NEW DIMENSIONS CAPITAL

WEEKLY BULLETIN

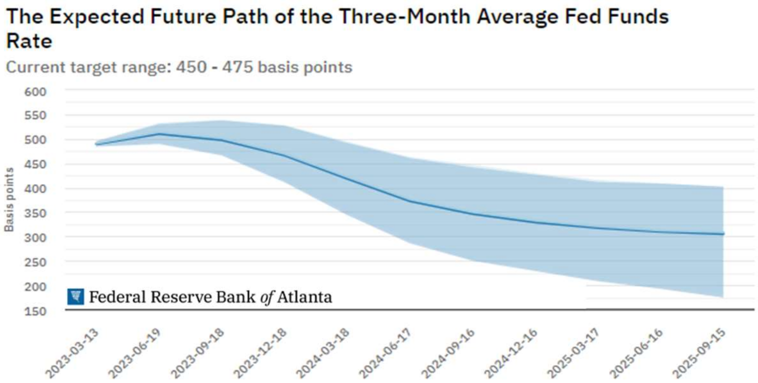
Week of 13th February 2023

Thought of the Week.

The January US jobs report showed an increase in non-farm payrolls of 517,000, while the unemployment rate fell to 3.4%, the lowest level in 53 years. This figure was nearly 3 times the expected number and the highest since July 2022.

Would this keep the pressure on Fed to keep hiking rates as it challenges the fight against inflation?

Jerome Powell's comments after the Jobs report were less hawkish than expected and he stressed that the FOMC will react to the data as it comes in.



He did say the Fed was prepared to raise rates more aggressively if necessary. Other members of the Fed's Board of Governors have also said rates may need to go higher - but that they will monitor the path of inflation.

Our view is that the wage growth in US and globally is slowing, therefore affecting inflation with a lower gradient. As pointed in our Monthly Bulletin as well, the Average Hourly Expenses Index (AHE YoY, %) dropped for the last two months, and is on a down trend since March 2022 dropping from 5.9% to 4.4%. The good unemployment number holds its value from an economic indicator point of view but does less to describe the well being of the respective population sample.

Pursuing this line of thought, we are analysing the effects of such strong US Jobs report on our portfolios, specifically on equity markets and relevant sectors. The view is that the report may not actually push inflation higher but may contribute to keeping it elevated. Rising prices create uncertainty for stock markets, making it difficult for investors to assess the value of a company. Higher input costs can also reduce profitability for companies that are unable to efficiently pass those costs on to customers and can lead to lower consumer demand overall.

We are cautious when considering long-duration or growth-oriented stocks, which face headwinds from rising real rates and the strong U.S. dollar. Instead, we look for fairly valued dividend stocks.

Events Summary for Previous Week.

US Economy/Politics

- Biden denies US-China ties more strained after balloon spat – 8th Feb
- Biden plans to curb investment by US firms in Chinese Tech – 9 Feb
- Tesla earns 5 times more per car than Toyota, earning show – 9 Feb

Europe and UK Economy/Equity

- Calls for bigger windfall tax after Shell makes obscene $40b profit – 3 Feb.
- France hit by new strikes, protests over pension reform – 7 Feb.
- Germany in advanced talks with Oman for natural gas supplies – 9Feb.

Asia Pacific Economy/Equity

- China to cut clean oil product exports in Feb amid strong domestic demand – 3 Feb.
- Singapore hydrogen strategy draws local energy firms, foreign tech – 4 Feb
- Adani shares remains in MSCI indices, but MSCI revises Adani Group weightings after free float review – 9 Feb.

The Week Ahead.

- Singapore Banks announcements, confirmation of the BoJ governor.
- Effects and economic aftershocks from the earthquake in Turkey

Weekly Data Monitor.

Performance

- A consolidation week for equities
- Bonds weaker than last week
- Dollar steady

INDEX	Weekly %	MTD %	YTD %	1YR %	3Y %	5Y %
Global Equity	**-1.10**	0.12	7.29	-9.04	18.54	41.63
Global Real Estate	**-2.56**	-1.41	8.22	-10.90	-0.20	34.79
US Real Estate	**-2.47**	-1.59	8.23	-9.71	2.13	45.51
APAC Real Estate	**-1.48**	-1.18	4.44	-14.10	-22.55	-15.66
Investment Grade	**-1.03**	0.08	3.89	-4.44	3.36	17.97
High Yield Bonds	**-1.00**	-0.80	2.46	-11.48	-11.26	-5.75
Global HF Real Estate	**-0.12**	0.17	1.85	-1.52	6.66	9.01
Global HY ETF	**-0.06**	2.68	6.35	-10.15	29.90	-5.59
ASIA Real Estate ETF	**-3.50**	-1.36	2.95	-11.96	-8.07	-16.35
USD Index	**0.18**	0.98	-0.41	7.89	4.31	13.99

Weekly chart:

- European bonds under pressure
- Crude ended at highs of the week.
- Gold backed off from latest highs.

Note: The chart shows normalised weekly highs and lows for the Indicator, emphasizing (BLUE) the LATEST

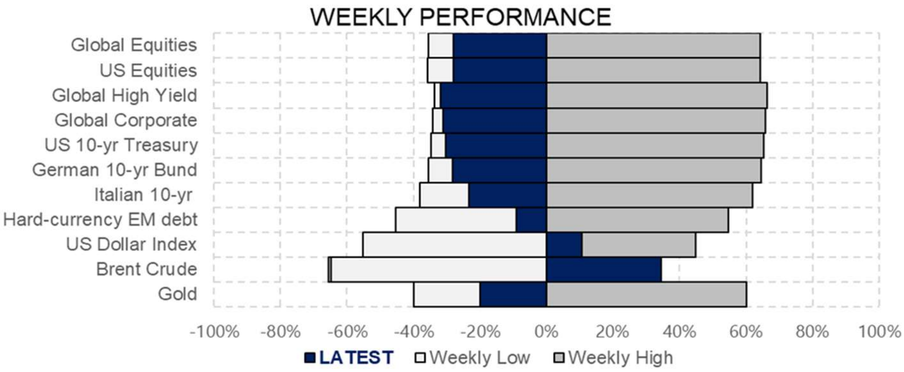
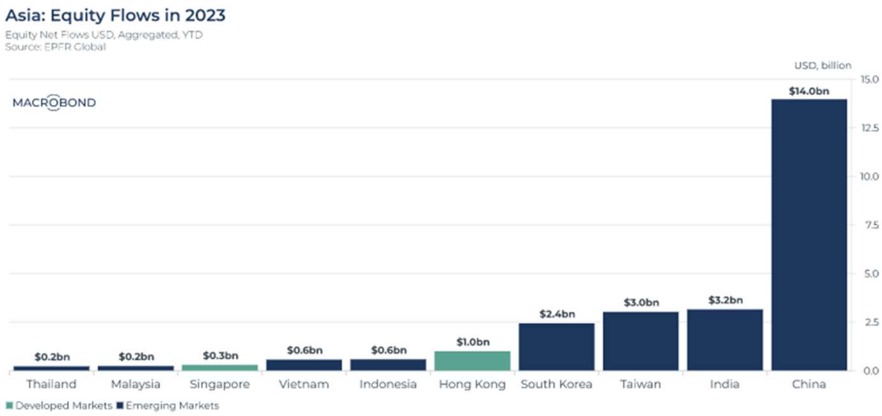


Chart of the Week.

This week's 'Chart of the Week' by MACROBOND tracks year-to-date net equity inflows into Asian market equities. Barely a month into 2023, flows to China are dwarfing the rest.



Recent Chinese economic data releases have been positive, with manufacturing and non-manufacturing indicators suggesting expansion over the next three to six months, unlike the similar US indicators that landed in recessionary area (see the MACROBOND charts package for last month).

China's economic reopening is proceeding rather quickly. We raise the question of whether China's economic reopening will cause services and commodities prices to surge, which in turn will hinder disinflation and the bond market rally in the U.S. The consensus is that the Chinese economy is operating at 70% of its full capacity and although it is recovering rapidly, it will take time before any inflation pressure to emerge, if at all. There is empirical evidence that China's impact on U.S. Treasury bonds may be limited. Last year, the US bond market weakened significantly while the Chinese economy was weak too. Following the same reasoning, China 's recovery should not be perceived as a necessary hurdle in the path of bond rally.

China's reopening represents a bullish factor for economic growth and stock markets. A growing Chinese economy would allow more foreign exports and, more importantly, drive up corporate profitability for multinationals that derive profits from the Chinese market.

We are following closely all narrative related to China reopening, from IMF raising global growth forecast in response to it, to a potential boom in trade and tourism.