

CIO Views – Weekly Bulletin

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What's top of investors' minds?

Just a bad dream or quiet before the storm?

Markets have recovered sharply from their post-April 2 lows. The S&P 500 has risen 10.9% from its April low pushing its 12m forward P/E up from 18x - close to its 35y average - to 20.1x, vs. still below average Asian valuations. MSCI China has bounced 10.8%, MSCI ASEAN has risen 11.6%, and Japan's Topix has jumped 15.8% from their April lows.

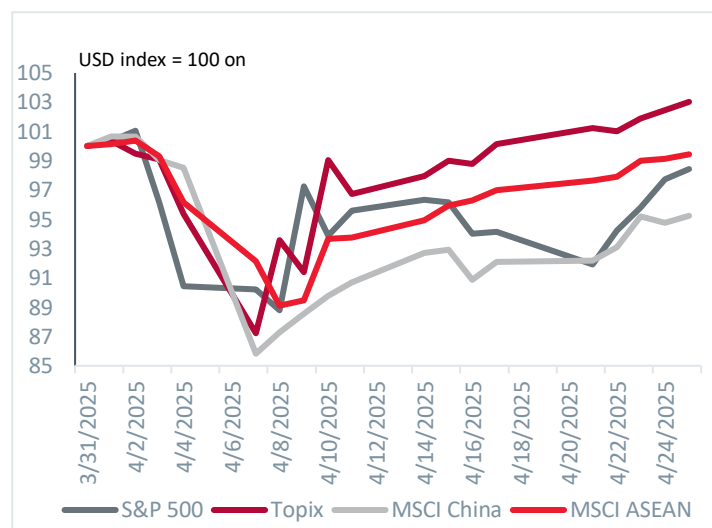
US President Trump's backdowns from some of the extremes of his April 2 tariff announcements explain much of the recoveries. Strong earnings surprise of +10% for the 178 S&P 500 companies that have reported Q1 earnings so far has contributed to a small increase in 12m forward earnings estimates.

Macro data have also been supportive. The S&P flash manufacturing PMI rose in April to 50.7 from 50.2, aircraft orders produced a surge in US durable goods orders to a new high, and, crucially, still very low initial jobless claims suggest US employment growth remained healthy in April at 130k – 150k. Away from the US, Japan's Jibun composite PMI rose to 51.1 in April from 48.9 in March. Chinese Q1 GDP growth a better than expected 5.4% and the April Politburo meeting reiterated the government's focus on stimulus for the economy.

We continue to counsel caution, particularly toward US equities. At the start of the month we noted that the impact of tariffs on macro data (and earnings) would likely come only from May/June and mainly from late Q3. The US effective tariff rate remains above 20% - an over 2% of GDP tax hike from 2024 - even after Trump's tariff delays and exemptions. If trade deals produce an end-game tariff regime of "only" 60% on China and 10% on the rest of US imports it would equate to about a 14% increase in the US effective tariff rate, i.e. a still huge 1.6% of GDP tax hike. We continue to estimate this will cut US GDP growth to under 1% this year. As such, we remain focused on countries where stimulative policy is working to offset tariffs: India, China, and Japan stand out in Asia.

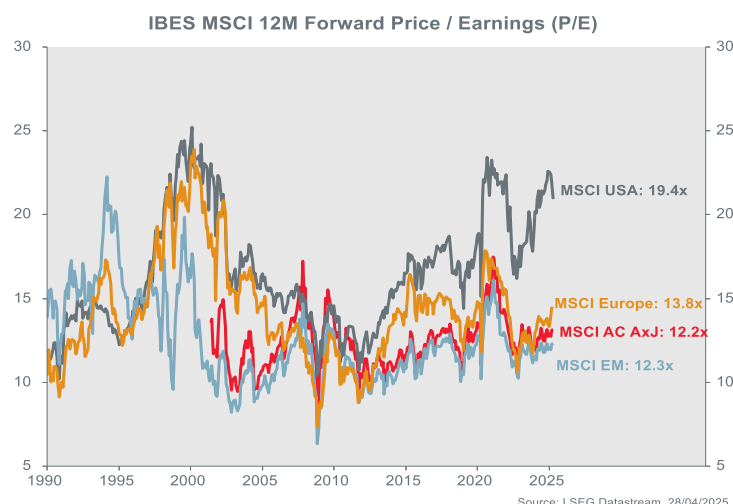
#EM equities #equities #investor sentiment

Japan and ASEAN have outperformed the US in the recent rally in USD terms



Source: Bloomberg, 25/4/2024

US equities remain very expensive vs. their history while Asia is slightly cheap



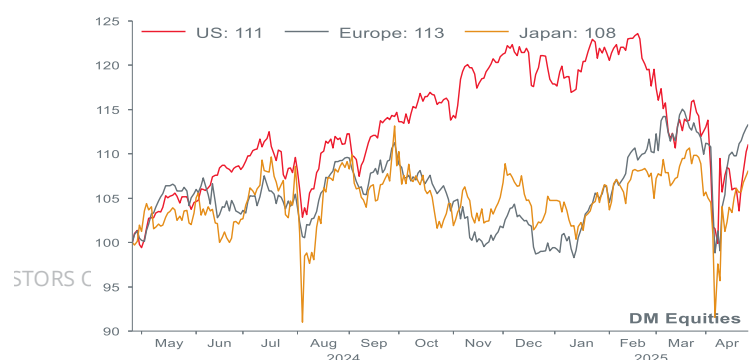
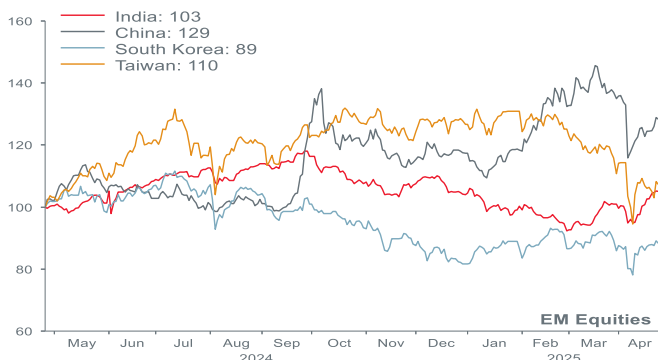
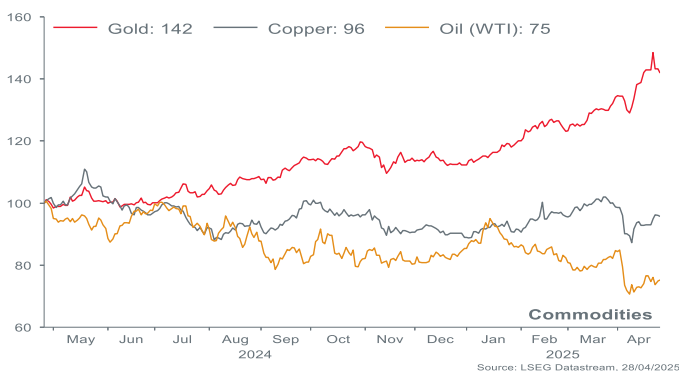
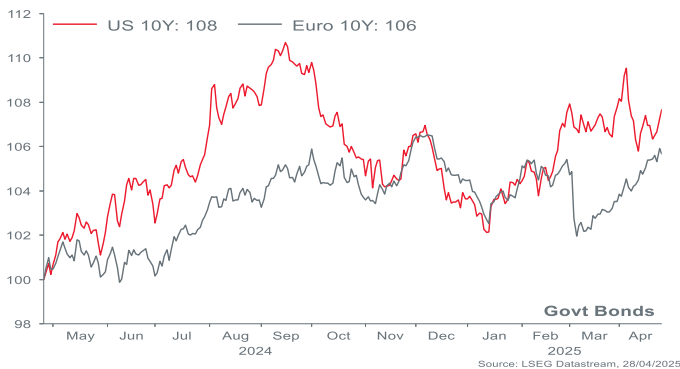
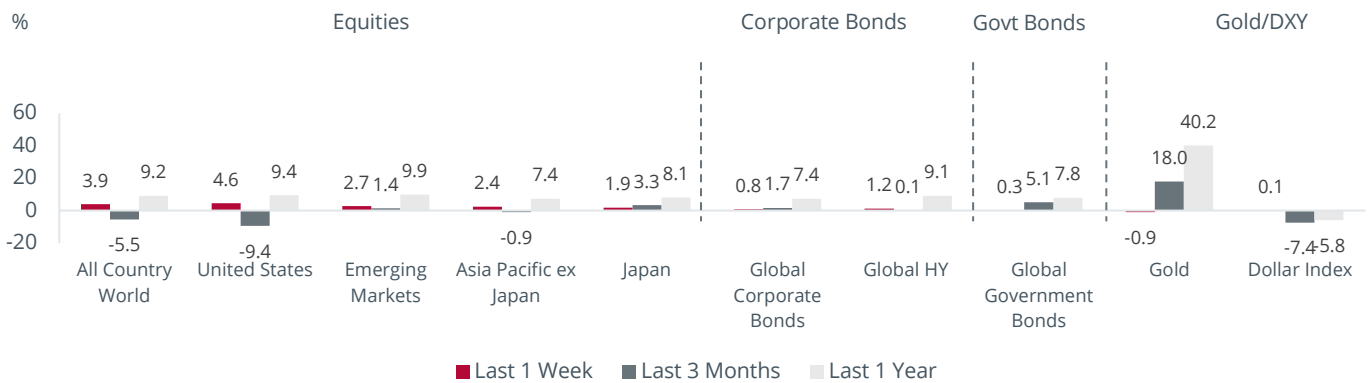
Source: LSEG Datastream, 28/04/2025

Market Review

Global equities returned 4.0% over the past week. The S&P 500 returned 4.6%, Asia ex-Japan equity index returned 2.4%, Japan equities rose 1.9%, EM equities was up by 2.7% and China equities nudged up 0.5%. The Global Aggregate Bond index returned 0.8%. The yield on 10Y US treasuries declined by 9bps and the 5Y/30Y yield spread flattened by 2bps. The yield on 10Y Singapore govt bonds declined by 7bps. US investment grade credit spreads tightened by 7bps and Asia Credit spreads tightened by 11bps.

The Dollar was mostly stronger against major currencies and Asian currencies were mostly weaker against the Dollar as ADXY index moved 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)	824.74	3.95	-3.37	-5.52	9.15	-1.97	887.72	742.96
North America								
US S&P 500 Index	5,525.21	4.59	-4.35	-9.44	9.44	-6.06	6,147.43	4,835.04
US Nasdaq Composite Index	17,382.94	6.73	-4.86	-12.89	11.35	-9.98	20,204.58	14,784.03
Europe								
MSCI Europe	2,254.48	2.95	-0.97	6.02	9.62	12.56	2,309.45	1,976.06
Asia Pacific								
MSCI Asia Pacific ex Japan	570.65	2.40	-2.89	-0.86	7.35	0.22	629.66	513.60
Japan Nikkei 225	35,705.74	2.81	-5.49	-10.58	-5.11	-10.50	42,426.77	30,792.74
Shanghai Stock Exchange Composite	3,295.06	0.56	-2.22	1.30	7.93	-1.69	3,674.40	2,689.70
Hong Kong Hang Seng	21,980.74	2.74	-5.84	9.54	27.17	9.58	24,874.39	16,441.44
Taiwan TAIEX	19,872.73	2.46	-10.78	-15.53	0.08	-13.73	24,416.67	17,306.97
Korea KOSPI	2,546.30	2.53	-2.66	0.37	-3.13	6.12	2,896.43	2,284.72
India NIFTY 50	24,039.35	0.79	1.57	4.10	6.51	1.67	26,277.35	21,281.45
Australia Stock Exchange 200	7,968.20	1.91	0.32	-5.24	3.71	-2.34	8,615.20	7,169.20
Indonesia Jakarta Composite	6,678.91	3.74	7.11	-6.80	-6.66	-5.66	7,910.56	5,882.61
Thailand SET	1,159.00	0.70	-2.19	-14.41	-15.05	-17.23	1,506.82	1,056.41
Malaysia FTSE Bursa KLSE	1,509.20	0.65	-0.29	-4.10	-3.83	-8.11	1,684.68	1,386.63
Philippines Stock Exchange PSE	6,268.75	2.19	1.77	-0.44	-4.66	-3.98	7,604.61	5,804.56
Singapore FTSE Straits Times Index	3,823.78	2.78	-3.31	0.51	16.30	0.96	4,005.18	3,198.44

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	4.27	-1.41	-0.97	-7.72	-9.35	-6.79	4.81	3.62
10 Year Bond Yield (%)								
Japan	1.34	4.30	-15.24	8.54	49.16	21.92	1.59	0.77
China	1.67	1.03	-12.18	2.02	-26.59	-0.89	2.32	1.61
Australia	4.20	-0.85	-5.19	-6.33	-4.55	-3.82	4.70	3.82
Singapore	2.50	-2.46	-9.99	-14.75	-27.12	-12.76	3.45	2.41
Thailand	NULL	NULL	NULL	NULL	NULL	NULL	2.83	2.07
Malaysia	3.67	-0.57	-2.47	-3.60	-8.18	-3.85	4.01	3.66
Indonesia	6.92	-0.22	-3.98	-0.55	-2.86	-1.48	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	94.36	0.34	0.73	0.95	3.14	0.64	96.21	91.49
Bloomberg U.S. Aggregate USD	92.00	0.67	0.12	1.83	4.69	1.74	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	-0.24	5.31	8.30	5.92	9.77	1.15	1.02
GBP	-0.20	0.15	2.87	6.69	6.40	6.42	1.34	1.22
CHF	0.10	1.42	-6.20	-8.60	-9.23	-8.75	0.92	0.81
JPY	0.74	1.06	-4.16	-7.89	-7.70	-8.60	161.68	140.60
Asia								
CNY	-0.02	-0.18	0.41	0.59	0.65	-0.18	7.35	7.01
HKD	-0.02	-0.06	-0.23	-0.39	-0.91	-0.14	7.83	7.75
INR	0.10	-0.06	-0.24	-0.95	2.48	-0.20	87.63	83.06
MYR	-	-0.91	-1.44	-0.11	-8.46	-2.19	4.77	4.12
KRW	0.56	0.97	-1.75	0.66	4.81	-2.67	1,485.83	1,308.30
SGD	0.34	0.34	-1.51	-2.28	-3.23	-3.67	1.37	1.28
TWD	0.32	-0.15	-1.57	-0.60	-0.04	-0.76	33.25	31.58
IDR	-0.24	0.03	1.42	4.05	3.95	4.57	16,865.00	15,095.00

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Sources

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.

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