



CIO Views – Weekly Bulletin

Vis Nayar, Chief Investment Officer, Eastspring Investments



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What's top of Investors' minds?

1. Emerging markets look set for more growth in 2025

Emerging market equities have performed well in 2024. As EM economies are broadly well placed, 2025 may see renewed investor appetite for EM equities.

- › Valuations point to further upside across markets, indeed a pull back in India this month may be an opportunistic pause after its recent run.
- › We are seeing positive earnings per share growth for emerging markets versus developed markets, and this looks well set to continue.
- › Arguably the elephant in this week's room, the US election, could have a more limited impact when considered against the backdrop of domestic stories in India/ China, intra emerging market diversification and trade and the opportunity of ASEAN markets.

We see an increased engagement from investors looking to benefit from greater allocation to Asia and Emerging Markets. We believe that the coming years could provide even greater opportunity in Asia and EM equities.

#gemvalue #gemequities #asiavalue #asiaopportunities

2. China Stimulus – more to come?

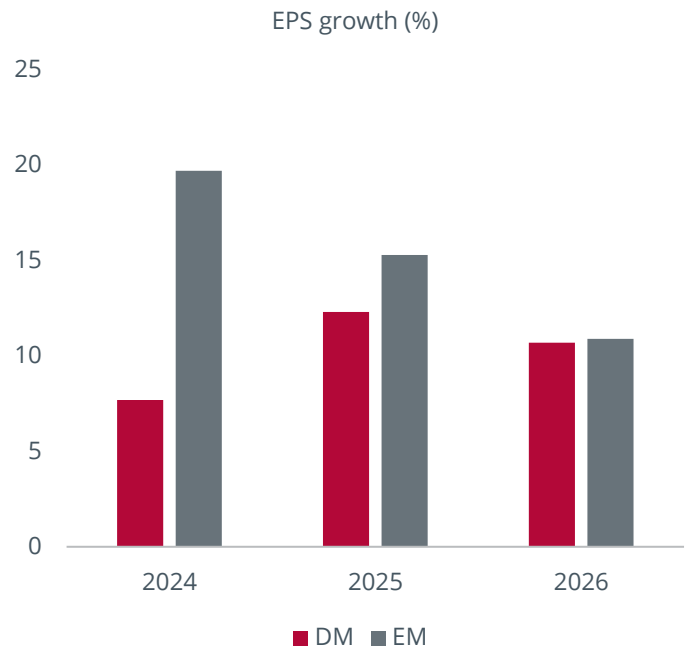
The dust has somewhat settled after the initial euphoria led by China's policy pivot. The initial Chinese equities' rally ran out of steam in October. Similarly Chinese government bond yields retraced their early moves up, which were driven by the anticipated fiscal stimulus.

- › There is general disappointment at some lack of "how much" in spite of policymakers' attempts to explain "what" in greater detail. In fairness this was meaningful in stabilising a deteriorating macro environment.
- › The focus on investment as a share of GDP versus increasing consumption is one which may increasingly come under scrutiny. This appears an important element for sustained growth – certainly of the type envisaged by President Xi who has targeted doubling GDP between 2020-2035.
- › The Chinese consumer, in contrast to their US counterpart, has been nervous and frugal over recent quarters. Savings rates remain at all time highs, confidence at lows. With housing a high relative weight within Chinese household wealth, there may well be a requirement for more central impetus to stimulate change.

On the margins a stable, even moderate growth in the Chinese economy with the introduction of stabilisation measures on both the monetary and fiscal front will be constructive for Asian fixed income.

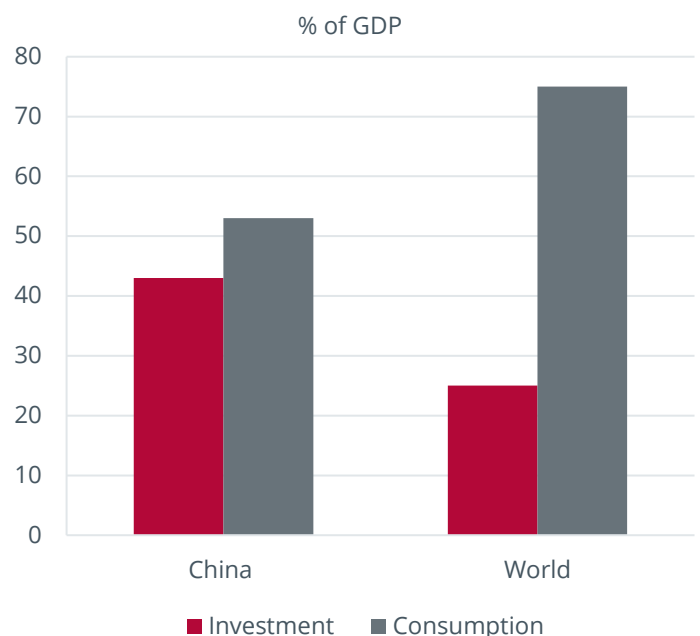
#asiancredit #asiaselect #Asian bonds

Stronger EPS growth in EMs



Source: CLSA, IBES | 16 April 2024.

Chinese consumption lags its global counterparts

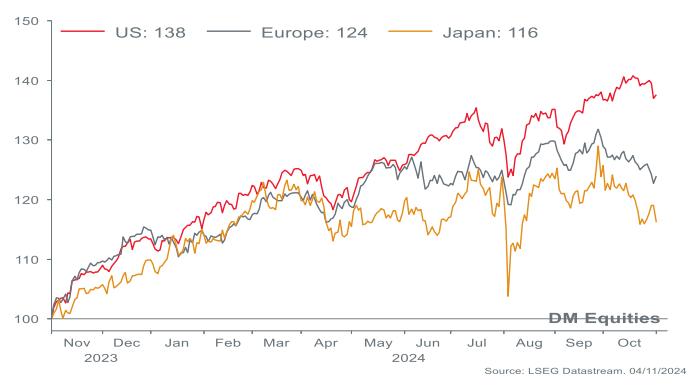
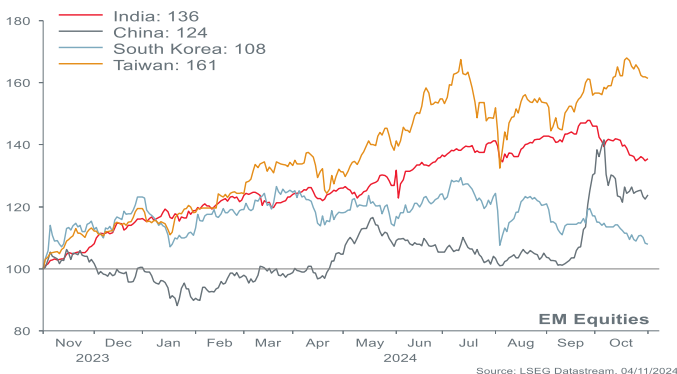
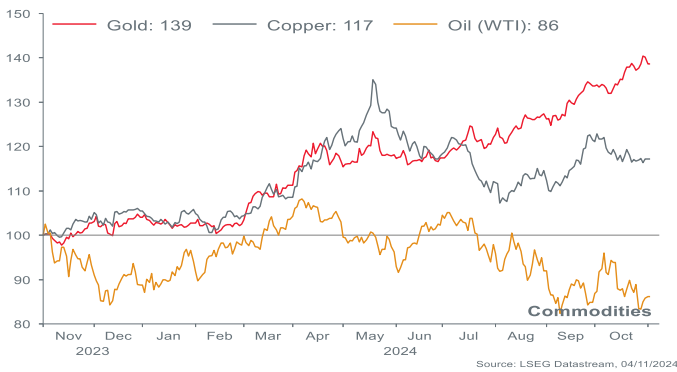
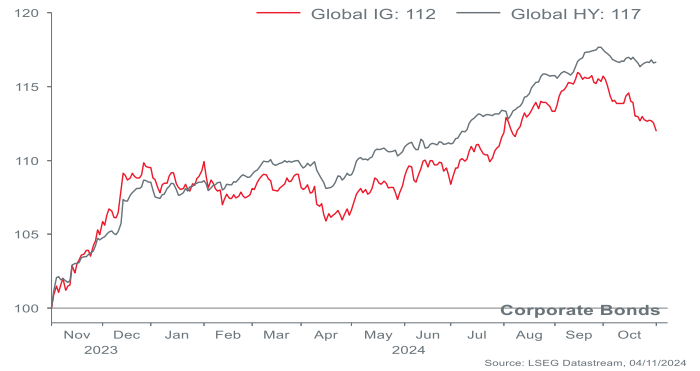
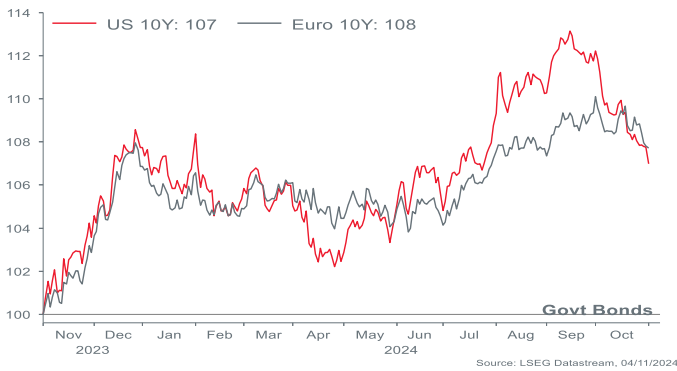
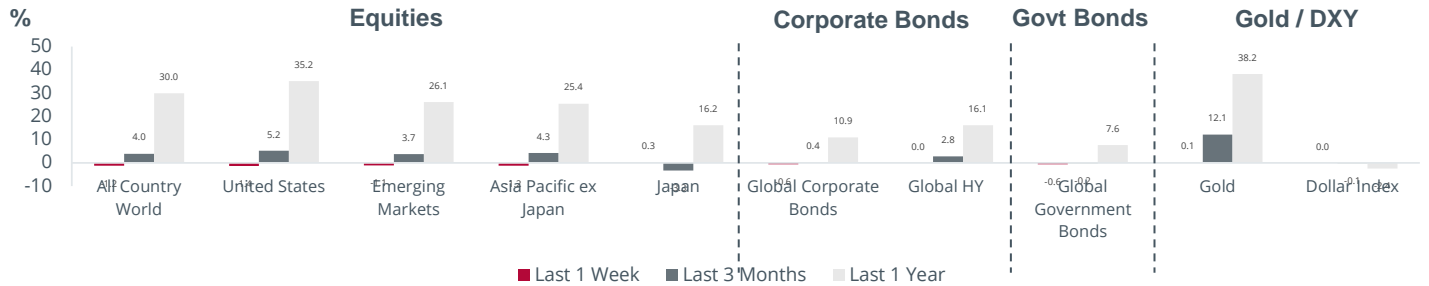


Source: World Bank, Trade surplus of rest of China's GDP at 2022

MARKET REVIEW

With the US elections on the 5th November and Fed meeting on the 7th we moved month end in slightly muted fashion. Global equities returned -1.2% over the past week. The S&P 500 returned -1.37%, Asia ex-Japan equity index returned -1.06%, Japan equities 0.26%, EM equities -1.09% and China equities -0.84%. The Global Aggregate Bond index returned -0.57%. The yield on 10Y US treasuries rose by 3bps and the yield on 10Y Singapore gov't bonds rose by around 1bps. US investment grade credit spreads tightened by 1bps and Asia Credit spreads widened by 1bps. The Dollar remained little changed against major currencies as the Dollar index DXY moved by -0.1% and gold remained stable moving up 0.11%.

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)	835.15	-1.22	-1.27	3.95	29.96	14.88	857.18	642.65
North America								
US S&P 500 Index	5,728.80	-1.37	0.35	5.18	35.18	20.10	5,878.46	4,197.74
US Nasdaq Composite Index	18,239.92	-1.50	1.84	6.08	39.65	21.51	18,785.49	12,875.20
Europe								
MSCI Europe	2,114.05	-1.41	-3.94	0.30	19.97	4.64	2,250.56	1,762.19
Asia Pacific								
MSCI Asia Pacific ex Japan	592.23	-1.23	-4.55	4.30	25.44	11.98	629.66	472.11
Japan Nikkei 225	38,053.67	0.37	-1.55	-0.19	20.42	13.71	42,426.77	31,156.12
Shanghai Stock Exchange Composite	3,272.01	-0.84	-1.93	11.58	8.23	9.99	3,674.40	2,635.09
Hong Kong Hang Seng	20,506.43	-0.41	-2.97	18.50	19.91	20.29	23,241.74	14,794.16
Taiwan TAIEX	22,780.08	-2.43	1.74	0.61	42.03	27.04	24,416.67	15,978.26
Korea KOSPI	2,542.36	-1.58	-1.96	-8.47	10.46	-4.25	2,896.43	2,288.64
India NIFTY 50	24,304.35	0.51	-5.79	-2.82	27.99	11.84	26,277.35	18,973.70
Australia Stock Exchange 200	8,118.80	-1.13	-1.10	0.05	18.73	6.96	8,384.50	6,780.70
Indonesia Jakarta Composite	7,505.26	-2.46	-1.79	2.45	12.99	3.20	7,910.56	6,639.82
Thailand SET	1,464.17	0.05	-0.03	10.69	6.10	3.41	1,506.82	1,273.17
Malaysia FTSE Bursa KLSE	1,603.98	-0.88	-3.16	-1.25	11.75	10.26	1,684.68	1,425.01
Philippines Stock Exchange PSE	7,142.96	-2.34	-3.22	6.71	19.57	10.74	7,604.61	5,989.27
Singapore FTSE Straits Times Index	3,555.43	-1.06	-0.71	3.96	15.56	9.73	3,652.62	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	3.10	16.56	9.68	-8.93	13.03	4.79	3.62
10 Year Bond Yield (%)								
Japan	0.96	-0.42	10.53	-8.52	-1.15	53.41	1.10	0.55
China	2.12	-0.93	-1.62	-0.23	-21.35	-17.60	2.71	2.04
Australia	4.29	3.01	14.18	11.47	-8.20	15.08	4.96	3.82
Singapore	2.82	0.85	8.75	0.18	-16.36	5.62	3.45	2.41
Thailand	2.39	1.46	-2.40	-5.79	-25.38	-9.29	3.27	2.39
Malaysia	3.83	1.35	4.95	7.13	-3.88	6.13	4.13	3.69
Indonesia	6.64	0.28	4.88	-0.89	-3.87	4.39	7.27	6.43
Currencies (vs USD)	Latest	1 week Change	1 Week ago	1 Month Ago	3 Months ago	1 Year Ago	52 week high	52 week low
Developed Markets								
EUR	-0.45	-2.11	-2.11	-2.11	0.40	2.52	1.12	1.06
GBP	0.22	-2.70	-2.70	-2.70	1.47	6.39	1.34	1.22
CHF	0.73	2.76	2.76	2.76	-0.33	-4.16	0.92	0.84
JPY	0.62	6.56	6.56	6.56	2.42	1.34	161.68	140.60
Asia								
CNY	0.05	1.48	1.48	1.48	-1.69	-2.68	7.32	7.01
HKD	0.05	0.07	0.07	0.07	-0.48	-0.60	7.84	7.76
INR	0.02	0.21	0.21	0.21	0.44	1.01	84.10	82.71
MYR	-	5.14	5.14	5.14	-4.20	-8.26	4.80	4.12
KRW	0.43	4.13	4.13	4.13	0.69	2.28	1,392.90	1,286.92
SGD	0.45	2.91	2.91	2.91	-0.84	-3.11	1.37	1.28
TWD	0.03	0.10	0.10	0.10	-2.58	-1.44	32.85	30.68
IDR	0.16	3.42	3.42	3.42	-3.17	-1.35	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	93.76	-0.57	-2.25	-0.72	5.15	-0.54	96.21	89.17
Bloomberg U.S. Aggregate USD	90.98	-0.74	-3.49	-1.36	6.47	-0.79	94.86	85.45

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Sources

Page 2 (top chart): Eastspring Investments, Refinitiv, as at 1 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 date below each chart, 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 1 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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