

CIO Views – Weekly Bulletin



A Prudential plc company



Vis Nayar
Chief Investment Officer
Eastspring Investments



Ray Farris
Chief Economist
Eastspring Investments

What's top of investors' minds?

Plenty to talk about but what to do?

It's tempting during periods of high volatility to be drawn to the headlines of the day suggesting that investors are exiting long held positions or urgently considering where to reposition themselves. Whilst market turmoil undoubtedly will require portfolio shifts for some investors, it's important to gauge the ongoing change in investor sentiment against the broader backdrop of recent months. This perspective can reveal a positive attitude to risk, albeit current volatility may not lead to immediate allocations.

Market dispersion over the year to date has been high, though emerging market (and Asian) equities and bonds have been more resilient than expected. In context, Asian equities, as measured by the MSCI AC Asia Pacific Index, exhibited their largest ever decline on the 7th April falling -8.7% in USD terms. This is followed by their largest gain since the global financial crisis 3 days later, on 10th April of +5.8%.

Against this quarter's backdrop, it would be reasonable to assume that investors would be concerned with adding risk, but in its recent survey, HSBC¹ found that while investors were neutral on the near term (next 3 months) prospects, there had been a sharp increase in the net sentiment i.e. the difference between bullish and bearish views. **This was linked to an increase in the level of risk investors indicated that they were willing to take** in the emerging markets (EMs) which hit a level only exceeded once in the last 3 years (March 2023).

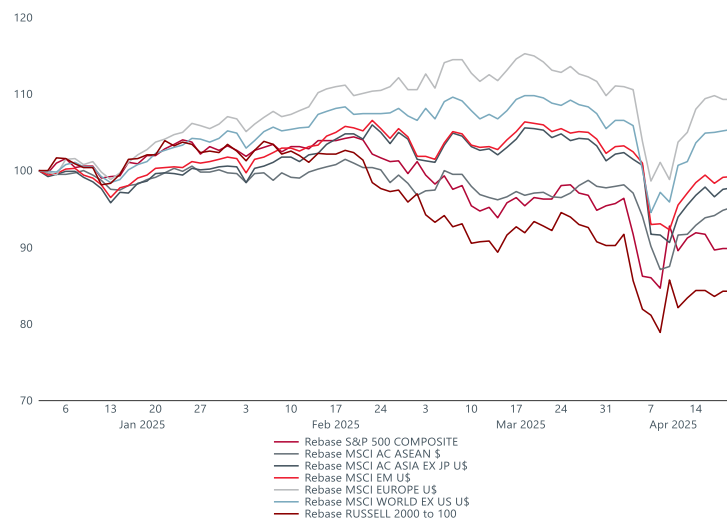
It could be that investor sentiment is reflecting the thoughts we made last week when we stated that significantly slower US growth would be incompatible with currently high US valuations on an absolute and certainly relative basis.

In terms of defensive positioning, we **note that lower volatility equity portfolios can continue to demonstrate their benefits in this market.** Moreover, the 'low volatility' anomaly makes such an allocation beneficial over the longer term.

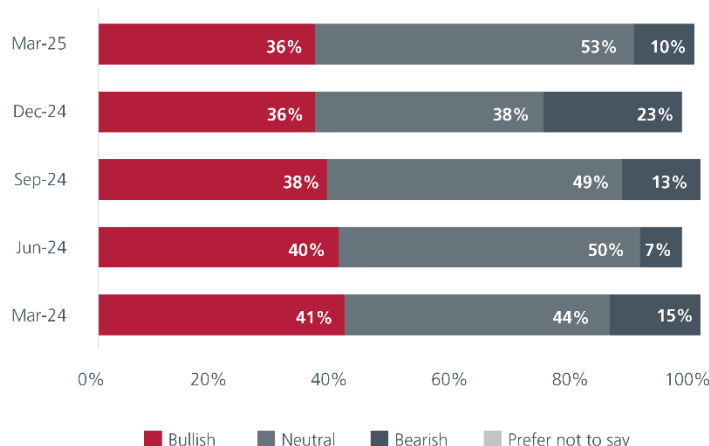
Whilst meaningful allocations and flows to EMs or countries such as China/ India may require a little more time to materialise, the **tariffs could lead investors to be more granular in their asset allocation in Asia: China, India, ASEAN, North Asia to gain opportunities and diversification.**

#EM equities #equities #investor sentiment

Resilience amidst high levels of volatility



Investors neutral on EM short term but sentiment doubled in March



Source: HSBC – Survation EM Sentiment Survey, March 2025. * What is your current view about EM in general over the next three months? Would you say you are bullish, neutral, or bearish?

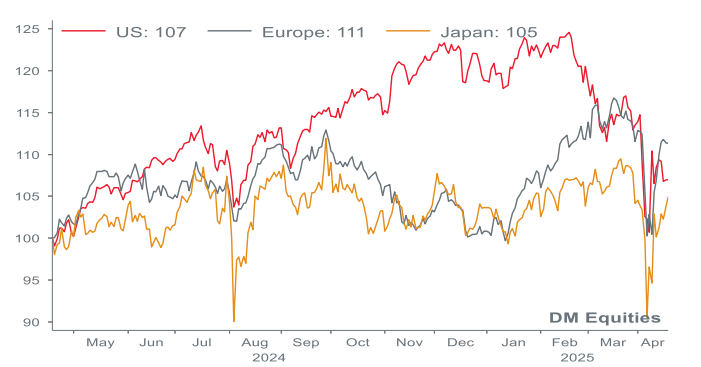
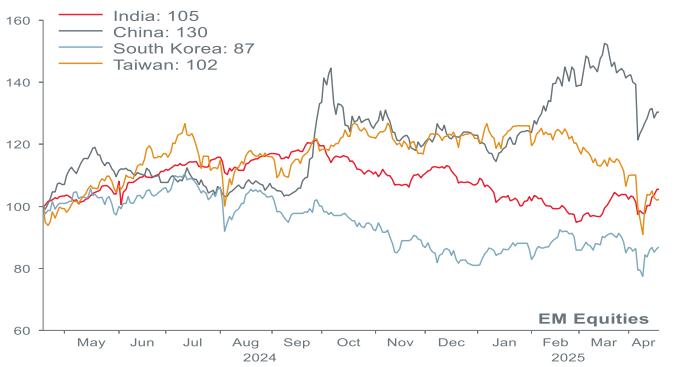
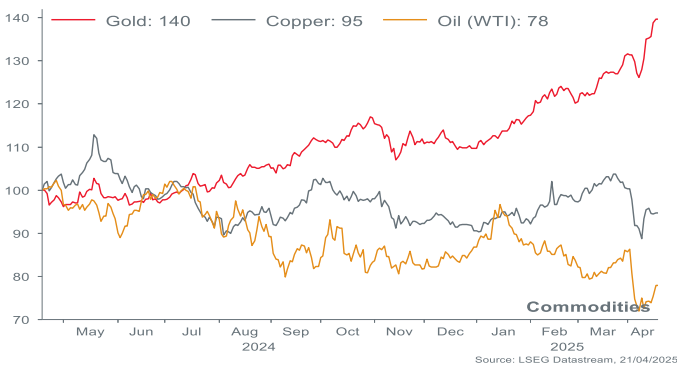
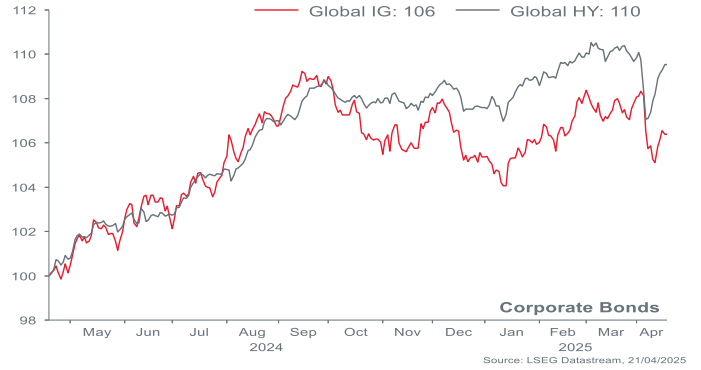
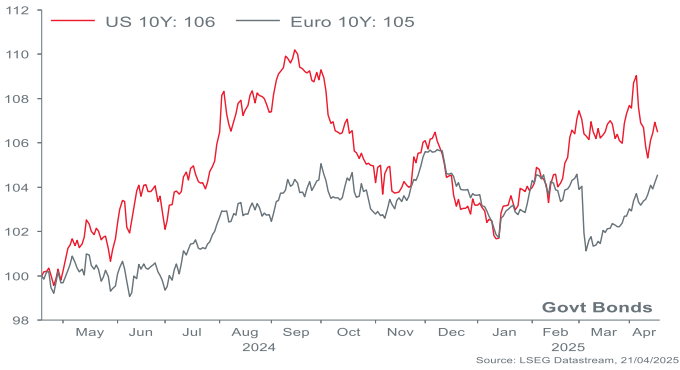
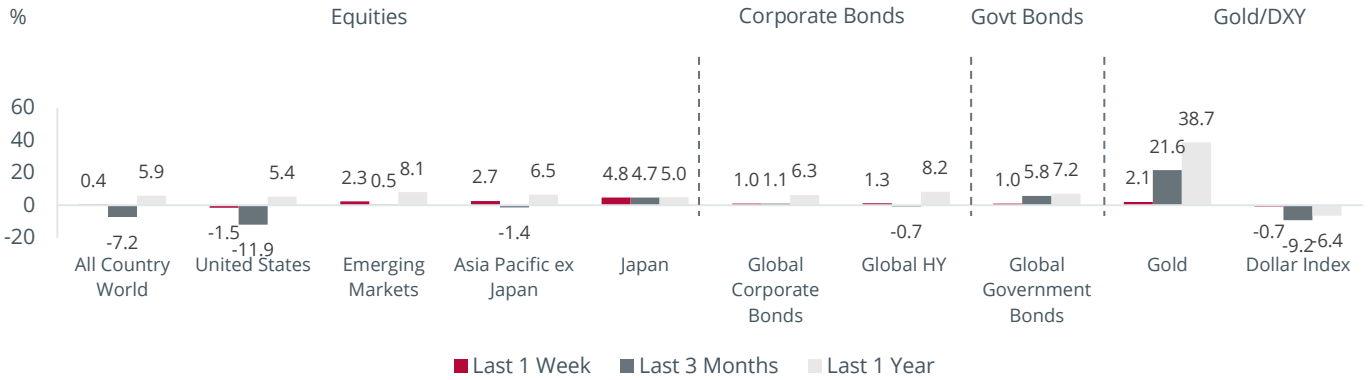
¹ EM Sentiment Survey: From 'neutral-land' with love – 17th March 2025

Market Review

Global equities returned 0.4% over the past week. The S&P 500 underperformed and fell -1.5%. Japan equities rose 4.8%. The MSCI Asia ex-Japan equity index returned 2.7%, while Emerging Market and China equities rose 2.3% and 0.6% respectively. The Global Aggregate Bond index returned 1.0%. The yield on the 10Y US treasuries declined 16bps and the 5Y/30Y yield spread steepened 15bps. The yield on the 10Y Singapore gov bonds declined by 10bps. US Investment grade credit spreads tightened by 5bps while Asia Credit spreads tightened by 5bps.

The US Dollar was mostly weaker against major currencies as the Dollar index DXY fell -0.7%. The Asian Dollar index gained marginally by 0.1%.

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)	793.42	0.35	-5.49	-7.23	5.88	-5.70	887.72	742.96
North America								
US S&P 500 Index	5,282.70	-1.50	-5.91	-11.91	5.42	-10.18	6,147.43	4,835.04
US Nasdaq Composite Index	16,286.45	-2.62	-6.96	-17.03	4.39	-15.66	20,204.58	14,784.03
Europe								
MSCI Europe	2,189.90	4.07	-5.18	6.43	7.74	9.34	2,309.45	1,976.06
Asia Pacific								
MSCI Asia Pacific ex Japan	557.28	2.66	-6.34	-1.39	6.47	-2.13	629.66	513.60
Japan Nikkei 225	34,730.28	3.41	-8.23	-9.68	-8.80	-12.94	42,426.77	30,792.74
Shanghai Stock Exchange Composite	3,276.73	1.19	-4.46	1.08	6.59	-2.24	3,674.40	2,689.70
Hong Kong Hang Seng	21,395.14	2.30	-13.52	9.25	30.57	6.66	24,874.39	16,044.45
Taiwan TAIEX	19,395.03	-0.68	-12.92	-16.21	-4.46	-15.80	24,416.67	17,306.97
Korea KOSPI	2,483.42	2.08	-4.94	-1.59	-5.74	3.50	2,896.43	2,284.72
India NIFTY 50	23,851.65	4.48	4.46	2.79	8.44	0.87	26,277.35	21,281.45
Australia Stock Exchange 200	7,819.10	2.26	-0.53	-5.91	2.32	-4.17	8,615.20	7,169.20
Indonesia Jakarta Composite	6,438.27	2.81	3.45	-10.01	-10.17	-9.06	7,910.56	5,882.61
Thailand SET	1,150.95	1.97	-2.14	-14.15	-15.43	-17.80	1,506.82	1,056.41
Malaysia FTSE Bursa KLSE	1,499.40	3.07	-1.86	-4.30	-2.94	-8.70	1,684.68	1,386.63
Philippines Stock Exchange PSE	6,134.62	0.86	-2.39	-3.42	-5.96	-6.04	7,604.61	5,804.56
Singapore FTSE Straits Times Index	3,720.33	5.92	-4.48	-2.37	16.71	-1.78	4,005.18	3,152.72

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	4.33	-3.69	1.07	-6.16	-6.89	-5.46	4.81	3.62
10 Year Bond Yield (%)								
Japan	1.28	-5.67	-14.89	6.67	47.98	16.89	1.59	0.77
China	1.65	-0.66	-15.40	-0.42	-27.18	-1.90	2.32	1.61
Australia	4.24	-3.00	-3.64	-5.72	-1.30	-3.00	4.70	3.82
Singapore	2.56	-3.91	-4.76	-13.69	-24.02	-10.56	3.45	2.41
Thailand	NULL	NULL	NULL	NULL	NULL	NULL	2.83	2.07
Malaysia	3.69	-1.52	-1.83	-3.50	-6.79	-3.30	4.01	3.66
Indonesia	6.93	-1.87	-1.46	-3.05	0.33	-1.27	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	94.04	0.66	0.34	0.64	2.44	0.30	96.21	91.49
Bloomberg U.S. Aggregate USD	91.39	0.87	-0.60	1.26	3.78	1.06	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	0.25	0.27	4.09	10.90	7.03	10.03	1.14	1.02
GBP	0.22	1.64	2.26	9.30	6.91	6.26	1.34	1.22
CHF	-0.43	0.13	-6.87	-10.79	-10.51	-10.03	0.92	0.81
JPY	-0.17	-0.93	-4.75	-9.04	-8.06	-9.55	161.68	140.60
Asia								
CNY	0.01	0.11	1.00	-0.35	0.85	0.00	7.35	7.01
HKD	-0.03	0.11	-0.09	-0.31	-0.89	-0.08	7.84	7.75
INR	0.06	-0.88	-1.25	-1.32	2.27	-0.15	87.63	83.06
MYR	0.11	-0.23	-0.72	-2.09	-7.76	-1.30	4.78	4.12
KRW	0.43	0.28	-1.75	-2.23	3.20	-3.61	1,485.83	1,308.30
SGD	0.05	-0.60	-1.49	-4.29	-3.77	-3.99	1.37	1.28
TWD	0.23	0.69	-1.18	-0.93	0.33	-0.61	33.25	31.58
IDR	-	0.18	2.44	2.81	4.02	4.54	16,860.00	15,095.00

Disclaimer

This document is produced by Eastspring Investments (Singapore) Limited and issued in:

Singapore by Eastspring Investments (Singapore) Limited (UEN: 199407631H)

Australia (for wholesale clients only) by Eastspring Investments (Singapore) Limited (UEN: 199407631H), which is incorporated in Singapore, is exempt from the requirement to hold an Australian financial services licence and is licensed and regulated by the Monetary Authority of Singapore under Singapore laws which differ from Australian laws.

Hong Kong by Eastspring Investments (Hong Kong) Limited and has not been reviewed by the Securities and Futures Commission of Hong Kong.

Indonesia by PT Eastspring Investments Indonesia, an investment manager that is licensed, registered and supervised by the Indonesia Financial Services Authority (OJK).

Malaysia by Eastspring Investments Berhad (200001028634/ 531241-U) and Eastspring Al-Wara' Investments Berhad (200901017585 / 860682-K).

Thailand by Eastspring Asset Management (Thailand) Co., Ltd.

United States of America (for institutional clients only) by Eastspring Investments (Singapore) Limited (UEN: 199407631H), which is incorporated in Singapore and is registered with the U.S Securities and Exchange Commission as a registered investment adviser.

European Economic Area (for professional clients only) and Switzerland (for qualified investors only) by Eastspring Investments (Luxembourg) S.A., 26, Boulevard Royal, 2449 Luxembourg, Grand-Duchy of Luxembourg, registered with the Registre de Commerce et des Sociétés (Luxembourg), Register No B 173737.

Chile (for institutional clients only) by Eastspring Investments (Singapore) Limited (UEN: 199407631H), which is incorporated in Singapore and is licensed and regulated by the Monetary Authority of Singapore under Singapore laws which differ from Chilean laws.

The afore-mentioned entities are hereinafter collectively referred to as Eastspring Investments.

The views and opinions contained herein are those of the author, and may not necessarily represent views expressed or reflected in other Eastspring Investments' communications. This document is solely for information purposes and does not have any regard to the specific investment objective, financial situation and/or particular needs of any specific persons who may receive this document. This document is not intended as an offer, a solicitation of offer or a recommendation, to deal in shares of securities or any financial instruments. It may not be published, circulated, reproduced or distributed without the prior written consent of Eastspring Investments. Reliance upon information in this document is at the sole discretion of the reader. Please carefully study the related information and/or consult your own professional adviser before investing.

Investment involves risks. Past performance of and the predictions, projections, or forecasts on the economy, securities markets or the economic trends of the markets are not necessarily indicative of the future or likely performance of Eastspring Investments or any of the funds managed by Eastspring Investments.

Information herein is believed to be reliable at time of publication. Data from third party sources may have been used in the preparation of this material and Eastspring Investments has not independently verified, validated or audited such data. Where lawfully permitted, Eastspring Investments does not warrant its completeness or accuracy and is not responsible for error of facts or opinion nor shall be liable for damages arising out of any person's reliance upon this information. Any opinion or estimate contained in this document may subject to change without notice.

Eastspring Investments companies (excluding joint venture companies) are ultimately wholly-owned/indirect subsidiaries of Prudential plc of the United Kingdom. Eastspring Investments companies (including joint venture companies) and Prudential plc are not affiliated in any manner with Prudential Financial, Inc., a company whose principal place of business is in the United States of America or with the Prudential Assurance Company Limited, a subsidiary of M&G plc (a company incorporated in the United Kingdom).

Sources

Page 1 (Charts) Chart 1: LSEG Datastream, 18 April 2025, Chart 2 : LSEG Datastream, 18 April 2024, Chart 3 : Bloomberg, 18 April 2025

Page 4 (top chart): Eastspring Investments, Refinitiv, as at 11 April 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 4 (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.

Pages 5 and 6: Eastspring Investments, Refinitiv, as at 11 April 2025. 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.



A Prudential plc company 

Eastspring Investments (Singapore) Limited

7 Straits View #09-01 Marina One East Tower
Singapore 018936

Tel: +65 6349 9100

Bangkok | Chicago | Ho Chi Minh City | Hong Kong | Jakarta | Kuala Lumpur | Luxembourg | Mumbai | Seoul | Shanghai | Singapore | Taipei | Tokyo