



Weekly Report



Global Equities



U.S. stocks had mixed results last Friday with cooling inflation and investors remained wary of the ongoing concerns about debt ceiling negotiations

Review: U.S. stock indexes show mixed results last Friday with cooling inflation and investors remained wary of the ongoing concerns about debt ceiling negotiations.

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 slightly higher Friday as investors assessed the state of play across first-quarter earnings and economic data

Review: The MSCI Europe Index rose 0.04% last week as investors assessed the state of play across first-quarter earnings and economic data.

Outlook: Eurozone is still struggling with the aftermath of the Russia-Ukraine conflict. The continent has experienced substantial reductions in Russian gas supply, which has led to a surge in inflation and a negative impact on purchasing power. These challenges are expected to persist and pose downside risks to the region.



China equities fell last week

Review: The Shanghai Composite Index and Shenzhen Composite Index fell by 1.86% and 1.37% respectively last week, as investors assessed the state of play across first-quarter earnings and economic data.

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 more optimistic on Chinese stocks in the near term.



Hang Seng Index fell last week

Review: Hang Seng Index fell 2.11% last week as investors assessed the state of play across first-quarter earnings and economic data. In general, global funds are returning to Hong Kong's stock market as China has scaled back its rigid COVID-19 rules.

Outlook: As PBOC eased its monetary policy and Hong Kong stocks are still trading at attractive valuation, we believe Hong Kong stock market will probably outperform other markets in the upcoming months.



Global Bonds



FTSE World Government Bond fell last week

Review: FTSE World Government Bond Index fell 0.49% 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 between Russia and Ukraine could significantly disrupt the global economy once again. Investors will continue to closely monitor these developments over the coming months.



Global high yield bond fell, while EM bond rose slightly last week

Review: The Bloomberg Barclays High Yield Bond Index recorded 0.18% losses, while Bloomberg Barclays EM USD Aggregate Total Return Index recorded 0.08% 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 1.82% last week

Review: U.S. WTI fell 1.82% last week to US\$69.61/bbl. 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 amid the anticipated impact of the upcoming EU's embargo on Russian oil and also the G7 proposal to cap Russian seaborne oil prices.

Outlook: While supply disruptions and geopolitical risks remain concerning factors that could potentially drive oil prices up again, the growing global recession fears have started to exert significant downward pressure on oil prices. Therefore, we maintain a neutral rating on crude oil.



Gold prices fell 0.30% last week

Review: Spot gold fell 0.30% last week to US\$2,018.18/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 1.62% last week, closing at 489.41.

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



Currencies



USD rose 1.45% last week

Review: The US Dollar Spot Index rose 1.45% last week despite rates markets continue to believe that the Fed will be much more sensitive to the financial stability risks than inflation, and the Fed's aggressive monetary tightening cycle likely come to an end.

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 fell against USD last week

Review: The EUR fell 1.24% against USD last week despite maintaining a hawkish stance as compared to the Fed.

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	19750.92	-2.11	-3.37	-0.74	-0.15	-17.00	-36.60	-14.40
Hang Seng China Enterprise	6704.83	-1.97	-3.03	-1.50	-0.00	-30.70	-46.11	-39.60
Shanghai Composite	3257.11	-1.86	-2.43	5.60	5.43	13.55	2.04	47.60
Shenzen Composite	2007.53	-1.37	-6.06	3.94	1.62	11.00	9.11	109.20
Dow Jones Industrial	33300.62	-1.11	-1.73	3.43	0.46	40.60	34.79	118.86
S&P 500	4124.08	-0.29	-0.33	2.49	7.41	44.01	52.10	149.89
NASDAQ COMPOSITE	12284.74	0.40	1.33	4.06	17.37	36.28	67.10	254.78
FTSE 100	7754.62	-0.31	-1.49	4.54	4.06	33.71	0.41	15.98
DAX	15913.82	-0.30	0.67	13.44	14.29	52.06	22.70	90.83
NIKKEI 225	29577.07	0.79	3.80	11.92	13.35	47.61	29.62	99.13

Source: Bloomberg 2023/5/12



Economic data

Country	Event	Previous	Forecast	Actual	Expectation
U.S.	CPI YoY (April)	5.0%	5.0%	4.9%	Below
China	PPI YoY (April)	-2.5%	-3.3%	-3.6%	Below
China	CPI YoY (April)	0.7%	0.3%	0.1%	Below
Mexico	CPI YoY (April)	6.85%	6.22%	6.25%	Above
Brazil	Industrial Production YoY (March)	-2.4%	0.6%	0.9%	Above
Malaysia	Industrial Production YoY (March)	3.6%	0.7%	3.1%	Above

Source : Bloomberg 2023/5/12



Bond/Forex

Bond Instrument	Price	Change(%)	Yield (%)
US Treasury 30Y	97.046875	-0.01	3.79
US Treasury 10Y	99 15/64	-0.01	3.47
US Treasury 5Y	100 5/21	-0.09	3.45
US Treasury 2Y	99 65/83	-0.07	3.99
US Tbill 3M	5.04	-0.69	5.17
China Govt Bond 10Y	101.51	0.24	2.70
Japan Govt Bond 10Y	101.10	0.29	0.38
German Bund 10Y	100.22	0.17	2.27
UK Gilt 10Y	96.30	0.09	3.71

Source: Bloomberg 2023/5/12

Currency	Price	Return (Weekly)	Return (Monthly)	Return (YTD)
USD/HKD	7.84	-0.08	-0.09	0.53
HKD/CNH	0.89	0.77	1.33	0.16
USD/CNH	6.97	0.67	1.22	0.65
USD/JPY	135.70	0.77	1.24	3.83
USD/CAD	1.36	1.21	1.06	-0.13
GBP/USD	1.25	-1.17	0.75	3.19
AUD/USD	0.66	-1.55	-0.36	-2.00
EUR/USD	1.08	-1.24	-0.54	1.51

Source: Bloomberg 2023/5/12

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