

Weekly Report



Global Equities



U.S. stocks show mixed results on Friday despite fresh U.S. economic data raised expectations that the Fed will cut interest rates modestly in September

Review: U.S. stocks show mixed results on Friday despite fresh U.S. economic data raised expectations that the Fed will cut interest rates modestly in September.

Outlook: The prolonged expectation of interest rate cuts could lead to greater operational pressures for businesses, potentially increasing the likelihood of layoffs and impacting the U.S. economy. Considering these factors, we maintain a neutral rating on the U.S. stock market.



European stocks closed higher on Friday as a significant drop in euro zone inflation sets stage for ECB rate cut

Review: The MSCI Europe Index rose 1.38% last week as a significant drop in euro zone inflation sets stage for ECB rate cut.

Outlook: European equities should benefit from the recent turn in the interest rate cycle, while modest valuations and a combination of high dividend yields offer further support for the asset class.



China equities show mixed results last week

Review: The Shanghai Composite Index fell by 0.43% last week, whereas the Shenzhen Composite Index rose by 2.52%. Chinese equities closed mixed on Friday as recent economic data presented a mixed outlook, where retail sales improved last month, but China manufacturing slumps to 6-month low.

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 rose last week

Review: Hang Seng Index rose by 2.14% last week, logging another winning week after investors scooped up Chinese electric vehicle makers like Li Auto, Xpeng and BYD after a recent sell-off.

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 0.64% 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 0.12% gains, while Bloomberg Barclays EM USD Aggregate Total Return Index recorded 0.03% 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 1.71% last week

Review: U.S. WTI fell 1.71% last week to US\$73.11/bbl as investors adjusted their expectations for demand growth from China, the world's top oil importer, following data showing a decline in China's new home prices and a slowdown in industrial output.

Outlook: In times of crisis, asset correlations typically intensify, leading to potential movements such as crude oil prices declining alongside equity markets. However, the interplay of OPEC+ production cuts and geopolitical tensions in the Middle East is expected to establish a floor for crude oil prices in the near term.



Gold prices fell 0.37% last week

Review: Spot gold fell 0.37% last week to US\$2,505.02/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 0.38% last week, closing at 489.00.

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 0.96% last week

Review: The US Dollar Spot Index rose 0.96% last week as traders reduced their bets on aggressive policy easing by the Fed and focused on a crucial U.S. jobs report at the end of the week.

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 0.97% against USD last week as a significant drop in euro zone inflation sets stage for ECB rate cut.

Outlook: Eurozone interest rates are likely to remain flat for sometime as restrictive policy has not ended and the ECB may wait several meetings before easing rates again. 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	17989.07	2.14	6.16	-2.14	5.52	-31.05	-29.80	-27.31
Hang Seng China Enterprise	6331.14	1.80	5.96	-0.02	9.75	-32.22	-37.34	-42.27
Shanghai Composite	2842.21	-0.43	-2.17	-9.29	-4.46	-20.98	-2.80	25.43
Shenzen Composite	1544.23	2.52	-2.38	-20.95	-15.98	-36.39	-4.38	23.63
Dow Jones Industrial	41563.08	0.94	4.59	19.30	10.28	17.26	57.42	143.52
S&P 500	5648.40	0.24	5.65	25.08	18.42	24.50	93.01	182.10
NASDAQ COMPOSITE	17713.63	-0.92	5.59	26.24	18.00	15.54	122.45	285.23
FTSE 100	8376.63	0.59	2.47	12.22	8.32	16.93	15.03	22.66
DAX	18906.92	1.47	7.05	19.36	12.87	19.36	58.17	98.87
NIKKEI 225	39003.91	0.74	8.62	19.24	16.55	36.65	89.15	146.66

Source: Bloomberg 2024/8/30

Economic data

Country	Event	Previous	Forecast	Actual	Expectation
Japan	Retail Sales YoY (July)	3.7%	2.8%	2.6%	Below
Japan	Jobless Rate (July)	2.5%	2.5%	2.7%	Above
South Korea	Industrial Production YoY (July)	3.8%	7.5%	5.5%	Below
Australia	CPI YoY (July)	3.8%	3.4%	3.5%	Above
Russia	Unemployment Rate (July)	2.4%	2.4%	2.4%	On Par
Russia	Industrial Production YoY (July)	1.9%	2.8%	3.3%	Above

Source: Bloomberg 2024/8/30

Bond/Forex

Bond Instrument	Price	Change(%)	Yield (%)
US Treasury 30Y	100.9140625	-1.67	4.20
US Treasury 10Y	99 72/95	-0.78	3.90
US Treasury 5Y	99 29/45	-0.26	3.70
US Treasury 2Y	99 17/25	-0.11	3.92
US Tbill 3M	4.97	0.40	5.12
China Govt Bond 10Y	100.91	-0.26	2.17
Japan Govt Bond 10Y	101.90	0.04	0.89
German Bund 10Y	102.89	-0.60	2.27
UK Gilt 10Y	101.87	-0.53	4.02

Source: Bloomberg 2024/8/30

Currency	Price	Return (Weekly)	Return (Monthly)	Return (YTD)
USD/HKD	7.80	0.03	-0.11	-0.17
HKD/CNH	0.91	-0.40	-0.85	-0.24
USD/CNH	7.09	-0.38	-0.95	-0.42
USD/JPY	146.17	1.19	-0.19	3.69
USD/CAD	1.35	0.01	-2.78	1.85
GBP/USD	1.31	-0.40	2.61	3.17
AUD/USD	0.68	0.03	4.04	-0.56
EUR/USD	1.10	-0.97	1.30	0.13

Source: Bloomberg 2024/8/30

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