

CIO Views – Weekly Bulletin



A Prudential plc company



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What's top of investors' minds?

Which data matter headed into reciprocal tariffs?

Recent news suggests that the reciprocal tariffs President Trump plans to announce on April 2 will be targeted at countries with whom the US has large trade deficits. China, Vietnam, Taiwan, Japan, and South Korea are most exposed as is India because of its relative level of tariffs. However, the details of the tariffs and exemptions remain uncertain.

Against this background, recent US data suggest its economy is plodding along at about 1% growth in Q1. Employment growth remained solid through February and initial jobless claims have stayed low through mid-March despite a sharp rise in the Challenger layoff survey in February. Housing starts, building permits, and industrial production all rose more than expected in February. The main drags have been flat retail sales year-to-date and a surge in imports due to tariff front-loading.

Our bias is to expect US real economy data to continue to look decent through March, challenging recently bearish equity market sentiment. The problem is that these data no longer really matter, in our view, because they are largely pre-tariffs. We think that hard data will only begin to reflect the post-tariff economy from April and really from May and these will not be published until May and June respectively.

Markets now understand this, and many forecasters have cut their US GDP forecast from just over 2% at the start of the year to 1.5% - 1.8%. A good bit of bad news is now in prices.

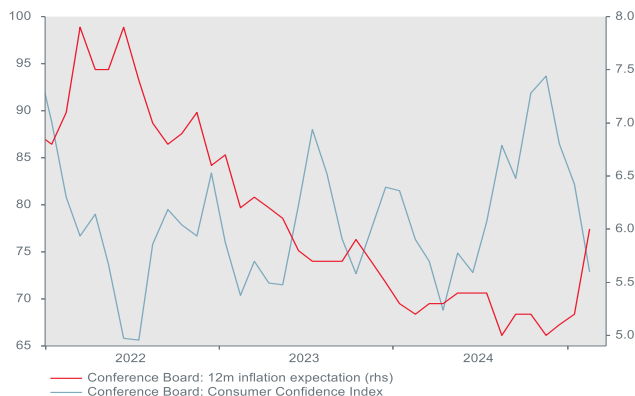
Our focus will be on the magnitude of change in the surveys – this week gives Conference Board Consumer confidence for March – and the S&P and ISM surveys. A challenge in interpreting their implications is that their correlation with the economy has weakened since the pandemic.

Initial jobless claims should be an early indicator and a rise to 350k or above would probably unsettle markets. We are also watching for a new Trump executive order revoking almost 500k immigrant work visas granted under the Biden administration that could shock the labour market.

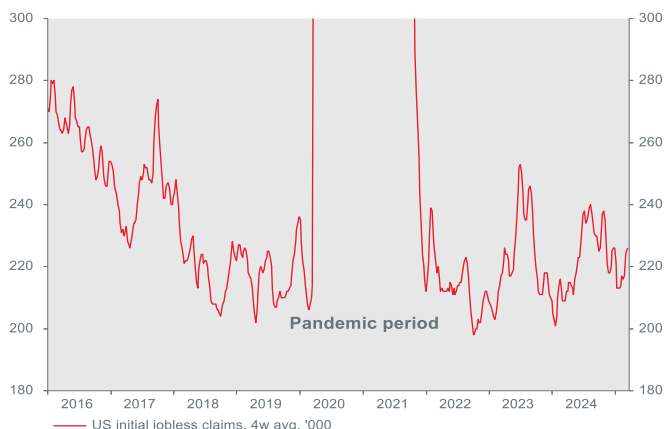
Asian export growth is another potential leading indicator, and this suggests weaker US ISM prints in the coming months.

#USEconomy #tariffs #equities #rates

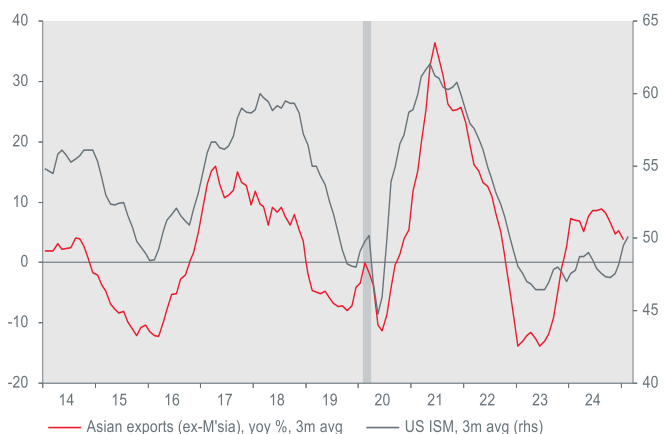
US consumer expectations down, inflation expectations up



US jobless claims suggest no crack in labour...yet



Asian exports suggest US ISM may soften into Q2



Source for charts: LSEG Datastream, March 2025

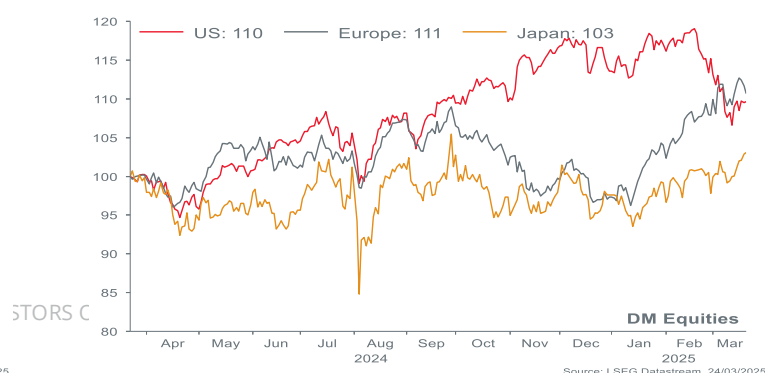
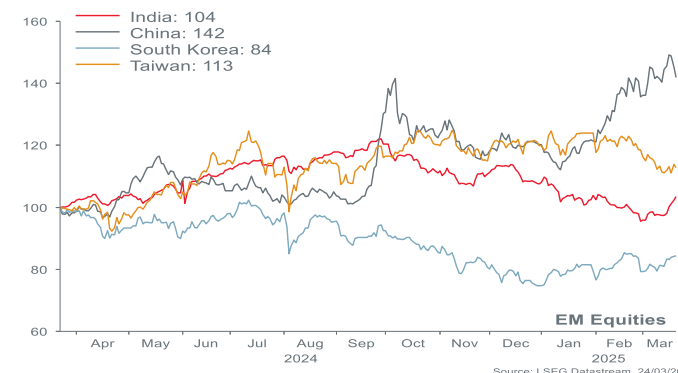
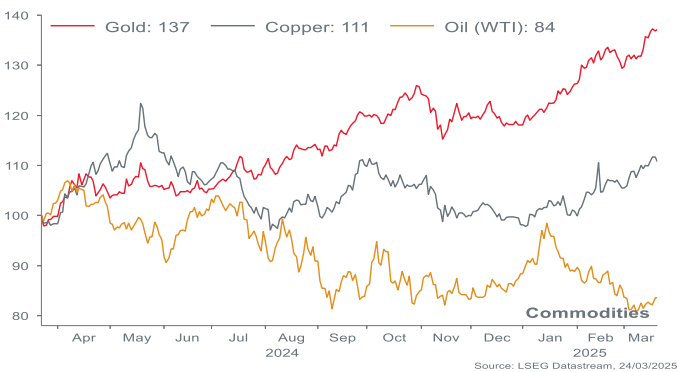
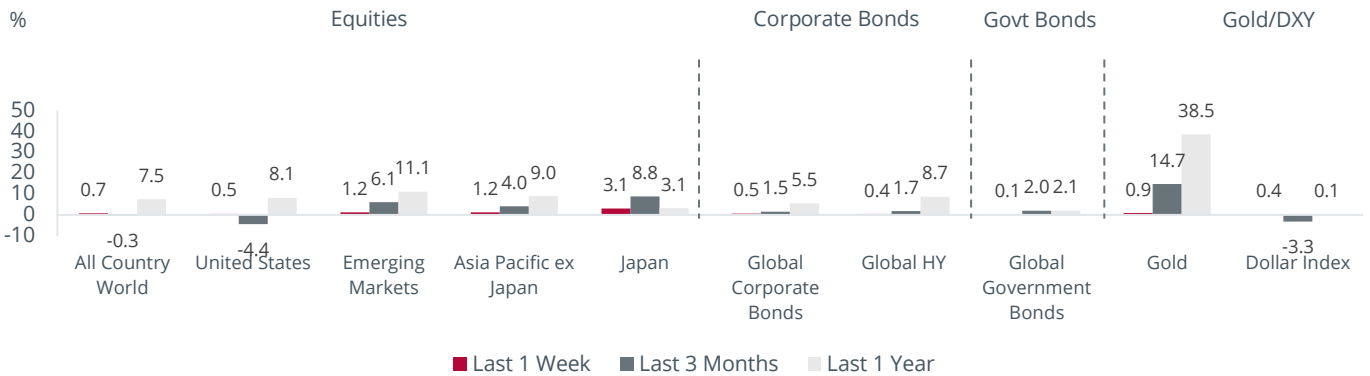
Market Review

Global equities gained 0.7% over the past week. The S&P 500 rose by 0.5%, the Asia ex-Japan index increased by 1.3%, Japan equities surged by 3.4%, EM equities climbed by 1.2%, while China equities fell by 2.3%. The Global Aggregate Bond index saw a 0.2% return.

The yield on 10-year US treasuries declined by 7bps and the 5-year/30-year yield spread steepened by 5bps. The yield on 10-year Singapore government bonds rose by 1bp. US investment grade credit spreads tightened by 3bps and Asia Credit spreads widened by 2bps.

The Dollar strengthened against most major currencies, with the Dollar index (DXY) rising by 0.4%. Asian currencies generally weakened against the Dollar, as reflected by a 0.2% decline in the ADXY index.

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) | 841.99 | 0.70 | -3.72 | -0.27 | 7.49 | 0.08 | 887.72 | 743.29 |
| North America | | | | | | | | |
| US S&P 500 Index | 5,667.56 | 0.51 | -5.75 | -4.44 | 8.13 | -3.64 | 6,147.43 | 4,953.56 |
| US Nasdaq Composite Index | 17,784.05 | 0.17 | -8.91 | -9.14 | 8.43 | -7.91 | 20,204.58 | 15,222.78 |
| Europe | | | | | | | | |
| MSCI Europe | 2,266.80 | -0.00 | 2.50 | 13.94 | 7.23 | 13.18 | 2,309.45 | 1,979.88 |
| Asia Pacific | | | | | | | | |
| MSCI Asia Pacific ex Japan | 588.57 | 1.18 | -2.23 | 4.03 | 8.96 | 3.37 | 629.66 | 514.71 |
| Japan Nikkei 225 | 37,677.06 | 1.68 | -2.84 | -2.65 | -7.69 | -5.56 | 42,426.77 | 31,156.12 |
| Shanghai Stock Exchange Composite | 3,364.83 | -1.60 | -0.42 | -0.10 | 9.35 | 0.39 | 3,674.40 | 2,689.70 |
| Hong Kong Hang Seng | 23,689.72 | -1.13 | 0.90 | 20.13 | 40.48 | 18.09 | 24,874.39 | 16,044.45 |
| Taiwan TAIEX | 22,209.10 | 1.10 | -6.41 | -1.34 | 9.95 | -3.59 | 24,416.67 | 19,291.88 |
| Korea KOSPI | 2,643.13 | 2.99 | -0.43 | 9.94 | -4.06 | 10.15 | 2,896.43 | 2,360.18 |
| India NIFTY 50 | 23,350.40 | 4.26 | 2.43 | -1.01 | 6.08 | -1.25 | 26,277.35 | 21,281.45 |
| Australia Stock Exchange 200 | 7,931.20 | 1.82 | -4.40 | -1.68 | 1.92 | -2.79 | 8,615.20 | 7,492.60 |
| Indonesia Jakarta Composite | 6,258.18 | -3.95 | -8.01 | -10.39 | -14.72 | -11.61 | 7,910.56 | 6,011.84 |
| Thailand SET | 1,186.61 | 1.09 | -4.78 | -13.07 | -14.49 | -15.25 | 1,506.82 | 1,157.96 |
| Malaysia FTSE Bursa KLSE | 1,505.45 | -0.44 | -5.38 | -5.40 | -2.33 | -8.33 | 1,684.68 | 1,478.84 |
| Philippines Stock Exchange PSE | 6,266.75 | -0.44 | 2.77 | -2.18 | -10.00 | -4.01 | 7,604.61 | 5,862.59 |
| Singapore FTSE Straits Times Index | 3,926.45 | 2.36 | -0.09 | 5.55 | 21.93 | 3.67 | 3,951.64 | 3,136.44 |

| 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 | 4.25 | -1.30 | -3.80 | -6.01 | -0.44 | -7.10 | 4.81 | 3.62 |
| 10 Year Bond Yield (%) | | | | | | | | |
| Japan | 1.53 | 0.13 | 7.02 | 45.24 | 104.70 | 39.27 | 1.57 | 0.71 |
| China | 1.92 | 0.68 | 10.11 | 13.17 | -16.26 | 14.05 | 2.32 | 1.61 |
| Australia | 4.40 | -0.52 | -2.48 | -1.92 | 7.45 | 0.78 | 4.70 | 3.82 |
| Singapore | 2.67 | 0.72 | -7.29 | -9.67 | -13.17 | -6.64 | 3.45 | 2.41 |
| Thailand | 2.07 | -3.05 | -10.02 | -7.81 | -19.02 | -9.03 | 2.83 | 2.07 |
| Malaysia | 3.74 | -0.64 | -1.58 | -2.91 | -2.96 | -2.15 | 4.01 | 3.69 |
| Indonesia | 7.19 | 3.05 | 5.98 | 1.87 | 8.59 | 2.45 | 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 | 93.90 | 0.36 | -0.16 | - | 0.89 | 0.15 | 96.21 | 91.49 |
| Bloomberg U.S. Aggregate USD | 92.21 | 0.49 | 0.88 | 1.83 | 2.46 | 1.97 | 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 | -0.34 | -0.60 | 3.40 | 3.69 | -0.42 | 4.45 | 1.12 | 1.02 |
| GBP | -0.35 | -0.11 | 2.28 | 2.78 | 2.07 | 3.25 | 1.34 | 1.22 |
| CHF | 0.14 | -0.23 | -1.63 | -1.11 | -1.60 | -2.66 | 0.92 | 0.84 |
| JPY | 0.36 | 0.46 | 0.01 | -4.54 | -1.52 | -5.01 | 161.68 | 140.60 |
| Asia | | | | | | | | |
| CNY | 0.01 | 0.15 | -0.02 | -0.65 | 0.68 | -0.69 | 7.33 | 7.01 |
| HKD | 0.01 | 0.01 | 0.05 | -0.02 | -0.62 | 0.07 | 7.84 | 7.76 |
| INR | -0.38 | -1.09 | -0.67 | 1.23 | 3.39 | 0.51 | 87.63 | 83.06 |
| MYR | -0.11 | -0.54 | 0.07 | -1.93 | -6.24 | -1.10 | 4.79 | 4.12 |
| KRW | -0.16 | 0.88 | 2.12 | 1.30 | 9.69 | -0.91 | 1,476.78 | 1,308.30 |
| SGD | 0.05 | 0.16 | -0.02 | -1.44 | -0.59 | -2.17 | 1.37 | 1.28 |
| TWD | -0.07 | 0.19 | 0.66 | 1.20 | 3.41 | 0.62 | 33.09 | 31.58 |
| IDR | 0.15 | 0.92 | 1.20 | 1.88 | 5.37 | 2.52 | 16,575.00 | 15,095.00 |

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Sources

Page 2 (top chart): Eastspring Investments, Refinitiv, as at 21 March 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.

Pages 3 and 4: Eastspring Investments, Refinitiv, as at 21 March 2025. Equities: MSCI indices in USD, other indices in local currency. Other indices or assets as stated.

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