

# CIO Views – Weekly Bulletin



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## What's top of investors' minds?

### 1. Still waiting for Trump

US President Trump has been inaugurated, uncertainty about the full extent of his tariff policy has given equity and forex markets a potentially temporary reprieve.

- ▶ He has so far announced an intention to impose a 25% tariff on Canada and Mexico from February 1. If upheld, this would affect China and Asia through its recent use of Mexico as a supply chain throughway to the US. However, Trump may be willing to forgo these tariffs on Mexico if it comes to an agreement with him on drug and immigration flows into the US.
- ▶ In contrast, he called for new analysis of US trade practices with China and other major trading partners before deciding on tariff policy. Although this does not rule out his earlier rhetoric of a 60% tariff on China and a 10% - 20% broad tariff on all other trading partners, it may signal a willingness to try negotiation with these trade partners before taking action.
- ▶ Negotiation before action would be a less aggressive stance than we and markets have feared and may allow risky assets to rally somewhat and the USD to soften further. It would also lead markets to focus more heavily on the January CPI and employment data for pricing of the possibility of a Fed cut at its March meeting.

#useconomy #fed #employment #rates #tariffs

### 2. Asian FX: Focus on fundamentals for now

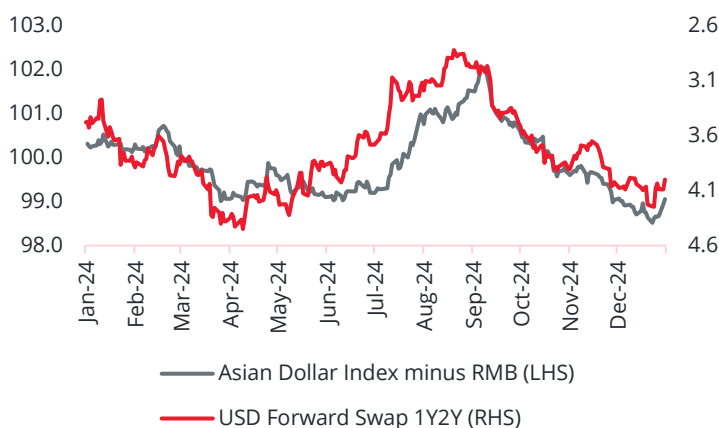
Asian FX is benefiting from the absence of new sweeping tariffs from Trump, trading on a mix of domestic fundamentals and a relief rally, as US yields have eased over the past week.

- ▶ All Asian currencies have recovered somewhat against the USD over the past week in response to the fall in US yields, led by the THB, JPY, and KRW. The IDR is the main exception.
- ▶ However, year-to-date performance is tracking domestic fundamentals. Bank Indonesia's surprise interest rate cut and dovish policy shift is weighing on the IDR. Expectations for cuts in India and the Philippines remain.
- ▶ In contrast, firming of market expectations for the Bank of Japan to hike 25bps this week is supporting the JPY. A risk is that the BoJ opts for a dovish hike in that guidance fails to match market expectations for the path of hikes.
- ▶ Similarly, Chinese government statements of support for the CNY and the failure of China's central bank to ease this month are giving China's currency what is likely to be temporary strength. KRW strength is probably mainly a relief rally in response to gradually moderating domestic political risk.

**Ultimately, the durability of this Asian FX refocus on domestic fundamentals will depend on US tariff policy.**

#asiaequity #asiabonds #chinaequities #gemequities

### Asian Dollar Index vs USD Swap



Source: Bloomberg. As of 21 January 2025.

### YTD change vs USD (%)



Source: Bloomberg. As of 21 January 2025.

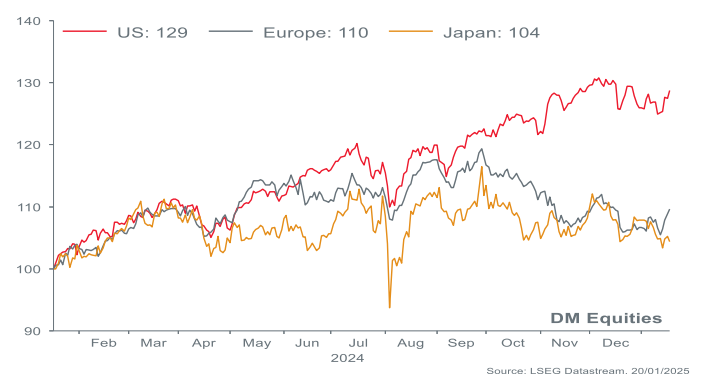
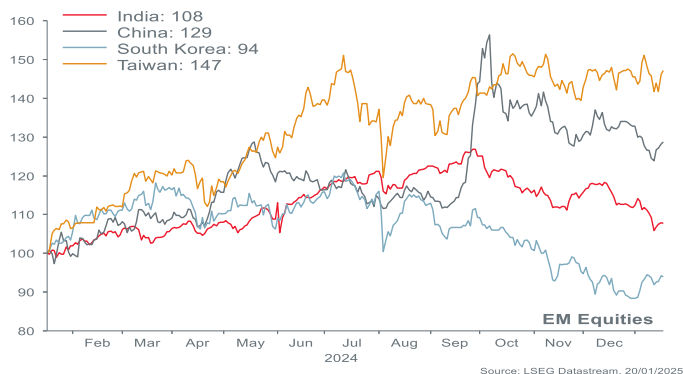
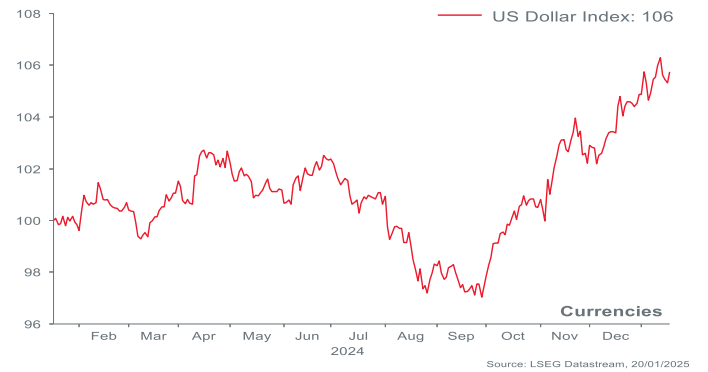
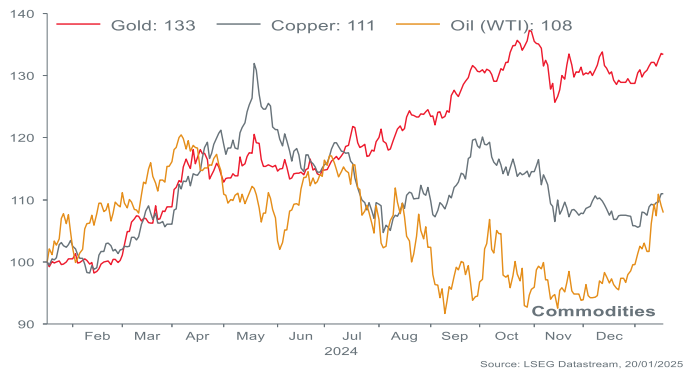
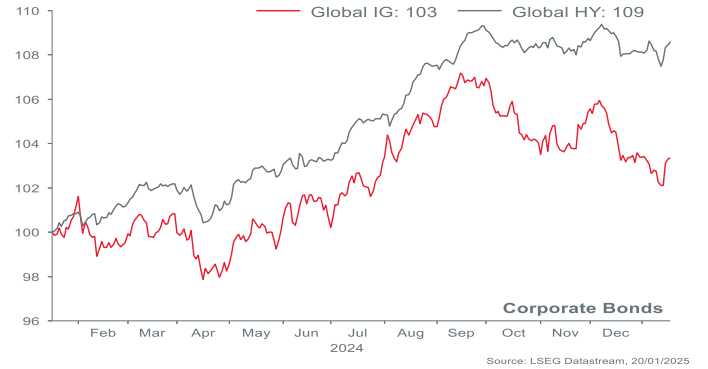
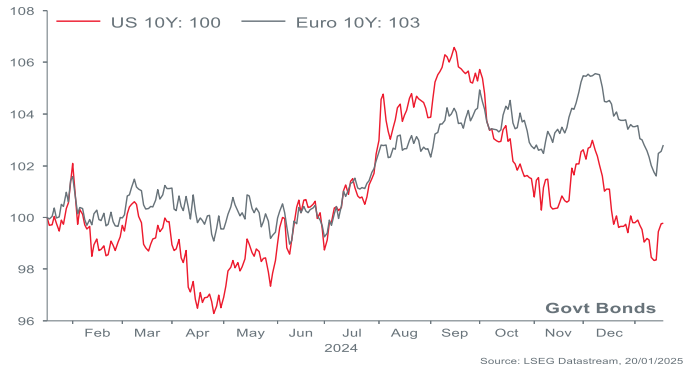
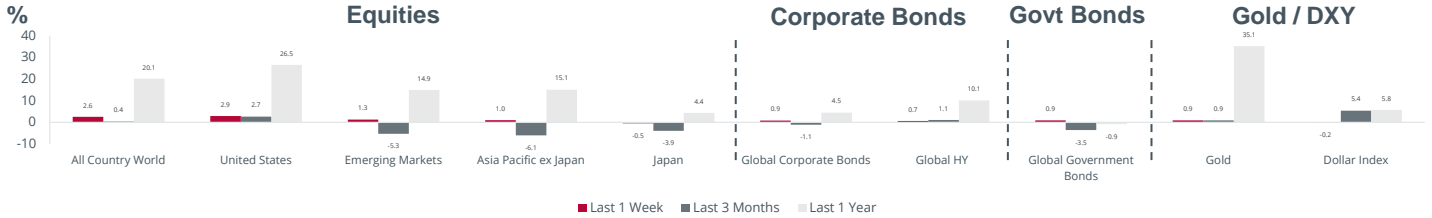
## MARKET REVIEW

Global equities returned 2.6% over the past week. The S&P 500 returned 2.9%, Asia ex-Japan equity index returned 1.1%, Japan equities -1.4%, EM equities 1.3% and China equities 2.1%. The Global Aggregate Bond index returned 0.9%. The yield on 10Y US treasuries declined by 13bps and the 5Y/30Y yield spread steepened by 5bps. The yield on 10Y Singapore gov't bonds declined by 6bps.

US investment grade credit spreads widened by 0bps and Asia Credit spreads tightened by 4bps.

The Dollar was mostly weaker against major currencies as the Dollar index DXY moved by -0.3% and Asian currencies were mostly stronger 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)	855.23	2.56	-1.02	0.37	20.10	1.65	873.73	712.11
North America								
US S&P 500 Index	5,996.66	2.91	-0.89	2.66	26.53	1.96	6,099.97	4,714.82
US Nasdaq Composite Index	19,630.20	2.45	-2.38	6.84	32.14	1.65	20,204.58	14,706.23
Europe								
MSCI Europe	2,057.66	2.86	0.05	-4.90	6.07	2.73	2,250.56	1,939.94
Asia Pacific								
MSCI Asia Pacific ex Japan	565.12	1.00	-2.52	-6.06	15.06	-0.75	629.66	491.14
Japan Nikkei 225	38,451.46	-1.89	-2.32	-1.18	8.38	-3.62	42,426.77	31,156.12
Shanghai Stock Exchange Composite	3,241.82	2.31	-3.56	2.29	14.41	-3.28	3,674.40	2,635.09
Hong Kong Hang Seng	19,584.06	2.73	-0.59	-2.47	28.19	-2.37	23,241.74	14,794.16
Taiwan TAIEX	23,148.08	0.59	0.57	0.41	34.88	0.49	24,416.67	17,151.58
Korea KOSPI	2,523.55	0.31	2.72	-3.29	3.60	5.17	2,896.43	2,360.18
India NIFTY 50	23,203.20	-0.97	-4.65	-6.25	7.56	-1.87	26,277.35	21,137.20
Australia Stock Exchange 200	8,310.40	0.20	-0.04	-0.55	12.41	1.85	8,514.50	7,322.00
Indonesia Jakarta Composite	7,154.66	0.93	-0.04	-7.50	-0.64	1.06	7,910.56	6,698.85
Thailand SET	1,340.63	-2.00	-3.94	-10.33	-2.90	-4.26	1,506.82	1,273.17
Malaysia FTSE Bursa KLSE	1,566.72	-2.23	-1.92	-4.55	5.06	-4.60	1,684.68	1,477.05
Philippines Stock Exchange PSE	6,352.12	-2.22	-2.30	-14.16	-3.35	-2.71	7,604.61	6,158.48
Singapore FTSE Straits Times Index	3,810.78	0.24	0.29	5.12	21.28	0.61	3,886.98	3,092.40
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	-3.41	5.15	12.57	12.35	0.74	4.81	3.62
10 Year Bond Yield (%)								
Japan	0.96	0.42	11.21	24.35	96.40	9.59	1.25	0.61
China	2.12	1.22	-4.50	-20.81	-34.12	-1.49	2.52	1.61
Australia	4.29	-0.86	4.37	5.82	6.65	2.89	4.70	3.82
Singapore	2.82	-2.24	5.40	7.82	2.21	3.64	3.45	2.41
Thailand	2.39	1.91	5.71	-0.82	-12.55	5.95	2.83	2.24
Malaysia	3.83	0.16	0.08	-0.08	-1.21	0.21	4.01	3.69
Indonesia	6.64	-0.25	1.23	7.23	6.65	1.84	7.30	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	-0.26	0.26	-2.08	-5.17	-5.61	-0.79	1.12	1.02
GBP	-0.62	-0.34	-4.30	-6.51	-4.02	-2.78	1.34	1.22
CHF	0.48	-0.16	2.50	5.68	5.87	0.85	0.92	0.84
JPY	0.76	-0.88	1.84	4.06	5.50	-0.56	161.68	140.60
Asia								
CNY	-0.09	-0.11	0.55	2.83	1.79	0.35	7.33	7.01
HKD	-0.01	-0.02	0.21	0.16	-0.45	0.23	7.84	7.76
INR	0.00	0.47	1.97	3.02	4.07	1.19	86.65	82.71
MYR	0.09	0.24	0.87	4.57	-4.48	0.81	4.80	4.12
KRW	0.02	-1.16	1.30	6.29	8.34	-1.41	1,476.78	1,308.30
SGD	0.25	-0.14	1.47	4.23	1.86	0.31	1.37	1.28
TWD	-0.05	-0.60	1.18	2.42	4.15	0.32	33.09	31.15
IDR	0.03	1.11	1.87	5.62	4.64	1.68	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	93.44	0.67	-0.94	-1.50	0.31	-0.34	96.21	91.49
Bloomberg U.S. Aggregate USD	90.25	0.97	-1.09	-2.44	-0.22	-0.20	94.86	87.88

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### Sources

**Page 2 (top chart):** Eastspring Investments, Refinitiv, as at [17 January 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 [17 January 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.



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