CIO Views – Weekly Bulletin

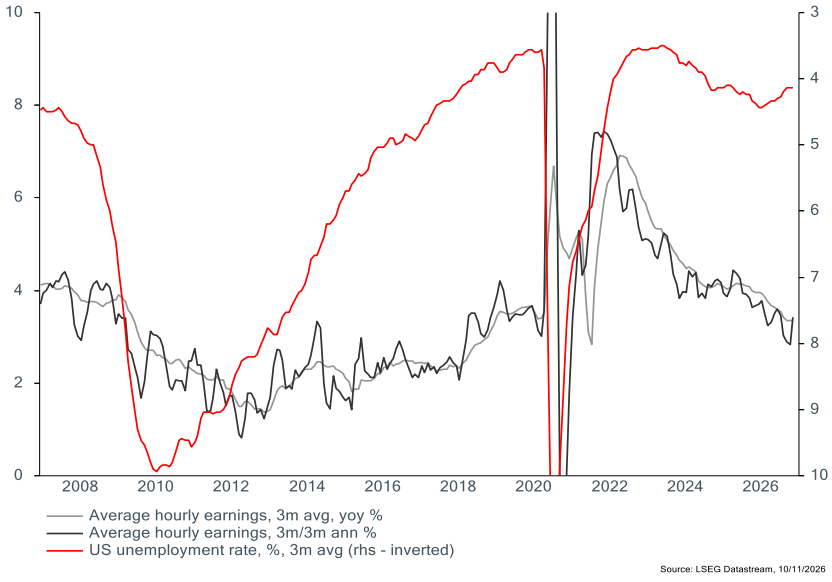
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US wages, the Fed, and the USD

Outlook for the Fed: focus on unemployment and wages

Last Friday's robust US labour market reports for October virtually confirm the Fed will raise the Fed Funds rate 25bps at its December meeting, in our view. Job growth was stronger than expected 165k pushing the three-month average for job gains to 137k/m. More important was the fall in the unemployment rate to 4.1% and the 0.4% mom rise in average hourly earnings, the strongest gain since January.

We highlighted last week that our focus now is on the unemployment rate and wage growth more than jobs per se. Although wage growth remains modest at 3.1% yoy, the fall in the unemployment rate suggests October's faster monthly wage growth could persist in the coming months. A string of 0.4% mom wage gains would imply an acceleration in the run rate of wage growth to over 4% and potentially close to 5% if it were persistent.



Despite this risk, the combination of lower equity and oil prices has led markets to reduce pricing for Fed hikes to only 21bps through year-end and a peak of 52bps through September next year. Markets should find some short-term relief from this risk if the market consensus expectation for October core CPI inflation of 0.2% mom, out today US time, proves correct.

Nonetheless, this week is rich with Fed speakers – Barkin, Waller, Logan, Schmid, Bowman, Paulson, Hammack, Barr, Daly, and Jefferson – and we expect the message to be guidance to a December hike with anything beyond that depending on how data on the economy turns out.

An effect of weaker equity reduce market pricing for Fed hikes has been that the rally in the USD has stalled. Looking forward, the willingness of the Trump Administration to agree to a settlement with Iran that makes shipping through the Strait of Hormuz easier and cheaper will be key to the USD outlook. We view the resounding Democratic Party victory in the US mid-term elections as putting

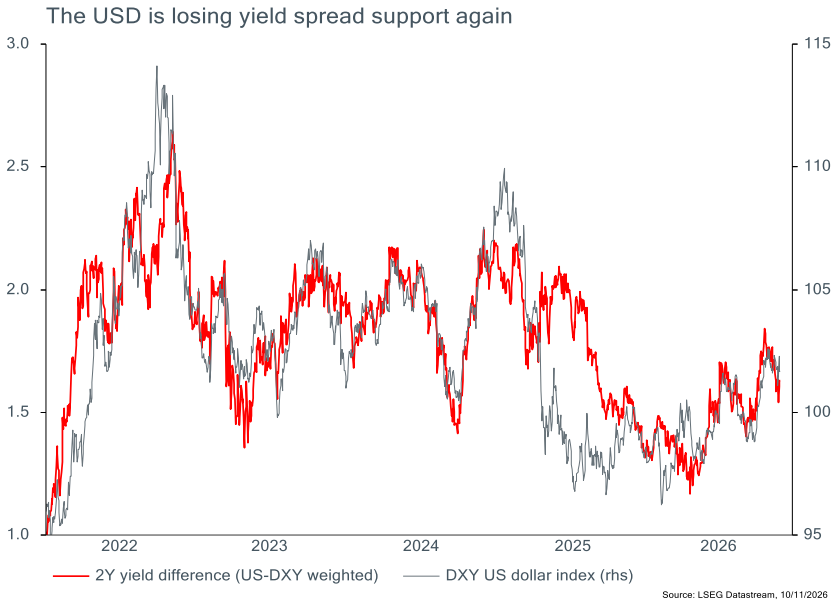

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pressure on President Trump to find a way out of the war. Trump's change of his Chief of Staff from Susie Wiles to Stephine Miller suggests that Trump is moving in this direction.

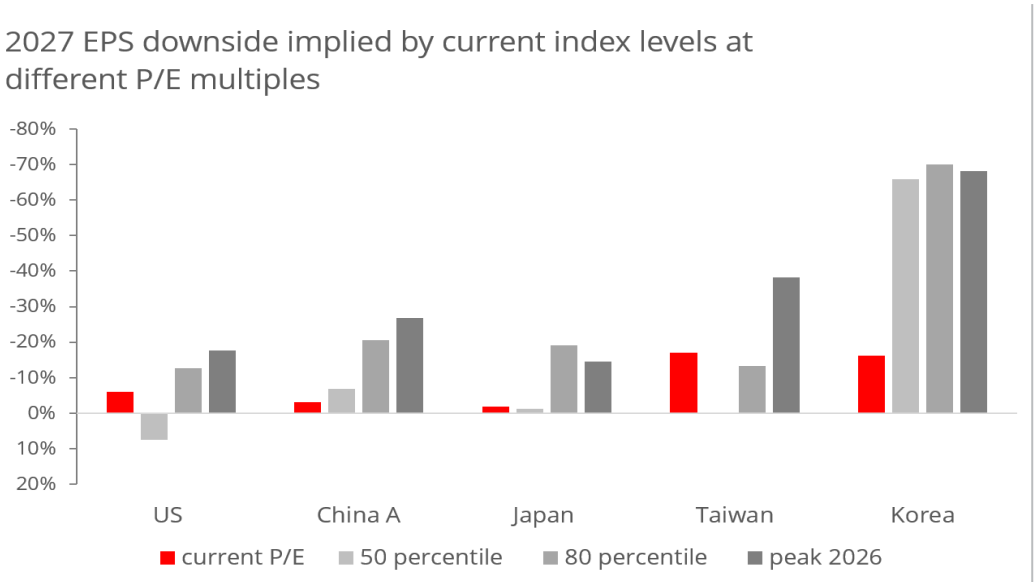


We continue to expect the USD to reverse lower versus the major currencies as 2027 progresses and for this to allow Asian currencies to recover. Lower energy prices should reduce US dollar demand and pressure on the Fed to hike rates while they should also help repair Asian trade balances by reducing imported energy deficits.

Assessing Asia tech sell-off

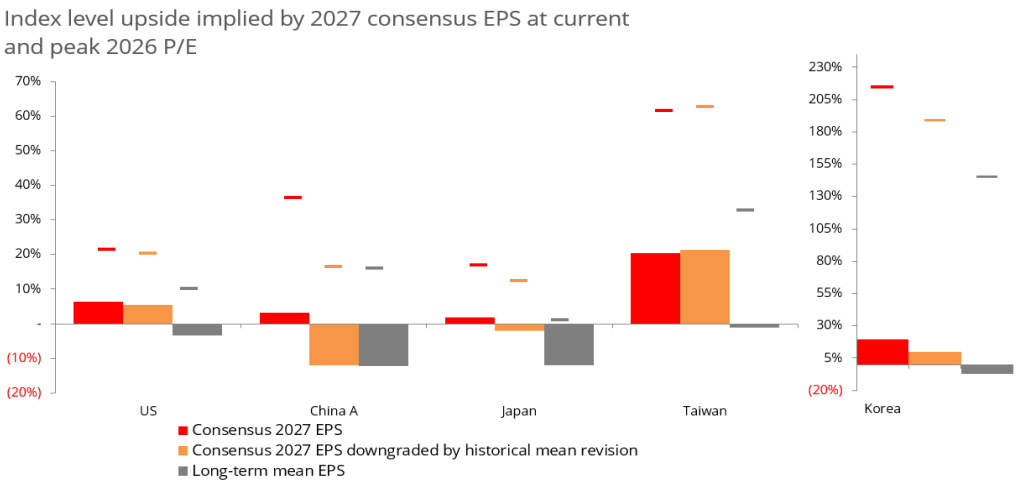
Asia's tech sell-off intensified over the past week, driven by concerns that rising financing costs and greater political pushback could slow the pace of AI infrastructure build-out. However, as we highlighted in the market reaction note, despite the Democrats' midterm election wins, the more likely outcome is delay to projects rather than widespread cancellations. Meanwhile, underlying AI demand remains robust and consensus earnings expectations remain exceptionally strong.

Against this backdrop, the sharp market correction has driven valuations substantially lower, creating an increasing disconnect between index levels and the current earnings outlook. At the current compressed P/E multiples, today's index levels imply earnings downgrades of around 16% for Korea and Taiwan in 2027, versus roughly 6% for the US. The earnings downgrades required to justify current index levels become substantially larger if valuations recover toward historical levels. In Korea, a recovery in the P/E to either its 2026 peak or its historical mean would imply a 70% downgrade to current 2027 earnings forecasts. Such an outcome looks excessive unless AI demand deteriorates much more sharply than in our base case.



Source: Eastspring Investments

This does not necessarily mean that markets are poised for an immediate rebound. Volatility is likely to remain elevated, and we recognise that current consensus earnings forecasts still embed considerable optimism. Nevertheless, the asymmetry is becoming more attractive. In contrast to the first chart which shows the earnings downgrades required to reconcile current index levels with different valuation assumptions, the chart below shows the corresponding index upside under alternative 2027 earnings scenarios. Taken together, they suggest that considerable earnings disappointment is already being priced into Asia's tech-heavy markets, while meaningful upside remains if the earnings cycle proves more resilient than current valuations imply.



Note: bars for current P/E; lines for peak 2026 P/E

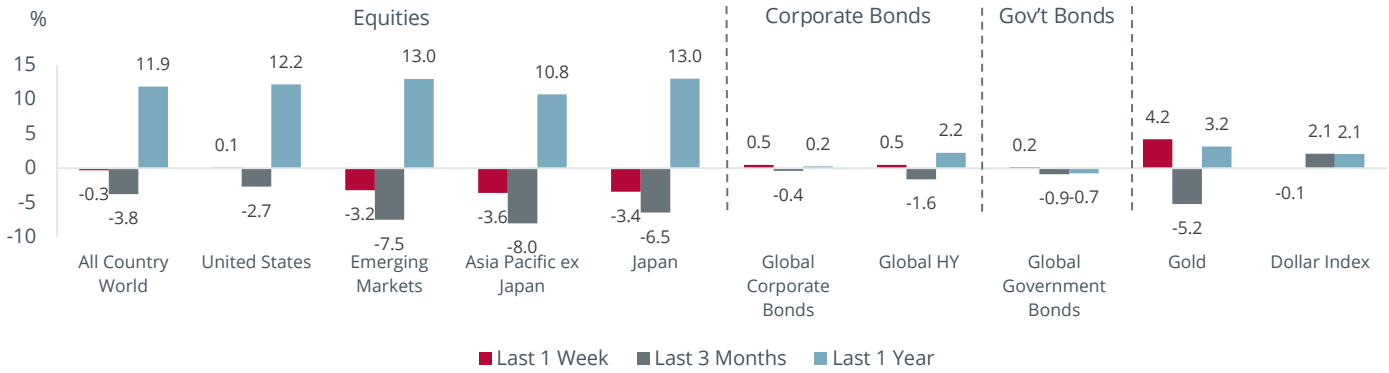
Source: Eastspring Investments

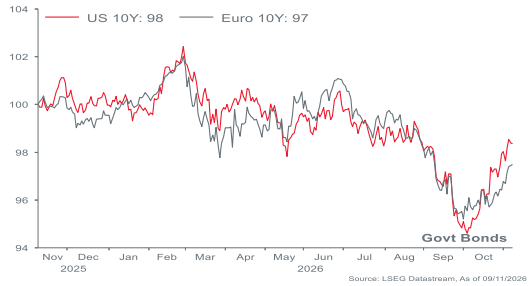
Market Review

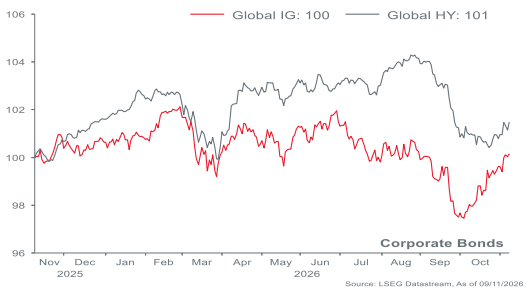
Global equities were broadly weaker over the past week, with the MSCI AC World Index declining -0.3%. US equities were near flat, with the S&P 500 up 0.1%. Emerging Markets lost -3.2%, while Asia Pacific ex Japan declined -3.6%. Japan was down 3.4% for the week.

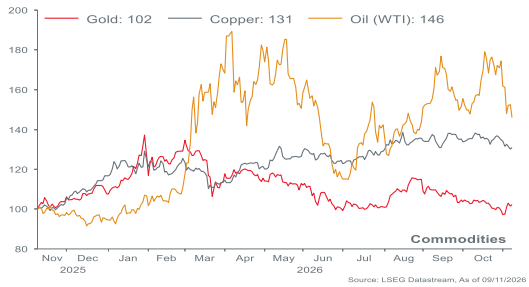
Gold rose 4.2%, while the US dollar index declined by 0.1%. Bond markets were positive with Global Corporate Bonds and Global High Yield bonds gaining 0.5% each, and Global Government Bonds rising 0.2%.

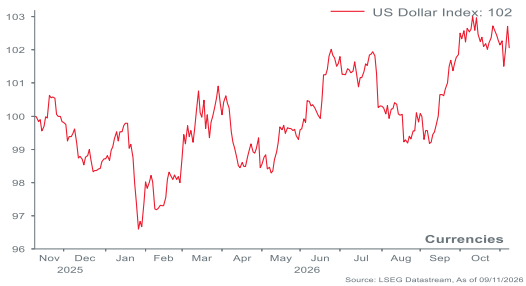
Asset Performance

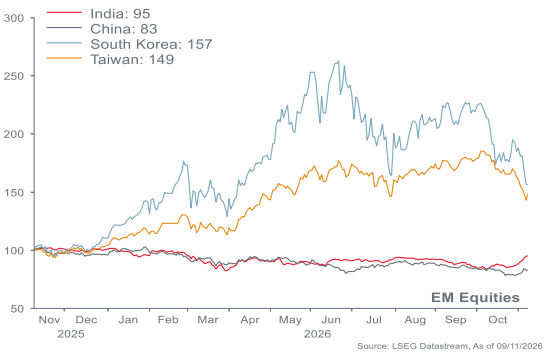


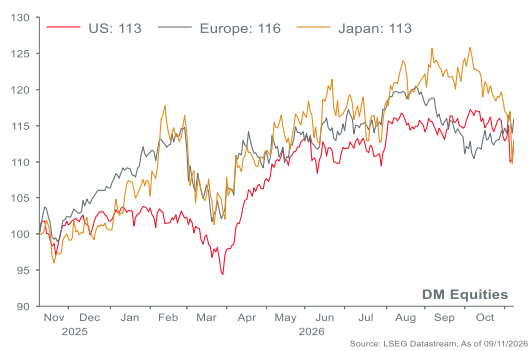












Market Data

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	4.86	-0.65	-7.28	4.38	18.79	17.07	5.31	3.96
10 Year Bond Yield (%)								
Japan	2.69	-3.86	-11.54	-4.71	58.81	28.89	3.11	1.69
China	1.60	-2.14	-6.98	-6.05	-8.99	-14.07	1.89	1.59
Australia	4.99	-2.53	-6.15	0.64	15.20	5.40	5.41	4.38
Singapore	2.09	-6.52	-14.49	-9.23	8.19	-5.88	2.62	1.91
Malaysia	3.85	-1.13	-2.54	2.98	9.97	10.19	4.19	3.43
Indonesia	7.69	-0.18	6.30	5.37	25.29	25.72	7.74	6.09

	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	92.34	0.42	1.67	-0.72	-2.91	-2.44	95.69	90.53
Bloomberg U.S. Aggregate USD	91.17	0.32	2.19	-0.91	-3.11	-3.08	95.21	88.78

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)	1,108.96	-0.32	-3.34	-3.78	11.87	9.30	1,160.81	960.87
North America								
US S&P 500 Index	7,549.94	0.11	-3.35	-2.68	12.20	10.29	7,844.52	6,316.91
US Nasdaq Composite Index	25,253.14	0.35	-7.72	-5.39	9.77	8.65	27,722.75	20,690.25
Europe								
MSCI Europe	2,802.11	1.11	3.99	-3.44	12.56	6.03	2,917.43	2,461.79
Asia Pacific								
MSCI Asia Pacific ex Japan	790.99	-3.60	-9.57	-8.03	10.76	9.53	925.80	684.96
Japan Nikkei 225	58,775.50	-6.83	-14.86	-10.41	16.90	16.76	72,831.75	48,235.30
Shanghai Stock Exchange Composite	3,660.79	0.63	-4.01	-7.09	-8.42	-7.76	4,258.86	3,574.27
Hong Kong Hang Seng	24,448.95	4.51	0.98	-4.75	-6.83	-4.61	28,056.10	22,518.00
Taiwan TAIEX	41,661.70	-7.25	-15.52	-5.80	50.67	43.84	49,968.92	26,395.98
Korea KOSPI	5,018.85	-14.34	-24.25	-19.81	26.94	19.09	9,385.59	3,833.35
India NIFTY 50	25,044.65	6.84	11.21	1.93	-1.76	-4.15	26,373.20	22,179.90
Australia Stock Exchange 200	9,029.70	1.96	3.59	-2.53	2.97	3.62	9,296.70	8,262.40
Indonesia Jakarta Composite	5,073.77	-0.45	-16.74	-20.84	-39.56	-41.32	9,174.47	4,824.36
Thailand SET	1,473.07	-2.26	-6.63	-8.62	13.06	16.94	1,657.55	1,232.40
Malaysia FTSE Bursa KLSE	1,616.58	-0.18	0.51	-6.87	-0.16	-3.78	1,771.25	1,592.57
Philippines Stock Exchange PSE	5,677.92	-0.04	-0.41	-9.74	-1.41	-6.20	6,673.61	5,564.47
Singapore FTSE Straits Times Index	5,179.17	-2.35	-4.12	-9.11	15.29	11.47	5,828.50	4,457.14

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	0.72	0.34	0.20	-2.90	-2.96	-4.44	1.20	1.11
GBP	0.68	0.26	1.58	-0.36	2.15	-0.24	1.38	1.31
CHF	-0.12	0.13	-1.28	1.46	1.83	3.43	0.84	0.76
JPY	-0.35	-0.03	-0.26	0.08	2.93	0.80	163.85	152.19
Asia								
CNY	-0.05	0.37	-0.29	-1.10	-6.31	-4.58	7.12	6.65
HKD	0.03	-0.06	-0.07	-0.03	0.84	0.77	7.85	7.77
INR	0.03	-1.02	-2.93	-1.34	5.97	4.54	96.82	88.44
MYR	-	-0.29	-0.66	-0.78	-2.80	-	4.16	3.88
KRW	-1.72	-0.43	-0.00	-4.78	-7.94	-6.96	1,559.08	1,323.60
SGD	-0.31	-0.02	-0.15	0.05	-1.72	-0.54	1.31	1.26
TWD	-0.01	0.49	2.65	1.63	5.80	4.56	33.07	30.98
IDR	-0.06	-0.39	1.09	1.03	8.33	8.40	18,175.00	16,615.00

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Sources

Asset performances: (bar charts) Eastspring Investments, Refinitiv, as of 9 November 2026. 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. **(line 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 of 9 November 2026. 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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