



CIO Views – Weekly Bulletin

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What's top of Investors' minds?

1. What's the backdrop as we consider further tariffs?

What are the possible outcomes of tariffs from an Asia perspective? The world and supply chains have moved on since the first Trump presidency, but risks undoubtedly persist.

▶ The geopolitical tensions during 2016-2020 and the advent of tariffs related to goods from China prompted a shift towards a China + 1 supply chain strategy to mitigate these impacts. This benefitted markets such as Vietnam and Thailand as well as India.

▶ Asia is currently the world's second most integrated trade region after the EU, with nearly 57% of trade value originating within the region – an increase of 3% over the past 20 years, in contrast to declines in other regions. Trade between ASEAN and China grew by 8.1% in early 2024. Several agreements, including the Regional Comprehensive Economic Partnership (RCEP) and the ASEAN-China Free Trade Agreement 3.0, are deepening these ties, with the latter focusing on the digital economy, clean energy, and climate change.

▶ Even with these changes, Asia remains highly connected to the US. ASEAN would need to balance trade with China with their ongoing relationship with the US. Recent tariffs focused on China + 1 markets have disrupted manufacturing as factories relocate from impacted markets.

We remain highly focused on the opportunities that exist within Asia and in particular ASEAN; and India. However, geopolitical uncertainty may hamper growth if supply chains become disrupted or commodity prices rise. This may fuel inflation. A key risk would be the in-sourcing of supply chains that may exclude markets in ASEAN.

#asiavalue #asiaopportunities

2. What now as we head into 2025?

The view around Fed cuts, growth and the backdrop for global trade and supply chains has taken a shock in the last few weeks.

▶ Earlier this year, the general expectation for a weaker USD was supported by a declining Dollar index (DXY). However, this trend had already reversed before Trump's victory, and further dollar strength seems likely.

▶ A far shallower Fed cycle is possible, along with further bouts of inflation and the broader impact of tariffs. The risk of rising tariffs impacting world trade and global economic output remains real.

▶ US bond yields have risen sharply into the US election on the back of a resilient US economy and expectations of a Trump 'win'.

Within Asia, we are focused on high quality bonds that can offer investors attractive total returns. Within GEM, Turkey and Argentina may benefit from the US election outcome.

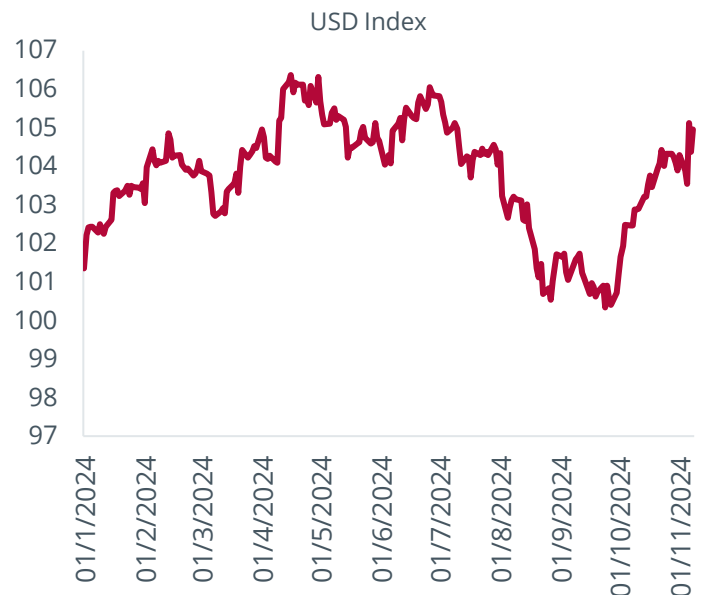
#gemdebt #Asianbonds #asiaselect

Trade within Asia has grown over the last 20 years



Source: The Evolution of the Global Trading System: How the Rise of Asia and Next Generation Challenges Will Shape the Future Economy. Asia Society Policy Institute. 2022. *Latest data available is 2019

Dollar strength signals a changing environment for 2025.

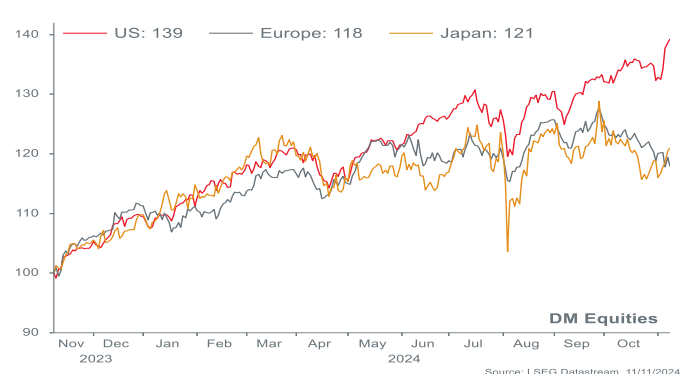
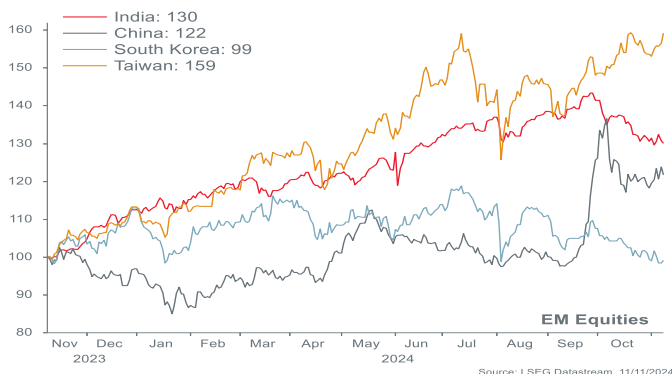
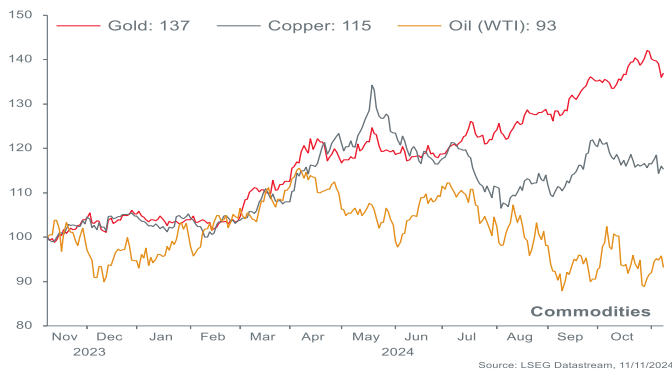
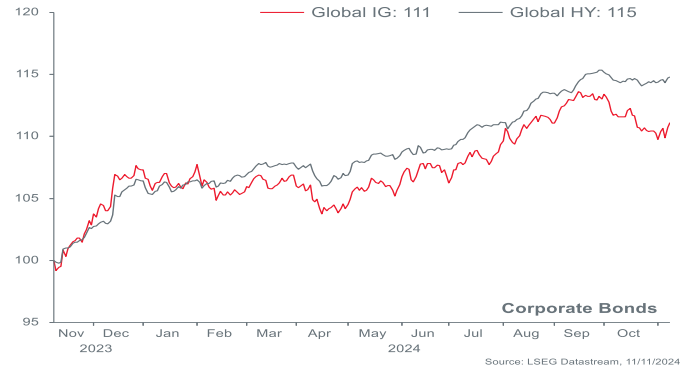
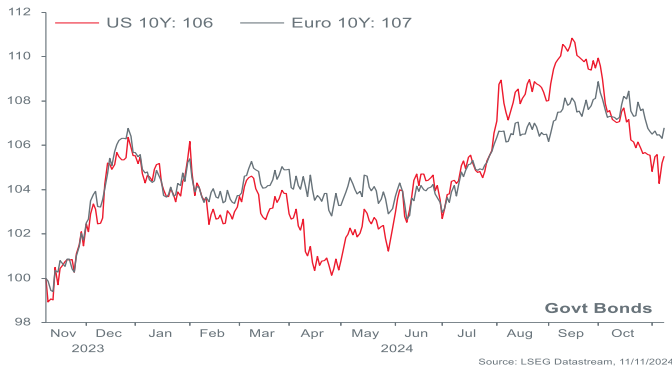
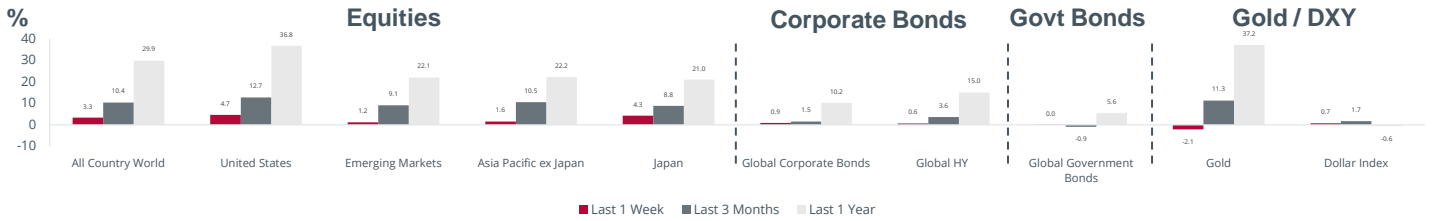


Source: Refinitiv 8 November 2024

MARKET REVIEW

Global equities returned 3.4% over the past week. The S&P 500 gained 4.7%, while the Asia ex-Japan equity index rose by 1.4%. Japan equities increased by 3.9%, emerging markets equities by 1.2%, and China equities by 5.5%. The US Federal Reserve cut rates by 25 bp. The Global Aggregate Bond index returned 0.2%, with the yield on 10-year US treasuries declining by 8 bp and the 5-year/30-year yield spread flattening by 8 bp. Additionally, the yield on 10-year Singapore government bonds decreased by 2 bp. US investment-grade credit spreads tightened by 9 bp, while Asia credit spreads tightened by 11 bp. The US Dollar strengthened against major currencies, with the Dollar index (DXY) moving up by 0.7%, and Asian currencies mostly weakened against the Dollar, with the Asian Dollar index (ADXY) falling by 0.6%.

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)	863.02	3.34	2.16	10.39	29.89	18.71	863.02	662.37
North America								
US S&P 500 Index	5,995.54	4.66	4.25	12.71	36.80	25.70	6,012.45	4,343.94
US Nasdaq Composite Index	19,286.78	5.74	6.07	15.77	41.29	28.48	19,318.56	13,506.02
Europe								
MSCI Europe	2,074.59	-1.87	-4.08	0.36	14.02	2.68	2,250.56	1,809.55
Asia Pacific								
MSCI Asia Pacific ex Japan	601.52	1.57	-1.50	10.54	22.22	13.73	629.66	486.68
Japan Nikkei 225	39,500.37	3.80	1.45	13.41	22.80	18.04	42,426.77	31,156.12
Shanghai Stock Exchange Composite	3,452.30	5.51	-1.07	20.29	13.10	16.05	3,674.40	2,635.09
Hong Kong Hang Seng	20,728.19	1.08	-0.95	22.71	17.99	21.59	23,241.74	14,794.16
Taiwan TAIEX	23,553.89	3.40	4.17	12.86	40.70	31.36	24,416.67	16,651.23
Korea KOSPI	2,561.15	0.74	-1.28	0.17	5.76	-3.55	2,896.43	2,386.96
India NIFTY 50	24,148.20	-0.64	-3.46	0.13	24.20	11.12	26,277.35	19,329.45
Australia Stock Exchange 200	8,295.10	2.17	1.45	7.98	18.58	9.28	8,384.50	6,948.80
Indonesia Jakarta Composite	7,287.19	-2.91	-3.57	1.28	7.10	0.20	7,910.56	6,698.85
Thailand SET	1,464.69	0.04	0.82	12.99	3.75	3.45	1,506.82	1,273.17
Malaysia FTSE Bursa KLSE	1,621.24	1.08	-0.88	1.94	11.23	11.45	1,684.68	1,425.01
Philippines Stock Exchange PSE	6,977.18	-2.32	-7.43	6.53	13.36	8.17	7,604.61	6,079.15
Singapore FTSE Straits Times Index	3,724.37	4.75	4.16	14.18	19.00	14.94	3,742.82	3,052.35
Government Bonds								
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	4.31	-1.26	6.77	7.78	-4.75	11.61	4.71	3.62
10 Year Bond Yield (%)								
Japan	1.00	5.93	8.10	19.74	18.04	62.50	1.10	0.55
China	2.13	0.24	-1.07	-0.75	-20.25	-17.41	2.71	2.04
Australia	4.60	0.13	9.11	12.11	-0.80	15.23	4.68	3.82
Singapore	2.84	-0.77	-1.77	-0.87	-10.62	4.80	3.45	2.41
Thailand	2.44	-	-5.43	-6.15	-21.54	-9.29	3.15	2.39
Malaysia	3.91	-1.34	2.19	3.74	-0.81	4.71	4.01	3.69
Indonesia	6.73	-0.68	0.18	-0.69	-0.36	3.68	7.27	6.43
Currencies (vs USD)								
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	-0.80	-1.07	-2.39	-1.83	0.10	-2.88	1.12	1.06
GBP	-0.50	-0.04	-1.40	1.37	5.20	1.51	1.34	1.22
CHF	0.32	0.62	2.16	1.03	-2.65	4.02	0.92	0.84
JPY	-0.20	-0.23	3.00	3.63	1.10	8.20	161.68	140.60
Asia								
CNY	0.52	0.80	1.69	0.05	-1.39	1.14	7.29	7.01
HKD	0.05	-0.03	-0.00	-0.26	-0.52	-0.44	7.84	7.76
INR	0.12	0.37	0.54	0.48	1.42	1.45	84.40	82.71
MYR	-0.45	0.11	2.22	-2.01	-6.41	-4.58	4.80	4.12
KRW	1.18	1.29	4.25	1.66	6.77	7.87	1,400.36	1,286.92
SGD	0.44	0.02	1.70	0.04	-2.24	0.51	1.37	1.28
TWD	0.46	0.98	0.04	-0.50	0.04	5.06	32.85	30.68
IDR	-0.41	-0.32	0.16	-1.42	0.13	1.75	16,445.00	15,095.00
Bond Indices								
Bond Indices	Close	1 week change (%)	1 month change (%)	3 month change (%)	1 year change (%)	YTD change (%)	52 week high	52 week low
Bloomberg Global Aggregate USD	94.15	0.42	-0.68	-0.37	4.23	-0.13	96.21	89.93
Bloomberg U.S. Aggregate USD	91.64	0.73	-1.26	-0.59	5.41	-0.07	94.86	86.24

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Sources

Page 2 (top chart): Eastspring Investments, Refinitiv, as at 8 November 2024. 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 8 November 2024. 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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