

Weekly Report



Global Equities



U.S. stocks closed lower on Friday due to higher-than-expected inflation and mixed earnings and guidance from major banks rendered the mood a bit bearish

Review: U.S. stocks closed lower on Friday due to higher-than-expected inflation and mixed earnings and guidance from major banks rendered the mood a bit bearish.

Outlook: Despite the Fed reluctance to confirm the conclusion of the rate hike cycle, their agreement to 'proceeds carefully' with rate-setting implies little upside to US rates from here. As a result, we anticipate the U.S. market will remain robust, with the possibility of rate cuts in 2024.



European stocks closed lower on Friday as investors digested U.K. economic data and reflected on a somewhat murky U.S. inflation outlook

Review: The MSCI Europe Index fell 0.19% last week as investors digested U.K. economic data and reflected on a somewhat murky U.S. inflation outlook.

Outlook: To counter speculation about imminent interest rate cuts, the ECB emphasized its commitment to retaining borrowing costs at record highs, despite lower inflation projections. We believe that an extended pause at this peak rate will continue to exert pressure on the Eurozone economy.



China equities closed lower last week

Review: The Shanghai Composite Index and Shenzhen Composite Index fell by 1.62% and 3.41% last week, respectively as investors digested murky U.S. inflation outlook.

Outlook: While a soft rebound is expected for China's property sector, a return to normalcy is not yet foreseen. Persistent challenges include unfinished homes, local government debts, and geopolitical risks. While 2024 risks seem milder than 2023, we remain cautiously optimistic about Chinese stocks in the near term.



Hang Seng Index fell last week

Review: Hang Seng Index slightly decrease by 0.01% last week as investors digested murky U.S. inflation outlook.

Outlook: Several obstacles to the economic recovery persist, including tighter financial conditions from China 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 fell last week

Review: FTSE World Government Bond Index fell 1.00% 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 fell last week

Review: The Bloomberg Barclays High Yield Bond Index recorded 0.86% losses, while Bloomberg Barclays EM USD Aggregate Total Return Index recorded 0.76% losses.

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 1.44% last week

Review: U.S. WTI fell 1.44% last week to US\$85.19/bbl as 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 0.63% last week

Review: Spot gold rose 0.63% last week to US\$2,357.64/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 rose last week

Review: The Bloomberg commodity spot index rose 1.76% last week, closing at 512.02.

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 1.67% last week

Review: The US Dollar Spot Index rose 1.67% last week as global risk sentiment remained subdued due to mounting concerns the Fed may delay interest rate cuts.

Outlook: We believe there will be further weakness in the USD in the coming quarters, but the downward trajectory is far from straightforward. Despite 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 1.86% against USD last week as global risk sentiment remained subdued due to mounting concerns the Fed may delay interest rate cuts.

Outlook: While ECB President Christine Lagarde mentioned the possibility of a rate cut in June 2024, she stressed the necessity for more information before reaching a decision. Like the Fed, the ECB is also delaying market expectations for rate cuts, with most policymakers expressing a preference for waiting to confirm that inflation does not rebound. EUR/USD looks likely to keep trading range-bound in the short-term.

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	16589.15	-0.01	-0.79	-18.84	-2.69	-42.39	-44.35	-26.24
Hang Seng China Enterprise	5851.57	0.27	0.53	-15.37	1.44	-46.34	-49.69	-41.37
Shanghai Composite	3036.72	-1.62	-0.59	-9.03	2.08	-10.66	-4.44	43.67
Shenzen Composite	1685.92	-3.41	-5.00	-21.11	-8.27	-23.59	-2.20	57.25
Dow Jones Industrial	37983.24	-2.37	-1.89	12.09	0.78	11.60	43.96	133.56
S&P 500	5123.41	-1.56	0.12	23.82	7.41	22.85	76.33	178.00
NASDAQ COMPOSITE	16175.09	-0.45	1.26	33.42	7.75	15.22	102.80	300.95
FTSE 100	7995.58	1.07	3.47	1.57	3.39	14.49	7.51	22.23
DAX	17930.32	-1.35	-0.04	13.43	7.04	17.53	49.17	95.45
NIKKEI 225	39232.80	1.36	1.36	37.69	17.24	32.35	76.97	182.38

Source: Bloomberg 2024/4/12

Economic data

Country	Event	Previous	Forecast	Actual	Expectation
China	CPI YoY (March)	0.7%	0.4%	0.1%	Below
Russia	CPI YoY (March)	7.69%	7.70%	7.72%	Above
Japan	PPI YoY (March)	0.6%	0.8%	0.8%	On Par
Mexico	CPI YoY (March)	4.40%	4.50%	4.42%	Below
Mexico	Industrial Production YoY (February)	2.9%	3.1%	3.3%	Above
Turkey	Industrial Production YoY (February)	1.1%	8.1%	11.5%	Above

Source: Bloomberg 2024/4/12

Bond/Forex

Bond Instrument	Price	Change(%)	Yield (%)
US Treasury 30Y	93.875	-1.16	4.63
US Treasury 10Y	95 15/17	-0.85	4.52
US Treasury 5Y	98 8/89	-0.64	4.56
US Treasury 2Y	99 11/42	-0.18	4.90
US Tbill 3M	5.24	1.45	5.39
China Govt Bond 10Y	100.64	0.15	2.28
Japan Govt Bond 10Y	99.55	-0.59	0.85
German Bund 10Y	98.62	0.39	2.36
UK Gilt 10Y	103.90	-0.45	4.14

Source: Bloomberg 2024/4/12

Currency	Price	Return (Weekly)	Return (Monthly)	Return (YTD)
USD/HKD	7.84	0.02	0.14	0.28
HKD/CNH	0.93	0.21	0.59	1.58
USD/CNH	7.27	0.23	0.74	1.87
USD/JPY	153.23	1.30	3.19	9.05
USD/CAD	1.38	1.29	1.51	3.81
GBP/USD	1.25	-1.43	-2.06	-2.02
AUD/USD	0.65	-1.74	-1.08	-4.74
EUR/USD	1.06	-1.86	-2.13	-3.46

Source: Bloomberg 2024/4/12

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