bloomberg indices in USD. Government Bonds: using ICE BofA US 10 Year US Treasury and ICE BofA 7-10 Year Euro Government indices. Commodities: Gold is London Bullion Market US Dollar per Metric Tonne Ounce. Copper is LME Copper Grade A Cash US Dollar per Metric Tonne. Oil is Crude Oil WTI Spot Cushing US Dollar per Barrel. US Dollar is US Dollar Index.

Page 3: Eastspring Investments, Refinitiv, as at 28 February 2025. Equities: MSCI indices in USD, other indices in local currency. Other indices or assets as stated.

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