

Weekly Report

Market Overview



U.S. stocks fell for the week on poor economic data and outlook

Review: U.S. equities oscillated between losses and gains throughout the week, before ending the week lower on poor economic data and outlook. Dow Jones and S&P 500 index ended 2.65% and 2.26% respectively, while Nasdaq dropped relatively less by 1.17% on optimism over the technology sector's resilience during the coronavirus pandemic.

Outlook: U.S. equities likely to continue rangebound trading for the week, as investors continue to weigh between the positivity of reopening economies and the negativity on economic outlook.



Europe stocks ended lower on multiple negative catalysts

Review: European stocks rose on Friday but on a weekly basis logged the worst performance since mid-March. Investors grew concerned over rising U.S.-China tensions, worsening economic outlook and fears of a new wave of infections. Stoxx Europe 600 Index lost 3.76% for the week and fell 3.47% month-to-date.

Outlook: European stocks are likely to continue another week of seesaw trading, with the continued gradual opening of economies to lend support to share prices but increase in infection rates as a result of increasing economic activity as well as U.S.-China tensions will cap upside.



A shares end the week lower despite improving industrial output data

Review: China's A shares ended Friday lower despite better-than-expected industrial output data. On a weekly basis, the Shanghai Composite Index fell 0.9% while the CSI300 index fell 1.3%. Investors remain worried about a second wave of infections as well as weak economic recovery.

Outlook: All eyes will be on the annual National People's Congress which will commence from May 22 onwards. Chinese equities are likely to be supported on the expectation of a stimulus package and also cautious trading ahead of the announcement on the government's economic plans for the year.



Hong Kong equities fell for four consecutive days, ended lower for the week

Review: Hong Kong shares finished lower for the day and the Hang Seng Index was down 1.79% for the week as investor sentiment was dampened by news on record drop in GDP growth in the first quarter of 2020 as well as simmering U.S.-China tensions.

Outlook: We expect cautious and rangebound trading for Hong Kong equities in the near term, with bargain hunting likely to occur during the week but upside capped on poor economic outlook and fears of a resurgent wave of infections.



STI records May's worst weekly performance

Review: Singapore shares ended nearly flat on Friday and was down by 2.64% for the week, weighed by negative investor sentiment on the global economic outlook as well as concerned over a new wave of infections seen in China, Germany and South Korea.

Outlook: As of time of writing, Singapore released April's trade-related data today (18 May). As exports data beat expectations, this provided share price support. We expect STI to continue rangebound trading in-line with global markets' expected performance.

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Indonesia equities fell for the week due to poor investor sentiment

Review: Despite the strengthening rupiah against the USD throughout the week, Indonesia equities only recorded one day of positive gains from last week's performance. The Jakarta Composite Index closed 1.95% lower for the week, weighed by poor investor sentiment.

Outlook: Bank Indonesia will deliberate on interest rates on 19 May with consensus expecting another rate cut to 4.25% from 4.5%. Given the central bank's priority on stabilizing the rupiah, a rate cut decision may be deferred to the next meeting, given BI has already slashed interest rates twice this year. A rate cut may result in further foreign outflows for Indonesia equities.



South Korea equities fell slightly on poor economic data

Review: South Korea ended a choppy trading week with slight positive gains on Friday, although KOSPI fell 0.95% on a weekly basis. Investors remain concerned about the new wave of infections in the country as well as poor global economic outlook.

Outlook: The upcoming trade data for the first 20 days in May will provide an indicator to whether the contraction in global trade is likely to be over. KOSPI is likely to continue rangebound trading in-line with global markets' expected performance this week as investors evaluate on the speed of global economic and trade's recovery.



Japanese equities ended choppy week with losses

Review: Japan equities swung between gains and losses throughout the week, as investors weigh on the recovery from reopening of economies and concerns over new coronavirus outbreaks. The Nikkei 225 Index ended last week with a 0.70% loss.

Outlook: Japanese equities are likely to continue rangebound trading this week as investors await for stronger signs of a sharper global economic recovery.



Thai stocks bucked Asian indices' declining trend to end higher

Review: Thailand equities ended flat on Friday and the SET index ended 1.16% higher last week, one of the few outperformers in Asia as investors cheered on the improving coronavirus situation in the country.

Outlook: Major economic data will be released this week, including Thailand's 1Q20 GDP as well as the central bank Bank of Thailand's interest rate decision. Investors are likely to continue evaluating how fast key sectors of the Thai economy such as tourism can recover as countries gradually reopen their economies.



Brazil equities fell on weakening Brazilian Real and spike in infections

Review: Brazilian equities' benchmark index IBOVESPA fell 3.37% last week as the USD strengthened against the Real as global risk appetite waned, as well as continued spike in virus case count. Brazil has overtaken Spain to rank fourth in the world for confirmed infection cases.

Outlook: We expect Brazilian equities to continue facing selling pressure in the near term due to a persistently strong USD as well as the worsening outbreak domestically.

Weekly Report



Global Bonds



WGBI continued falling as yield appetite increased

Review: The World Government Bond Index fell 0.44% last week and dropped 0.54% month-to-date, as yield-hungry investors seek higher returns elsewhere despite concerns over the uncertain global economic outlook.

Outlook: Sovereign debt has underperformed higher yielding peers – EM and high yield debt this month. We see this as profit-taking on safe haven assets as yield hunters invest in riskier bonds, since equities are likely to cut back on dividend payouts this year due to a weak outlook.



High Yield bonds outperforms safe haven assets

Review: The Bloomberg Barclays Global High Yield Total Return Index rose by 0.158% on Friday and was flat for the week, outperforming investment grade bonds (Bloomberg Barclays Global Aggregate Treasuries Total Return Index: -0.49% for the week).

Outlook: Market volatility has reduced since March, plus the global interest rate environment looks set to be benign at the moment, investors as a result started to pile into high yield bonds. Should investors start pricing a much-longer-than-expected economic recovery, this may kickstart some profit-taking in high yield bonds.



EM bonds rose as funds rotate into more attractive yielding assets

Review: The Bloomberg Barclays EM USD Aggregate Total Return Index rose 0.71% this week, as yield-hungry investors started to invest in more attractively valued assets.

Outlook: Globally, central banks are likely to maintain a interest rate environment. Also, government stimulus policies have prevented the collapse of credit markets. Investors can look at emerging market USD bonds that have relatively stronger fundamentals.



Commodities



Gold rose last week on poor economic data and sombre outlook

Review: Gold gained 2.41% last week to reach US\$1,743.67/oz on the back of a record high U.S. unemployment rate, poor retail sales data and warnings from government officials on the state of economy.

Outlook: We expect gold will remain in favour as a safe haven asset, as central banks cut interest rates, the pandemic continues and persistent concerns over future economic growth.



Crude oil prices continued another week of rebound

Review: WTI crude oil prices continued rising strongly by 18.96% on the back of voluntary Saudi Arabia production cuts as well as the fall of U.S. crude inventories for the first time in 15 weeks, plus IEA trimmed its estimate for the fall in crude oil demand, due to easing of lockdown measures. The international Brent crude oil benchmark recorded a smaller gain of 4.94%.

Outlook: The combination of compliance to the agreed production cuts as well as easing of lockdown measures, resulting in the gradual recovery of crude oil demand should help to support oil prices at current levels.

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Major market indexes

Index Name	Price	Return (Weekly)	Return (Monthly)	Return (Annual)	Return (YTD)	Return (3Y)	Return (5Y)	Return (10Y)
Hang Seng Composite	23797.47	-1.79	-1.44	-15.82	-15.58	-6.07	-14.47	19.32
Hang Seng China Enterprise	9674.57	-1.96	-0.52	-10.45	-13.37	-7.28	-30.94	-15.33
Shanghai Composite	2868.46	-0.93	2.04	-2.39	-5.96	-7.85	-33.43	10.55
Shenzen Composite	1808.56	-0.03	4.17	14.62	4.97	-3.04	-25.96	82.01
Dow Jones Industrial	23625.34	-2.65	0.77	-7.65	-17.01	12.90	29.62	125.34
S&P 500	2852.50	-2.26	2.89	0.45	-11.36	19.29	34.91	155.50
NASDAQ COMPOSITE	8943.72	-1.17	7.40	15.24	0.47	46.11	78.57	289.02
FTSE 100	5741.54	-2.29	3.61	-20.52	-23.10	-22.90	-16.68	9.28
DAX	10337.02	-4.03	1.80	-13.51	-21.01	-18.27	-8.58	70.00
NIKKEI 225	20037.47	-0.70	2.49	-5.43	-15.30	0.59	1.54	95.63

Source: Bloomberg. As of 2020/5/15

Economic data

Country	Event	Previous	Forecast	Actual	Expectation
US	Initial Jobless Claims end May 9	3,176,000	2,500,000	2,981,000	Below
US	April Retail Sales Control Group	3.1%	-5.0%	-15.3%	Below
US	April PPI Final Demand	0.7%	-0.4%	-1.2%	Below
EU	March Eurozone Industrial Production YoY	-1.9%	-13.6%	-12.9%	Above
EU	Germany April CPI YoY	0.8%	0.8%	0.9%	Below
China	April Retail Sales YoY	-15.8%	-6.0%	-7.5%	Below

Source : Bloomberg 2020/05/15

Bond/Forex

Bond Instrument	Price	Change(%)	Yield (%)	Currency	Price	Return (Weekly)	Return (Monthly)	Return (YTD)
US Treasury 30Y	98.06	-8.56	1.33	USD/HKD	7.75	-0.01	-0.00	-1.26
US Treasury 10Y	99.81	-1.65	0.64	HKD/CNH	0.92	0.58	0.91	4.66
US Treasury 5Y	100.32	0.12	0.31	USD/CNH	7.13	0.57	0.89	3.32
US Treasury 2Y	99.96	0.03	0.15	USD/JPY	107.06	0.38	-0.37	-2.32
US Tbill 3M	0.11	-2.22	0.11	USD/CAD	1.41	1.31	-0.04	4.99
China Govt Bond 10Y	103.88	2.90	2.66	GBP/USD	1.21	-2.37	-3.21	-5.68
Japan Govt Bond 10Y	101.06	-0.74	-0.01	AUD/USD	0.64	-1.82	1.49	-7.43
German Bund 10Y	105.47	0.05	-0.55	EUR/USD	1.08	-0.18	-0.82	-3.40
UK Gilt 10Y	147.51	0.24	0.20					

Source: Bloomberg. As of 2020/5/15

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