Weekly Report

Global Equities

U.S. stocks closed higher on Friday as Treasury yields hit multimonth lows on hope inflation is cooling and the Fed may be done raising rates

Review: U.S. stocks closed higher on Friday as Treasury yields hit multimonth lows on hope inflation is cooling and the Fed may be done raising rates.

Outlook: Despite the Fed's persistent hawkish stance, forward indicators suggest that the peak of inflation is on the horizon. Consequently, we anticipate that the U.S. market may rebound as future rate hikes are likely to be less aggressive than initially anticipated, particularly with inflation reaching its peak.

European stocks closed higher on Friday as investors remained optimistic that the Fed would not raise interest rates further

Review: The MSCI Europe Index rose 0.93% last week as investors remained optimistic that the Fed would not raise interest rates further.

Outlook: Despite ECB officials hinted a potential change in direction that could signify the peak has been reached, but they did not completely rule out further rate hikes if necessary. We belief that any prolonged pause at this peak rate will continue to weigh on the Eurozone economy.

China equities closed lower last week

Review: The Shanghai Composite Index and Shenzhen Composite Index fell by 0.44% and 1.21% last week, respectively. This was mainly due to investors maintained a cautious stance over the country's sluggish economic recovery, with strong foreign outflows denting risk sentiment further.

Outlook: As inflation continued to rise moderately, this has left more room for PBOC to continued its easing monetary policies. In addition, China government pledge for more tax cuts and infrastructure spending to boost the economy. Therefore, we are cautiously optimistic on Chinese stocks in the near term.

Hang Seng Index rose last week

Review: Hang Seng Index rose 0.60% last week as U.S. Treasury yields hit multimonth lows on hope inflation is cooling and the Fed may be done raising rates.

Outlook: Several obstacles to the economic recovery persist, including slower growth in China, tighter financial conditions, and disruptions to global trade due to geopolitical tensions. We will continue to monitor the developments over the coming months.

Global Bonds

FTSE World Government Bond rose last week

Review: FTSE World Government Bond Index rose 0.10% last week.

Outlook: The big question that arises is whether the current trend of flight to safety is warranted. Although central banks are taking measures to tighten the economy due to concerns regarding inflation, the potential risks of a global economic slowdown and the ongoing conflict on Russia/Ukraine and Israel/Hamas could significantly disrupt the global economy. Investors should continue to closely monitor these developments over the coming months.

Both global high yield bond and EM bond rose last week

Review: The Bloomberg Barclays High Yield Bond Index recorded 0.95% gains, while Bloomberg Barclays EM USD Aggregate Total Return Index recorded 0.96% gains.

Outlook: We expect the market to continue to price in the timing of the Fed's tightening monetary policy, which will limit EM bond market's rise. Bonds with good fundamentals and short maturities will reduce portfolio volatility.

Weekly Report

Commodities

U.S. WTI crude fell 0.46% last week

Review: U.S. WTI fell 0.46% last week to US$74.81/bbl despite increasing number of investors began to recognize the growing risk of supply shortages due to OPEC+ production cuts. Currently, investors remain very sensitized to demand-supply shifts and also to OPEC+ signals as the latter's output cuts can play a swing role in oil prices.

Outlook: While OPEC+ output cuts and geopolitical risks remain concerning factors that could potentially drive oil prices up again, the growing global recession fears exert downward pressure on oil prices too. Therefore, we maintain a neutral rating on crude oil.

Gold prices rose 1.01% last week

Review: Spot gold rose 1.01% last week to US$2,011.64/oz. While gold is considered an inflation hedge, higher interest rates lift the opportunity cost of holding zero-yield bullion. However, gold prices are expected to hold firm this quarter as investors seek refuge from recession and war risk.

Outlook: Gold can be used as a hedge against inflationary pressures and serve as a safe-haven asset amid investors grappled with uncertainty around the geopolitical tensions and global economic slowdown.

The Bloomberg commodity spot index fell last week

Review: The Bloomberg commodity spot index fell 0.49% last week, closing at 491.76.

Outlook: Inflation and geopolitical tensions continue to poses downside risks to the global economic recovery. Investors need to remain cautious and monitor the developments in the coming months.

Currencies

USD fell 0.50% last week

Review: The US Dollar Spot Index fell 0.50% last week as investors remained optimistic that the Fed would not raise interest rates further as the inflation is cooling.

Outlook: We believe there will be further weakness in the USD in the coming quarters, but the downward trajectory is far from straightforward. Although the fragility of global financial system has been exposed by recent banking crisis, but subsequent financial mishaps may once again trigger a funding squeeze in USD demand.

EUR rose against USD last week

Review: The EUR rose 0.05% against USD last week as investors remained optimistic that the Fed would not raise interest rates further as the inflation is cooling.

Outlook: Despite the ongoing energy crisis, the Eurozone economy has shown a surprising level of resilience in the last quarter. While the EUR is not impervious to changes in interest rate expectations, we anticipate that the ECB is likely to experience a less severe rate repricing compared to the Fed. Moreover, we expect inflation in the Eurozone to be more structural than in the US, which could prompt the ECB to maintain higher interest rates for a more extended period than the Fed. Therefore, we believe that the USD will continue to weaken against the EUR.

Weekly Report

Major market indexes

Index Name	Price	Return (Weekly)	Return (Monthly)	Return (Annual)	Return (YTD)	Return (3Y)	Return (5Y)	Return (10Y)
Hang Seng Composite	17432.39	0.60	0.19	-0.80	-11.87	-35.18	-33.80	-25.85
Hang Seng China Enterprise	5986.31	1.12	0.12	0.25	-10.72	-44.52	-43.07	-46.55
Shanghai Composite	3025.44	-0.44	0.25	-2.46	-2.07	-11.23	17.51	-9.14
Shenzen Composite	1890.69	-1.21	1.73	-4.71	-4.30	-16.09	41.45	-9.14
Dow Jones Industrial	35390.15	1.27	9.17	3.04	6.77	18.32	43.00	120.19
S&P 500	4559.34	1.00	10.73	13.24	18.75	25.31	69.99	152.91
NASDAQ COMPOSITE	14250.85	0.89	12.72	26.94	36.16	16.75	101.21	254.70
FTSE 100	7488.20	-0.21	2.70	0.02	0.49	17.60	6.72	12.84
DAX	16029.49	0.69	9.14	10.23	15.12	20.20	41.74	72.54
NIKKEI 225	33446.48	0.12	7.92	18.26	28.17	25.53	52.36	116.73

Source: Bloomberg 2023/11/24

Economic data

Country	Event	Previous	Forecast	Actual	Expectation
Japan	CPI YoY (October)	3.0%	3.4%	3.3%	Below
Eurozone	CPI YoY (October)	2.9%	2.9%	2.9%	On Par
Singapore	CPI YoY (October)	4.1%	4.5%	4.7%	Above
Canada	CPI YoY (October)	3.8%	3.1%	3.1%	On Par
Germany	PPI YoY (October)	-14.7%	-11.0%	-11.0%	On Par
Mexico	Retail Sales YoY (September)	3.2%	3.7%	2.3%	Below

Source: Bloomberg 2023/11/24

Bond/Forex

Bond Instrument	Price	Change(%)	Yield (%)
US Treasury 30Y	102.4375	-0.08	4.60
US Treasury 10Y	100 1/4	-0.18	4.47
US Treasury 5Y	101 7/10	-0.10	4.49
US Treasury 2Y	100 3/35	-0.02	4.95
US Tbill 3M	5.26	0.38	5.41
China Govt Bond 10Y	98.42	-0.36	2.70
Japan Govt Bond 10Y	100.26	-0.18	0.77
German Bund 10Y	99.85	-0.42	2.62
UK Gilt 10Y	92.44	-1.29	4.25

Source: Bloomberg 2023/11/24

Currency	Price	Return (Weekly)	Return (Monthly)	Return (YTD)
USD/HKD	7.79	-0.07	-0.43	-0.18
HKD/CNH	0.92	0.01	-1.92	3.65
USD/CNH	7.15	-0.09	-2.36	3.45
USD/JPY	149.44	0.45	-0.40	13.68
USD/CAD	1.36	-0.52	-1.56	0.73
GBP/USD	1.26	0.81	3.99	4.33
AUD/USD	0.66	0.27	3.79	-3.49
EUR/USD	1.09	0.05	3.61	2.25

Source: Bloomberg 2023/11/24