



CIO Views – Weekly Bulletin

Vis Nayar, Chief Investment Officer, Eastspring Investments



A Prudential plc company

What's top of investors' minds?

1. Uncertainty remains the one certainty!

The simple consensus of a few quarters ago – weaker dollar, rates to fall by +2% in the US, tamed inflation has been challenged in the final months of 2024.

- ▶ As last week came to a close, we saw a better-than-expected US November non-farm payrolls with 227,000 jobs added, alongside upwards revisions for both October and November.
- ▶ As the week ended, the S&P 500 had risen by 27% year to date and there was a nearly 90% chance of a 25 basis points cut being priced into the fed funds futures.
- ▶ But 'what if' we get a higher-than-expected US consumer prices report this week? Would this pose a challenge to the US stock market despite the likely interest rate cuts; and a weakening dollar over recent weeks?
- ▶ With the end of 2024 only weeks away, the tension between spiky inflation and a seemingly benign environment for stocks looks set to continue. This also comes further into focus given President elect Trump's stated policy of import tariffs.

We remain of the view that the devil often remains in the detail and that 2025 will require focus on individual stocks and fundamentals. Against this backdrop, we see opportunities in Asia.

#asianequities #asialowvol

2. China's growth in 2025 – mixed messages

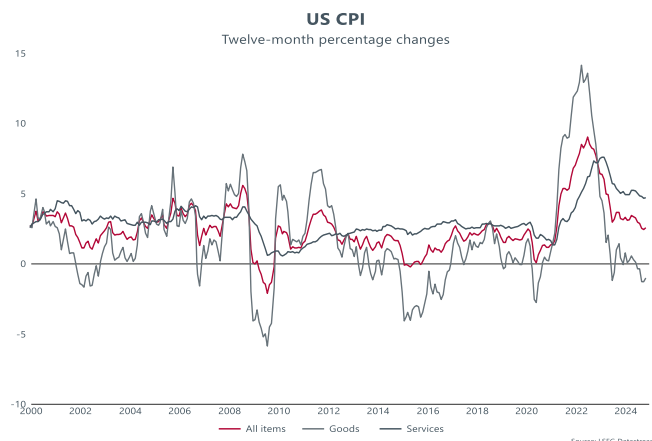
Depending which data point you chose last week, you could paint a very differing picture for the outlook for the Chinese economy in 2025.

- ▶ The Caixin manufacturing PMI jumped to 51.15 and the new orders sub index hit a 21 month high showing green shoots of rebound. Yet the official manufacturing PMI from the National Bureau of Statistics, whilst growing, was more subdued.
- ▶ The Caixin index has a greater focus on private companies so the improved reading could be connected to pre-emptive restocking by US importers ahead of likely tariffs in 2025.
- ▶ Market watchers continue to gauge the housing market in China for signs of a more protracted recovery. While developer sales in 30 cities rose in November, suggesting some positive impact from the recent stimulus, this was offset by a contraction in new home sales by the top 100 developers.

The first quarter of 2025 will be important for China as this will begin to show the impact of potential US tariffs, regardless of their level, and will also be a critical time for likely fiscal stimulus in China. Growth challenges may well persist through 2025, but policy impacts will be critical to assess on a stock level.

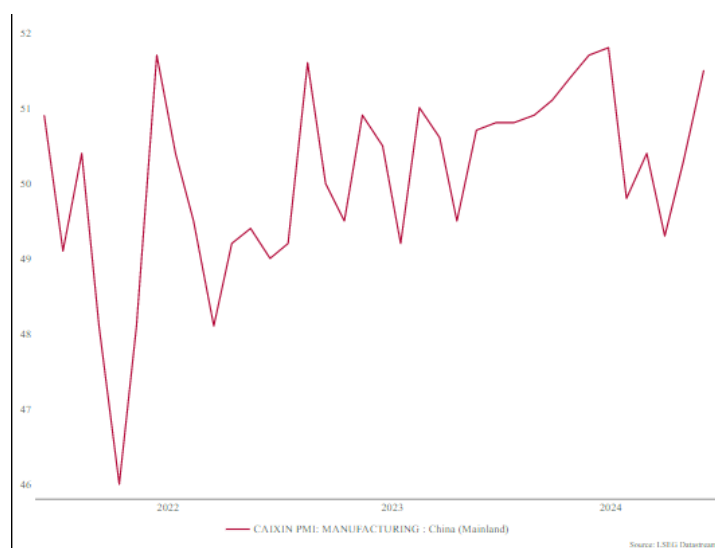
#chinaequities #dragon peacock

United States Consumer Price Index (CPI)



Source: LSEG Datastream December 2024.

China: Caixin Manufacturing PMI as at November



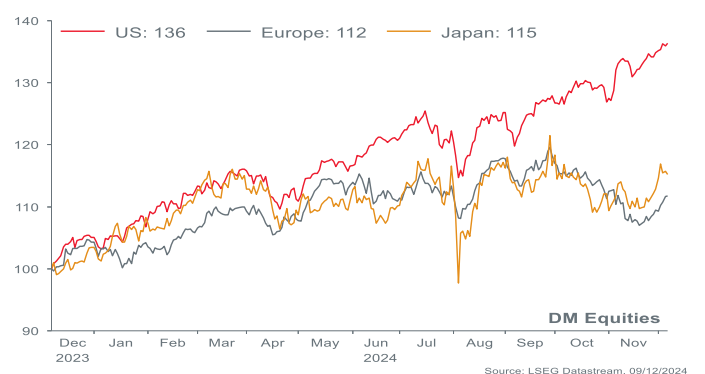
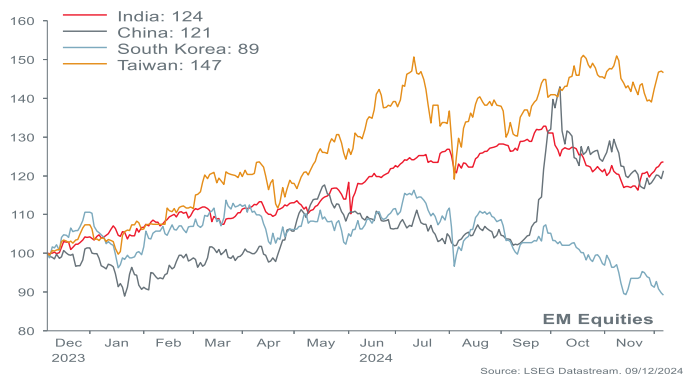
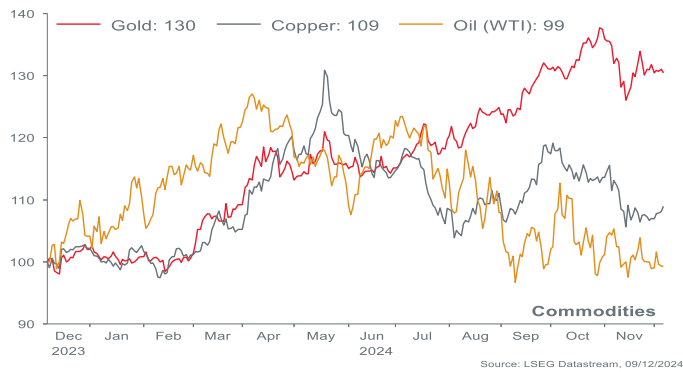
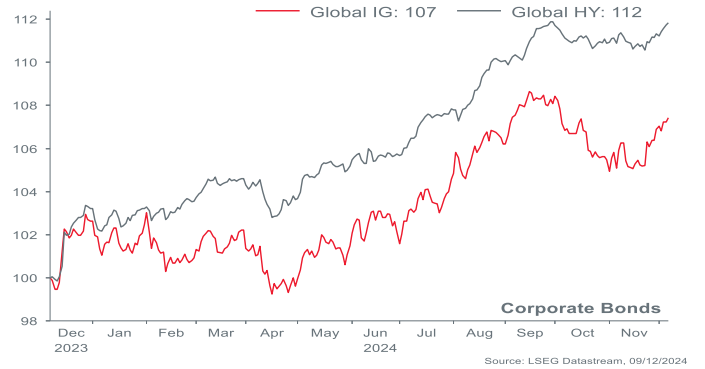
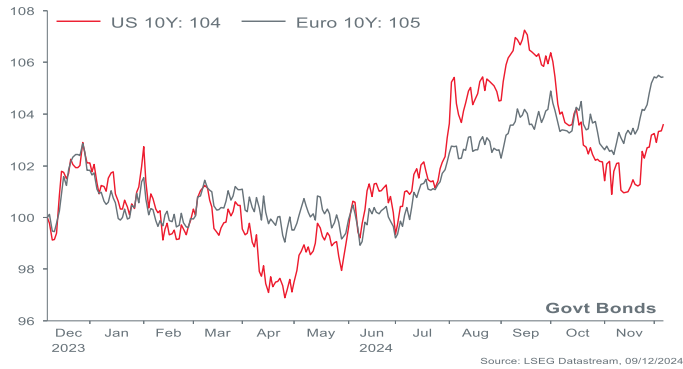
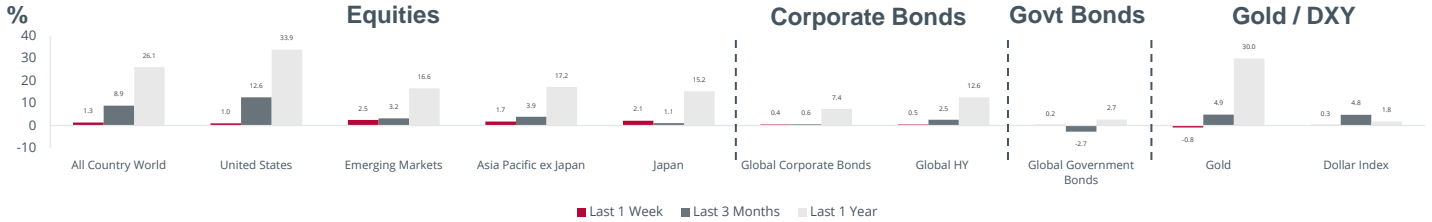
Source: Refinitiv, November 2024.

MARKET REVIEW

Global equities returned 1.3% over the past week. The S&P 500 gained 1.0%, while the Asia ex-Japan equity index rose 2.5%. Japanese equities increased by 1.9%, Emerging Markets equities advanced by 2.5%, and Chinese equities grew by 1.4%. The Global Aggregate Bond index returned 0.3%. The yield on 10-year US treasuries declined by 2 basis points (bps) while the 5-year/30-year yield spread flattened by 1bps. The yield on 10-year Singapore government bonds declined by 4bps. US investment grade credit spreads remained unchanged and Asia Credit spreads widened by 3bps.

The Dollar strengthened against most major currencies with the Dollar index (DXY) rising by 0.3%. Asian currencies weakened against the dollar with the Asian Dollar index (ADXY) falling by 0.3%.

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)	873.73	1.30	2.22	8.87	26.09	20.18	873.73	692.93
North America								
US S&P 500 Index	6,090.27	0.96	2.72	12.61	33.87	27.68	6,099.97	4,546.50
US Nasdaq Composite Index	19,859.77	3.34	4.62	18.99	40.38	32.30	19,863.14	14,138.51
Europe								
MSCI Europe	2,095.20	2.01	1.00	-2.49	8.12	3.70	2,250.56	1,931.65
Asia Pacific								
MSCI Asia Pacific ex Japan	586.54	1.75	-1.72	3.92	17.21	10.90	629.66	491.14
Japan Nikkei 225	39,091.17	2.31	-0.99	7.42	16.88	16.81	42,426.77	31,156.12
Shanghai Stock Exchange Composite	3,404.08	2.33	0.60	23.08	14.66	14.43	3,674.40	2,635.09
Hong Kong Hang Seng	19,865.85	2.28	-3.27	13.88	20.67	16.53	23,241.74	14,794.16
Taiwan TAIEX	23,193.27	4.18	-0.10	8.20	33.60	29.35	24,416.67	17,151.58
Korea KOSPI	2,428.16	-1.13	-5.28	-4.56	-2.69	-8.55	2,896.43	2,386.96
India NIFTY 50	24,677.80	2.27	0.79	-0.70	17.86	13.56	26,277.35	20,769.50
Australia Stock Exchange 200	8,420.90	-0.18	2.70	5.09	17.31	10.94	8,514.50	7,061.60
Indonesia Jakarta Composite	7,382.79	3.77	-0.01	-4.39	4.17	1.51	7,910.56	6,698.85
Thailand SET	1,451.96	1.71	-1.05	1.70	4.49	2.55	1,506.82	1,273.17
Malaysia FTSE Bursa KLSE	1,613.25	1.19	-1.28	-2.41	11.58	10.90	1,684.68	1,440.40
Philippines Stock Exchange PSE	6,729.14	1.74	-6.09	-2.98	6.71	4.33	7,604.61	6,158.48
Singapore FTSE Straits Times Index	3,796.16	1.52	5.36	9.89	22.96	17.16	3,842.71	3,052.35
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	4.15	-0.98	-6.17	11.94	0.78	7.59	4.71	3.62
10 Year Bond Yield (%)								
Japan	1.04	-0.09	7.44	23.85	62.15	71.10	1.10	0.55
China	1.96	-4.53	-7.76	-8.28	-27.18	-23.96	2.69	1.96
Australia	4.21	-2.89	-8.47	8.81	-1.33	7.02	4.70	3.82
Singapore	2.71	-1.20	-7.44	4.99	-5.67	0.30	3.45	2.41
Thailand	2.31	-0.43	-5.33	-9.59	-19.23	-14.13	2.87	2.28
Malaysia	3.82	-0.34	-4.00	1.09	2.36	2.19	4.01	3.69
Indonesia	6.92	0.65	2.17	4.76	4.98	6.60	7.27	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	-0.17	-0.07	-1.49	-4.65	-1.80	-4.24	1.12	1.04
GBP	-0.13	0.04	-1.06	-2.90	1.46	0.10	1.34	1.23
CHF	-0.01	-0.28	0.24	4.22	0.46	4.39	0.92	0.84
JPY	-0.03	0.19	-2.97	5.45	1.85	6.36	161.68	140.60
Asia								
CNY	0.15	0.38	1.28	2.57	1.55	2.43	7.29	7.01
HKD	-0.04	-0.03	0.04	-0.21	-0.41	-0.38	7.84	7.76
INR	-0.02	0.13	0.42	0.81	1.60	1.78	84.74	82.71
MYR	-0.18	-0.52	0.39	2.06	-5.34	-3.77	4.80	4.12
KRW	0.77	2.11	1.70	6.50	8.20	10.02	1,424.14	1,288.65
SGD	0.20	0.21	0.65	3.00	-0.02	1.70	1.37	1.28
TWD	0.20	-0.14	0.20	1.15	2.82	5.58	32.85	30.68
IDR	-0.06	0.03	0.13	3.16	2.29	2.92	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	95.10	0.24	1.54	-0.63	2.60	0.88	96.21	91.49
Bloomberg U.S. Aggregate USD	92.52	0.35	1.85	-1.71	3.14	0.89	94.86	87.88

DISCLAIMER

This document is produced by Eastspring Investments (Singapore) Limited and issued in:

Singapore by Eastspring Investments (Singapore) Limited (UEN: 199407631H)

Australia (for wholesale clients only) by Eastspring Investments (Singapore) Limited (UEN: 199407631H), which is incorporated in Singapore, is exempt from the requirement to hold an Australian financial services licence and is licensed and regulated by the Monetary Authority of Singapore under Singapore laws which differ from Australian laws.

Hong Kong by Eastspring Investments (Hong Kong) Limited and has not been reviewed by the Securities and Futures Commission of Hong Kong.

Indonesia by PT Eastspring Investments Indonesia, an investment manager that is licensed, registered and supervised by the Indonesia Financial Services Authority (OJK).

Malaysia by Eastspring Investments Berhad (200001028634/ 531241-U) and Eastspring Al-Wara' Investments Berhad (200901017585 / 860682-K).

Thailand by Eastspring Asset Management (Thailand) Co., Ltd.

United States of America (for institutional clients only) by Eastspring Investments (Singapore) Limited (UEN: 199407631H), which is incorporated in Singapore and is registered with the U.S Securities and Exchange Commission as a registered investment adviser.

European Economic Area (for professional clients only) and Switzerland (for qualified investors only) by Eastspring Investments (Luxembourg) S.A., 26, Boulevard Royal, 2449 Luxembourg, Grand-Duchy of Luxembourg, registered with the Registre de Commerce et des Sociétés (Luxembourg), Register No B 173737.

United Kingdom (for professional clients only) by Eastspring Investments (Luxembourg) S.A. - UK Branch, 1 Angel Court, London, EC2R 7AG.

Chile (for institutional clients only) by Eastspring Investments (Singapore) Limited (UEN: 199407631H), which is incorporated in Singapore and is licensed and regulated by the Monetary Authority of Singapore under Singapore laws which differ from Chilean laws.

The afore-mentioned entities are hereinafter collectively referred to as Eastspring Investments.

The views and opinions contained herein are those of the author, and may not necessarily represent views expressed or reflected in other Eastspring Investments' communications. This document is solely for information purposes and does not have any regard to the specific investment objective, financial situation and/or particular needs of any specific persons who may receive this document. This document is not intended as an offer, a solicitation of offer or a recommendation, to deal in shares of securities or any financial instruments. It may not be published, circulated, reproduced or distributed without the prior written consent of Eastspring Investments. Reliance upon information in this document is at the sole discretion of the reader. Please carefully study the related information and/or consult your own professional adviser before investing.

Investment involves risks. Past performance of and the predictions, projections, or forecasts on the economy, securities markets or the economic trends of the markets are not necessarily indicative of the future or likely performance of Eastspring Investments or any of the funds managed by Eastspring Investments.

Information herein is believed to be reliable at time of publication. Data from third party sources may have been used in the preparation of this material and Eastspring Investments has not independently verified, validated or audited such data. Where lawfully permitted, Eastspring Investments does not warrant its completeness or accuracy and is not responsible for error of facts or opinion nor shall be liable for damages arising out of any person's reliance upon this information. Any opinion or estimate contained in this document may subject to change without notice.

Eastspring Investments companies (excluding joint venture companies) are ultimately wholly-owned/indirect subsidiaries of Prudential plc of the United Kingdom. Eastspring Investments companies (including joint venture companies) and Prudential plc are not affiliated in any manner with Prudential Financial, Inc., a company whose principal place of business is in the United States of America or with the Prudential Assurance Company Limited, a subsidiary of M&G plc (a company incorporated in the United Kingdom).

Sources

Page 2 (top chart): Eastspring Investments, Refinitiv, as at 6 December 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 6 December 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.



A Prudential plc company 

[eastspring.com](https://www.eastspring.com)

Eastspring Investments (Singapore) Limited
7 Straits View #09-01 Marina One East Tower
Singapore 018936

Tel: +65 6349 9100

Bangkok | Chicago | Ho Chi Minh City | Hong Kong | Jakarta | Kuala Lumpur | Luxembourg | Mumbai | Seoul | Shanghai | Singapore | Taipei | Tokyo