



CIO Views – Weekly Bulletin

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What's top of investors' minds?

1. Favouring Investment Grade bonds to trump the Trump trade

US Treasury yields remain well-supported, on expectations that a Republican-controlled government will enable President-elect Trump to increase government spending, impose tariffs and enact stricter immigration controls, which would be inflationary. Among Trump's campaign promises, the prospect of tariffs is particularly significant for Asia.

▶ Trump's policy changes can materially influence the economy, alter the US fiscal trajectory, and reshape the Federal Reserve's policy outlook. For now, market pricing is not reflecting the full potential impact of these policies, leaving room for yields to climb as Trump's priorities become clearer.

▶ The USD continues to strengthen post-election, with Trump's policy mix expected to usher in US economic outperformance, which would in turn attract inflows into dollar-denominated assets. The USD is further supported by expectations that the Fed may not ease as aggressively amid robust US economic conditions.

▶ The prospect of tariffs is particularly significant for Asia and the market may be underestimating Trump's commitment to this policy lever. Markets have yet to price in the global and regional economic as well as financial repercussions that the tariffs could potentially unleash.

Our expectations for greater volatility in the fixed income markets going into 2025 continue to play out. Investment Grade bonds can help mitigate the risk that the market may have under priced the Trump trade.

2. Finding value in Asian stocks amid the Trump trade?

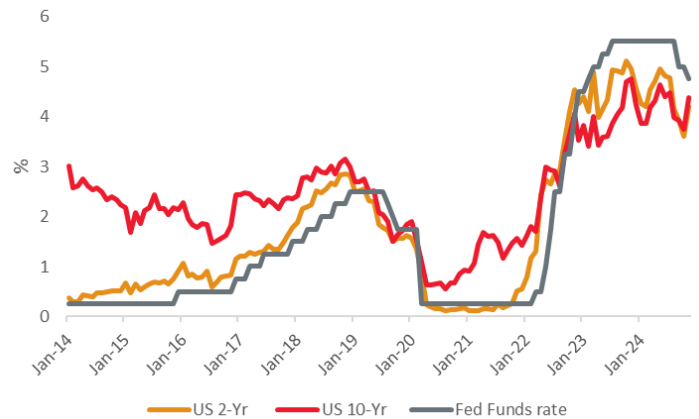
Market expectations for a Trump win since end September and the subsequent US election results have driven market consensus to a narrative which includes higher rates for longer, a strong USD and growth challenges for Asia.

▶ China's share in the US import basket has declined considerably over the last 6 years, and world-wide tariffs would take time to be implemented. Higher inflation could hence be a 2026 story. As such, a data-dependent Federal Reserve may continue to cut rates in 2025. This would allow Asian central banks to follow suit, potentially reversing the ASEAN equity market weakness seen quarter to date.

▶ Could the policy trajectory in 2016-19 repeat and hurt the Asian economies? While possible, we note that the global economic cycle is in a more advanced stage now versus then. Wider valuation differences between US and Asian equities coupled with Asia's economic strength may help Asian markets withstand tariff-driven volatility better.

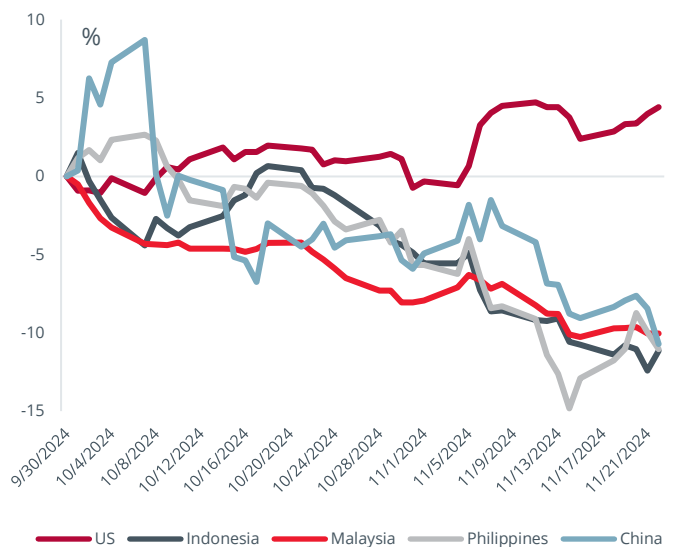
While the eventual outcome is uncertain, the risk-reward trade-off for owning 'beaten-down' stocks in Asia is appealing. These stocks are discounting the consensus narrative and ignoring alternative scenarios. Asia continues to offer many compelling companies and strong themes that support them.

Volatility in the bond market continues to play out



Source: Eastspring Investments, Bloomberg. 25 November 2024.

Price action for Asia versus the US in equity markets

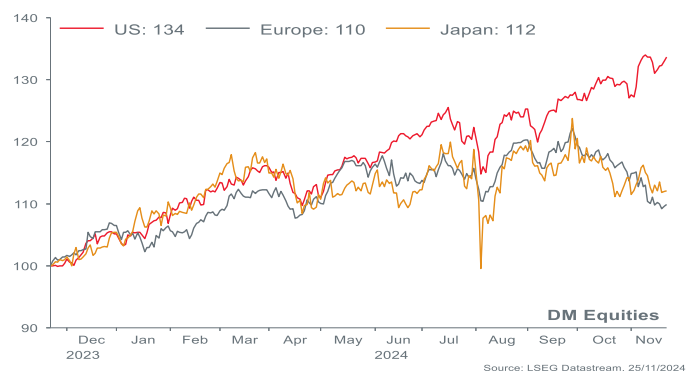
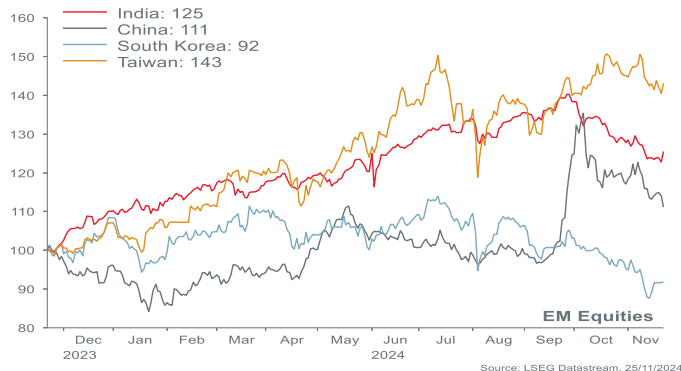
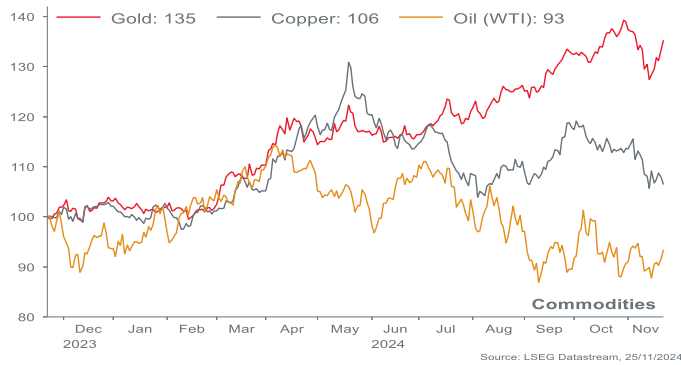
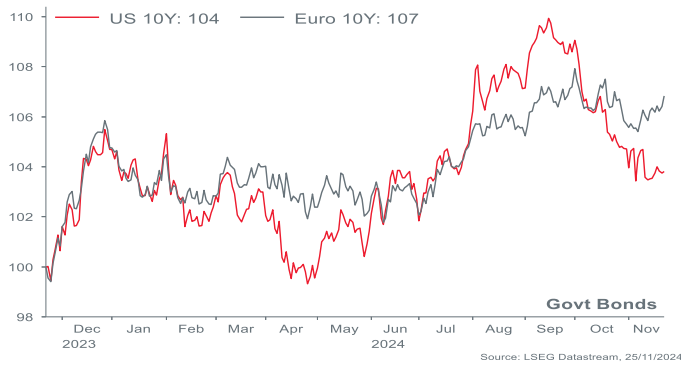
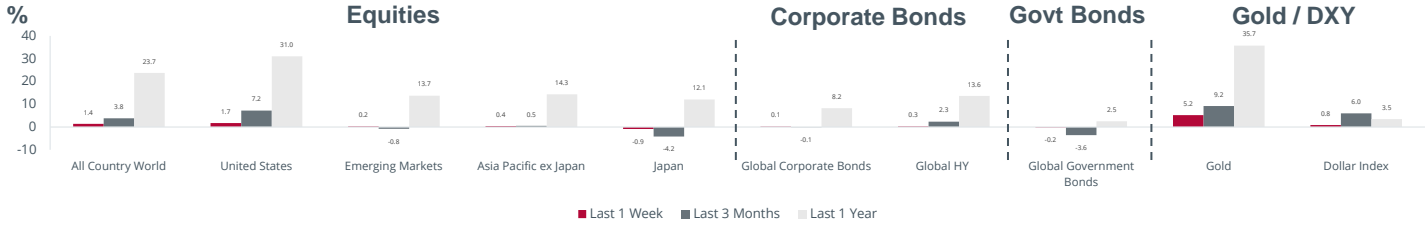


Source: Eastspring Investments, MSCI Indices, Refinitiv Datastream, as at 22 November 2024, in USD.

MARKET REVIEW

Global equities increased by 1.4% over the past week. The S&P 500 saw a gain of 1.7%, with all major indices rebounding after last week's losses, although the S&P 500 and Nasdaq are still below their record highs before the election. The Asia ex-Japan equity index rose by 0.1%, while Japan equities fell by 0.9%, EM equities climbed by 0.2%, and China equities dropped by 2.6%. The Global Aggregate Bond index experienced a slight decline of 0.1%. The yield on 10-year US treasuries decreased by 4 basis points, and the 5-year/30-year yield spread flattened by 2 basis points. Meanwhile, the yield on 10-year Singapore government bonds fell by 3 basis points. US investment grade credit spreads remained unchanged, but Asia Credit spreads widened by 2 basis points. The Dollar strengthened against most major currencies, with the Dollar index (DXY) increasing by 0.8%. Asian currencies generally weakened against the Dollar, as reflected by a 0.2% decrease in the ADXY index.

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)	854.13	1.37	0.34	3.81	23.74	17.49	863.10	690.24
North America								
US S&P 500 Index	5,969.34	1.68	2.02	7.16	31.00	25.15	6,017.31	4,537.24
US Nasdaq Composite Index	19,003.65	1.73	2.32	7.86	33.21	26.60	19,366.07	14,058.52
Europe								
MSCI Europe	2,018.31	-0.05	-5.96	-7.76	6.28	-0.10	2,250.56	1,899.04
Asia Pacific								
MSCI Asia Pacific ex Japan	577.60	0.39	-4.22	0.48	14.30	9.21	629.66	491.14
Japan Nikkei 225	38,283.85	-0.93	-0.33	0.19	14.44	14.40	42,426.77	31,156.12
Shanghai Stock Exchange Composite	3,267.19	-1.91	-0.57	14.69	7.35	9.82	3,674.40	2,635.09
Hong Kong Hang Seng	19,229.97	-1.01	-6.19	9.01	8.43	12.80	23,241.74	14,794.16
Taiwan TAIEX	22,904.32	0.71	-2.68	3.41	32.32	27.74	24,416.67	17,133.76
Korea KOSPI	2,501.24	3.49	-2.70	-7.62	-0.42	-5.80	2,896.43	2,386.96
India NIFTY 50	23,907.25	1.59	-2.31	-3.64	20.67	10.01	26,277.35	19,703.85
Australia Stock Exchange 200	8,393.80	1.31	2.29	4.57	18.67	10.58	8,446.40	6,985.50
Indonesia Jakarta Composite	7,140.91	-0.28	-8.32	-4.64	3.39	-1.81	7,910.56	6,698.85
Thailand SET	1,446.30	0.25	-1.63	7.85	2.27	2.15	1,506.82	1,273.17
Malaysia FTSE Bursa KLSE	1,589.78	-0.17	-3.21	-3.16	9.20	9.29	1,684.68	1,440.40
Philippines Stock Exchange PSE	6,780.13	1.55	-8.54	-2.61	8.43	5.12	7,604.61	6,158.48
Singapore FTSE Straits Times Index	3,746.02	0.04	4.42	11.04	20.26	15.61	3,766.93	3,052.35

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	4.18	-0.36	4.85	14.19	-0.14	14.25	4.71	3.62
10 Year Bond Yield (%)								
Japan	0.96	0.47	10.20	23.43	47.74	75.32	1.10	0.55
China	2.12	-0.67	-2.98	-3.34	-22.22	-19.12	2.71	2.04
Australia	4.29	-1.94	2.96	16.94	2.36	15.05	4.70	3.82
Singapore	2.82	-1.74	-1.67	6.08	-1.94	6.39	3.45	2.41
Thailand	2.39	0.21	0.83	-5.25	-19.37	-9.48	3.12	2.39
Malaysia	3.83	-2.25	-1.39	1.40	-2.94	2.46	4.01	3.69
Indonesia	6.64	0.09	2.52	3.61	3.88	6.46	7.27	6.43

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	-0.53	-1.18	-3.52	-6.25	-4.32	-5.61	1.12	1.04
GBP	-0.44	-0.68	-3.48	-4.26	0.31	-1.56	1.34	1.23
CHF	0.81	0.64	3.28	4.89	1.13	6.20	0.92	0.84
JPY	0.15	0.26	2.44	5.80	3.48	9.70	161.68	140.60
Asia								
CNY	0.12	0.20	1.72	1.42	1.26	2.08	7.28	7.01
HKD	0.02	-0.01	0.15	-0.16	-0.16	-0.31	7.84	7.76
INR	-0.08	0.00	0.42	0.59	1.37	1.49	84.50	82.71
MYR	0.11	-0.07	3.24	2.03	-4.49	-2.72	4.80	4.12
KRW	0.23	0.63	1.75	4.56	7.80	8.34	1,405.80	1,287.25
SGD	-0.01	0.27	2.29	2.72	0.34	2.05	1.37	1.28
TWD	0.06	0.23	1.62	1.85	3.19	6.12	32.85	30.68
IDR	-0.31	0.13	2.03	1.76	1.93	3.09	16,445.00	15,095.00

	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	93.91	0.14	-0.46	-1.18	3.10	-0.38	96.21	90.76
Bloomberg U.S. Aggregate USD	90.98	0.19	-0.95	-2.33	3.65	-0.79	94.86	87.47

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Sources

Page 2 (top chart): Eastspring Investments, Refinitiv, as at 22 November 2024. 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 22 November 2024. Equities: MSCI indices in USD, other indices in local currency. Other indices or assets as stated.

Please note that there are limitations to the use of such indices as proxies for the past performance in the respective asset classes/sector. The historical performance or forecast presented in this slide is not indicative of and should not be construed as being indicative of or otherwise used as a proxy for the future or likely performance of the Fund.



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