

CIO Views – Weekly Bulletin

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What's top of investors' minds?

Do markets sense an emerging tariff impact?

Although US equity markets rose 1.8% - 2.0% last week, the futures are down as we write, and Asian markets are extending last week's weakness. Importantly, all of the US' gains came from higher valuations; Factset reports that earnings estimates fell 4% in April – May, an abnormally large cut for the period on average over the past 20 years. Earnings estimates have begun falling in most markets after gains earlier this year.

Market expectations may be shifting back to the narrative that US tariffs hurt growth. US imports fell sharply in April while personal spending slowed, while the household savings rate rose to a 15-month high. Asian exports for April reported so far showed a sharp bounce. However, this US import frontloading now risks a drop in demand later this year and there is a possibility that businesses may find themselves overstocked. US Treasury tariff revenue jumped higher in May after increasing only gradually through April, showing that tariffs are finally beginning to bite.

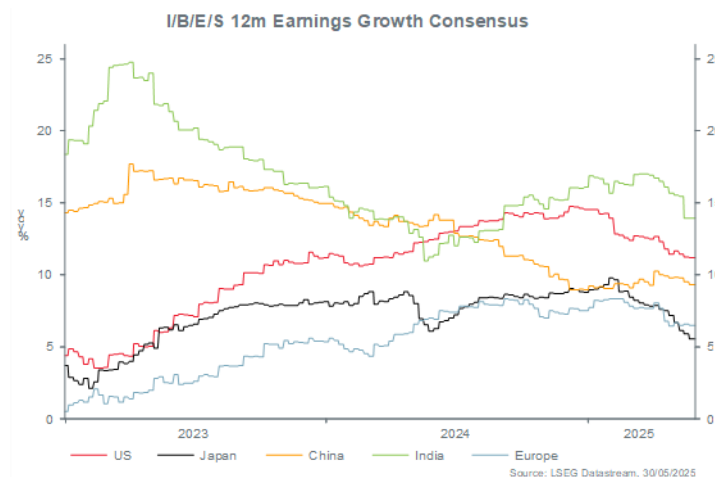
This acceleration in tariff-tax impact should continue. An appeals court issued a stay on the US Trade Court's ruling that President Trump's use of the IEEPA Act to impose tariffs was improper, leaving Trump's "fentanyl" and April 2 tariffs in place. Most important, Trump can easily invoke Sections 122, 232, 301, and 338 as alternatives to the IEEPA. Trump has also announced that he is doubling the tariff on steel imports to 50% while Treasury Secretary Bessent said that negotiations with China are "a bit stalled".

An increasing number of leading US companies has signaled that they will be increasing prices in the coming months. The lags from imports to inventory to retail shelves suggest US consumers will only begin to face meaningfully higher prices from June. If correct, this would imply the data for May released this month will still be "pre-tariff" and keep markets uncertain about the ultimate tariff impact on growth.

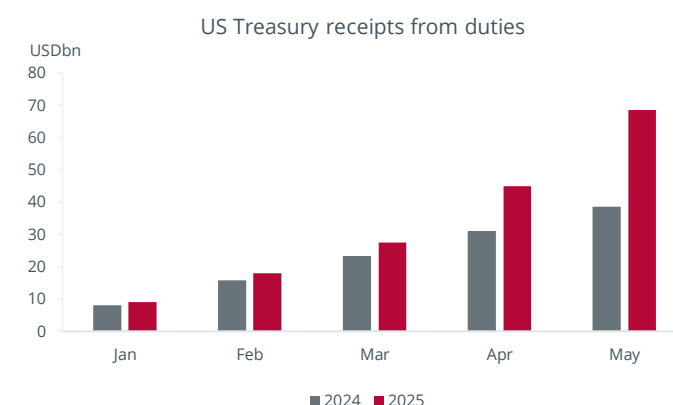
US May employment data may tilt the market's expectational bias. Payrolls data are notoriously noisy, but most indicators point to a drop in new jobs to 100k – 110k and a tick up in the unemployment rate. The employment component of the ISM surveys has softened, consumer sentiment has weakened on trend, NFIB hiring plans fell in the April survey, and the gap between the Conference Board Survey's "jobs plentiful" and "jobs hard to find" measures has fallen smartly.

These employment data may be particularly important for the USD. A rise in the US unemployment rate would likely increase market pricing for US interest rate cuts and reinforce the now consensus expectation for the USD to fall. In contrast, better than expected US employment should drive a USD bounce.

Earnings are being revised down

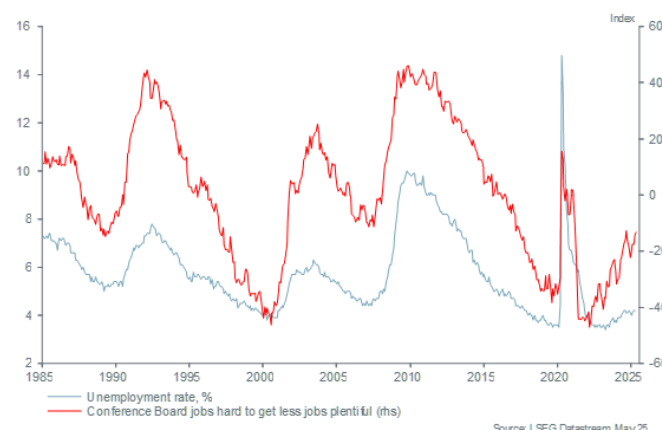


US tariff revenues accelerated in May



Source : Penn-Wharton Budget Lab, 2 June 2025

The "labour differential" points to higher unemployment

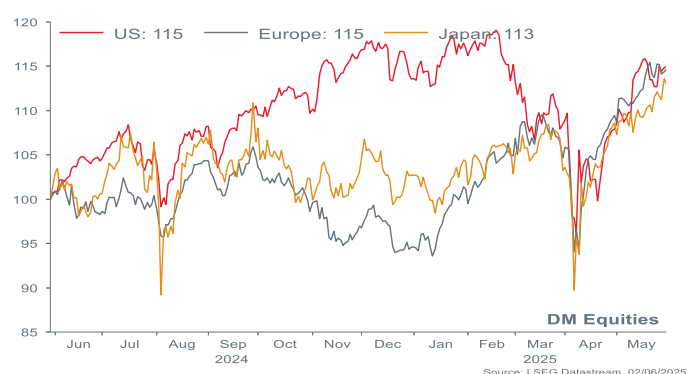
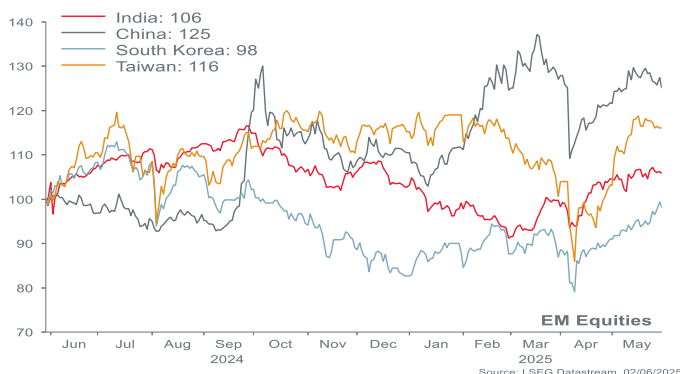
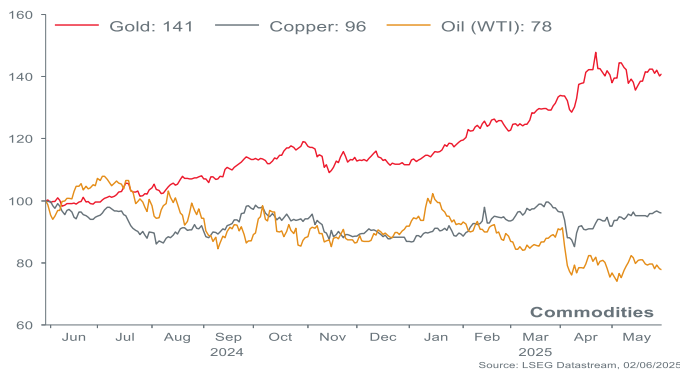
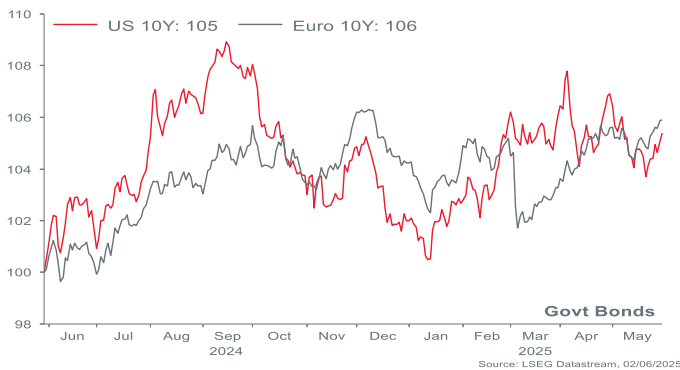
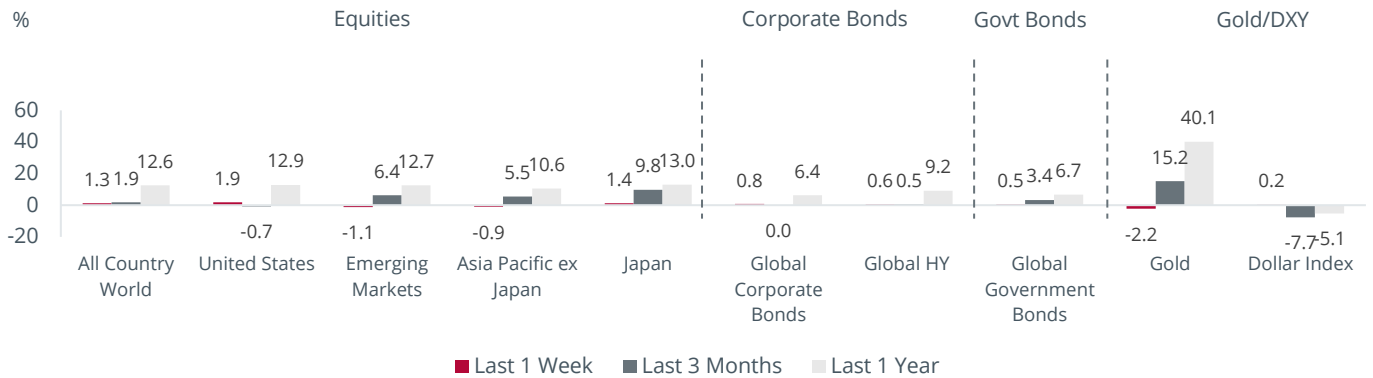


Market Review

Global equities returned 1.3% over the past week. The S&P 500 rose by 1.9%, while Asia Pacific ex-Japan and Emerging Market equities declined by -0.9% and -1.1% respectively. Within Asia, Japan equities rose 1.4% on a USD basis, while China equities was flat. The Global Sovereign Bond index rose by 0.5%. The yield on 10Y US treasuries declined by 11bps, whilst the yield on 10Y Singapore gov bonds declined by 1bp and the price of Gold declined by -2.2%.

The US Dollar was mostly stronger against major currencies, with the Dollar index DXY rising by 0.2%.

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)	879.50	1.31	5.51	1.92	12.59	4.54	887.72	742.96
North America								
US S&P 500 Index	5,911.69	1.88	6.15	-0.72	12.92	0.51	6,147.43	4,835.04
US Nasdaq Composite Index	19,113.77	2.01	9.56	1.41	14.20	-1.02	20,204.58	14,784.03
Europe								
MSCI Europe	2,370.53	0.69	3.78	7.02	10.95	18.35	2,390.94	1,976.06
Asia Pacific								
MSCI Asia Pacific ex Japan	608.94	-0.91	4.81	5.53	10.64	6.94	629.66	513.60
Japan Nikkei 225	37,965.10	2.17	5.33	2.18	-0.23	-4.84	42,426.77	30,792.74
Shanghai Stock Exchange Composite	3,347.49	-0.03	2.09	0.80	8.27	-0.13	3,674.40	2,689.70
Hong Kong Hang Seng	23,289.77	-1.32	5.29	1.52	27.75	16.10	24,874.39	16,441.44
Taiwan TAIEX	21,347.30	-1.41	5.50	-7.40	-0.08	-7.33	24,416.67	17,306.97
Korea KOSPI	2,697.67	4.07	5.52	6.51	2.36	12.43	2,896.43	2,284.72
India NIFTY 50	24,750.70	-0.41	1.71	11.87	10.06	4.68	26,277.35	21,281.45
Australia Stock Exchange 200	8,434.70	0.88	3.80	3.21	10.57	3.38	8,615.20	7,169.20
Indonesia Jakarta Composite	7,175.82	-0.53	6.05	14.44	2.01	1.36	7,910.56	5,882.61
Thailand SET	1,149.18	-2.31	-4.02	-4.53	-14.97	-17.93	1,506.82	1,056.41
Malaysia FTSE Bursa KLSE	1,508.35	-1.76	-2.07	-4.21	-5.98	-8.16	1,684.68	1,386.63
Philippines Stock Exchange PSE	6,341.53	-1.12	-0.21	5.73	-0.47	-2.87	7,604.61	5,804.56
Singapore FTSE Straits Times Index	3,894.61	0.31	1.62	-0.03	17.19	2.83	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	4.42	-2.06	5.82	4.47	-2.99	-3.47	4.81	3.62
10 Year Bond Yield (%)								
Japan	1.51	-2.65	14.93	9.83	42.36	37.81	1.59	0.77
China	1.70	0.83	4.55	-4.60	-26.34	1.19	2.32	1.61
Australia	4.29	-3.75	3.75	-0.35	-3.51	-1.85	4.70	3.82
Singapore	2.44	-1.81	-1.65	-11.15	-27.63	-14.79	3.37	2.39
Malaysia	3.54	-0.79	-3.25	-6.82	-9.59	-7.41	3.99	3.54
Indonesia	6.83	-0.03	-0.31	-1.37	-1.68	-2.73	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	94.03	0.61	-0.64	-0.76	2.27	0.29	96.21	91.94
Bloomberg U.S. Aggregate USD	91.51	0.82	-1.00	-1.08	2.85	1.19	94.86	88.97

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	-0.15	0.18	9.37	4.75	9.60	1.15	1.02
GBP	-0.21	-0.57	1.00	7.01	5.73	7.58	1.36	1.22
CHF	-0.01	0.16	-0.41	-8.93	-8.93	-9.34	0.92	0.81
JPY	-0.10	1.05	0.68	-4.36	-8.14	-8.36	161.68	140.60
Asia								
CNY	0.19	0.27	-0.98	-1.15	-0.45	-1.37	7.35	7.01
HKD	-0.02	0.10	1.09	0.80	0.29	0.93	7.84	7.75
INR	0.12	0.38	1.09	-2.25	2.66	-0.07	87.63	83.08
MYR	0.31	0.59	-1.37	-4.64	-9.55	-4.81	4.72	4.12
KRW	0.84	1.27	-2.93	-5.43	0.53	-6.42	1,485.83	1,308.30
SGD	0.30	0.55	-1.18	-4.44	-4.39	-5.46	1.37	1.28
TWD	0.27	-0.22	-6.65	-9.13	-7.65	-8.79	33.25	29.16
IDR	-	0.43	-1.87	-1.75	0.18	1.21	16,865.00	15,095.00

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Sources

Asset performances: (top chart) Eastspring Investments, Refinitiv, as at 30 May 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. **(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.

Market data: Eastspring Investments, Refinitiv, as at 30 May 2025. Equities: MSCI indices in USD, other indices in local currency. Other indices or assets as stated.

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