NEW DIMENSIONS CAPITAL

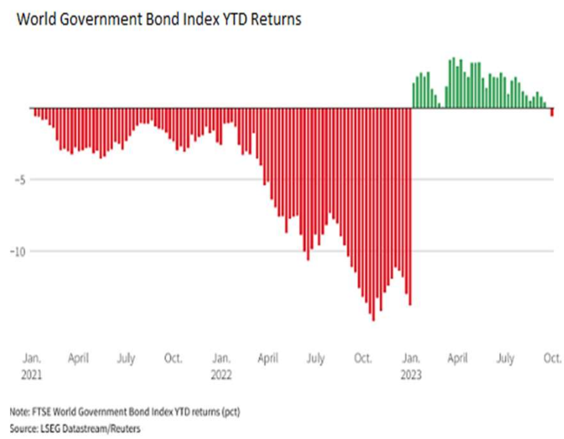
MONTHLY BULLETIN

November 2023

Monthly Perspective

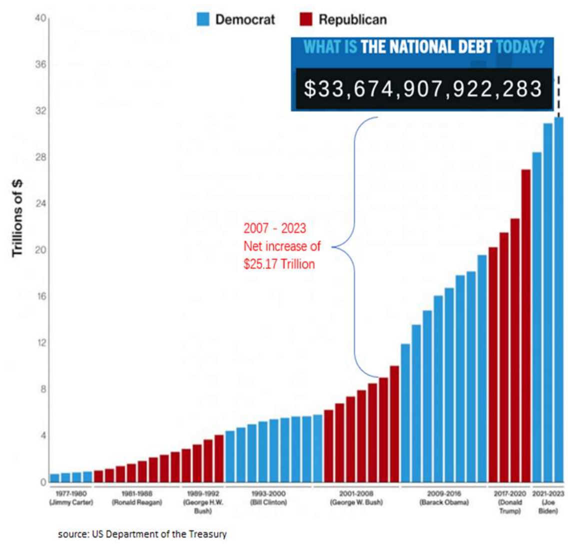
October burst onto the scene with a brilliant blue sky, carrying with it the eager anticipation that the Federal Reserve would elegantly navigate the vast U.S. economy towards a soft landing. As the month unveiled its splendour, the U.S. stock market soared, radiating boundless optimism. Yet, this jubilant momentum was suddenly shattered by the unexpected eruption of hostilities between Israel and Hamas, plunging the entire world into breathless prayer for peace.

News swiftly coursed through the financial landscape that President Biden was seeking billions of dollars to bolster Israel and Ukraine in their respective conflicts. This sent shockwaves across the financial markets, triggering ripples that extended to the far reaches of Wall Street. U.S. Treasuries were fervently cast aside, with bonds across the yield curve, spanning from 5-year to 30-year maturities, swept up in the tempest. The once-considered safest asset class is no longer seen as such. Equities, too, were not immune, embarking on a tumultuous rollercoaster ride through a series of harrowing sell-off. Global Bonds were not spared, recorded negative returns.



In an attempt to pacify the growing turmoil, Treasury Secretary Yellen emerged, endeavouring to reassure the markets by attributing the surge in bond yields to a robust economy. However, a perplexing question lingered: If the U.S. economy was indeed flourishing, why were hedge funds and investors shedding stocks and bonds like autumn leaves in a storm? To unravel this enigma, we must delve deeper into the heart of the matter – U.S. debts and the corresponding issuance of U.S. Treasuries.

Over the past 15 years, the United States has orchestrated a monetary symphony, conjuring over $25 trillion in fresh currency and credit seemingly out of thin air. This newfound wealth coursed through the economy under various guises, from Quantitative Easing to a medley of acronyms aimed at rescuing beleaguered banks and mortgage institutions. During the COVID-19 pandemic, it even took on the guise of the Paycheck Protection Program, enabling people to safely remain at home. But here's the crux: it's only dubbed "inflation" when it finds its way into bank accounts, ready to be spent. While this spending fuels growth, the spectre of inflation looms, its impact



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only overshadowed if goods remain affordable. Globalization, reigning from 2000 to 2017, helped maintain low prices. For years, investors revelled in the soaring stock returns, seemingly oblivious to the lurking spectre of inflation. However, the symphony changed its tune after July 2018 when U.S.-China trade tensions ignited a fire, slowly burning down the edifice of globalization. With the pandemic and the Ukraine conflict, inflation roared back into the spotlight in 2021 and 2022. When this happens on a large scale, the Fed is compelled to raise interest rates to curb the spending frenzy. Failure to do so could unleash the spectre of job losses and set a treacherous course toward recession.

Today's inflation predominantly stems from sectoral supply disruptions, a fallout from the convulsions of the COVID-19 pandemic, and the turbulence in energy and food markets, incited by the Russia-Ukraine conflict. Unbeknownst to many, intensified efforts to isolate China have inadvertently elevated the cost of living for the American populace.

So, what sets this October apart, sending shockwaves through the market and inciting a frenzied risk-off sell-off?

I believe that if each of these issues were isolated, they might be manageable for financial markets. Yet, it's the convergence of these problems that rings the alarm:

What are the triggers?

a. News of the U.S. concluding the fiscal year with a staggering budget deficit of nearly $1.7 trillion, up 23% year on year.

b. WTO warning on slower global growth on fragmenting global trade.

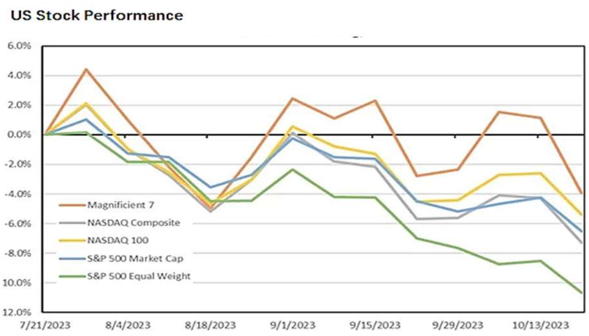
c. Fed's commitment to maintaining high interest rates for an extended period.

d. Strikes rippling through the U.S. auto industry.

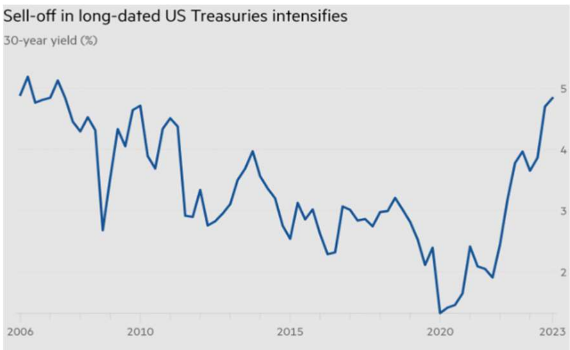
e. Foreign holdings.

f. President Biden's request for over $100 billion to support Israel and Ukraine's wars.

g. A heavy sell-off in U.S. Treasuries.



source: Bloomberg, CIM 27 Oct 2023



Source: Bloomberg

I believe the primary risk in October's sell-off is driven by unrestrained spending on wars, which leaves investors uneasy. Wars disrupt everything, as exemplified by the impact of the Ukraine conflict on oil, gas, and food prices, and the ensuing disruptions to transportation and trade routes. These uncertainties hold back investments and capital expenditure plans. Investors flee at the mere mention of another conflict with the U.S. involved. I suspect the risk primarily lies in foreign holders offloading Treasuries, triggering this risk. However, given the Fed's adeptness, they will find ways to stabilize the bond market. I'd be cautious about holding Treasuries at this point and but would prefer to invest in selected U.S. companies that continue to generate robust revenue, as the U.S. is likely to keep printing money to bolster its own economy which will benefit the equity market. If war news subside, bond yield stabilize, we should see a better November with Fed likely to hold rates unchanged.

From the News Desk to the Investment Team

- Carlyle winds down China credit team after scrapping potential JV – 3rd Oct.
- World Trade Organization expects 0.8% growth in global merchandise trade in 2023 as fragmenting global trade as countries focus on an increasingly narrow set of politically compatible partners – 5th Oct.
- Citigroup to sell its China-based onshore consumer wealth business to HSBC – 10th Oct.
- America may soon be spending more on debt services than defense – 11th Oct.
- Biden eyes adding AI chip curbs to Chinese companies abroad – 13th Oct.
- China ramps up liquidity support to banking system – 16th Oct.
- Wall Street concerns over swelling US debt put Fed in tight spot – 18th Oct.
- Late payments rise on US loans tied to inflated pandemic credit scores – 19th Oct.
- Argentina taps Chinese credit line to keep economy afloat during elections – 19th Oct.
- Fed Chair Powell hints that soaring bond yields could mean end of rate hikes – 19th Oct.
- US wraps up fiscal year with a budget deficit near $1.7 trillion, up 23% – 20th Oct.
- People's Bank of China governor vows to curb crypto speculation – 23rd Oct.
- Many US banks log higher Q3 credit loss provisions amid credit quality worries – 25th Oct.
- Hong Kong leader John Lee focuses on economy and security in policy address – 26th Oct.
- US GDP surges 4.9% as consumers and government go large – 26th Oct.
- US-China tensions will slow global chip industry, TSMC founder says – 27th Oct.
- US business bankruptcies rose 30%, court stats show – 27th Oct.
- Gold rebounds to $2,000 amid Israel-Hamas war, US debt turmoil – 27th Oct.
- China September Industrial profits extend gains helped by policy support -27th Oct.
- Singapore taps Vietnam, Indonesia and Malaysia for low-carbon energy – 27th Oct.
- Thaksin Shinawatra's daughter elected leader of Thailand's ruling party Pheu Thai – 28th Oct..
- Strikes hit US and Europe as workers worry about job security – 29th Oct.
- Israel enters second stage of war with Gaza ground assault – 29th Oct.
- Get ready for more US debt sticker shock as Wall Street sees a bigger wave of Treasurys flooding the bond market – 29th Oct.
- Malaysians to pay more for staples a weak ringgit enters uncharted territory – 29th Oct.
- Indonesia financial sector in good condition, can withstand high US rates, says regulator – 30th Oct.

Market Overview

Market Watch

Overview	Current	MTD ▲	YTD ▲
Equity Market Indexes			
MSCI Global Index	636.65	-4.32%	-5.83%
S&P500	4,193.80	-2.20%	9.23%
Nasdaq	12,851.24	-2.78%	22.78%
Mega Cap Tech	164.39	-0.95%	66.04%
Japan TOPIX	2,300.82	-0.96%	21.64%
Hang Seng Index	17,001.68	-4.44%	-13.96%
China CSI 300 Index	3,566.04	-0.32%	-7.79%
MSCI Singapore ishare	17.52	-4.52%	-6.86%
Emerging Markets	921.90	-3.94%	-4.31%
Fixed Income			
US 2 year Treasuries	5.08%	0.66%	14.76%
US 10 year Treasuries	4.92%	7.63%	27.03%
BBG US Agg.Corp Spread	2,913.06	-1.87%	-1.86%
BBG US HY Corp Spread	2,287.20	-1.16%	4.63%
Currencies			
US Dollar Index	106.76	0.55%	3.13%
EUR	1.0570	0.89%	-1.27%
GBP	1.2141	0.44%	0.46%
AUD	0.6323	-0.61%	-7.16%
NZD	0.5792	-2.61%	-8.79%
JPY	151.23	0.91%	-13.31%
SGD	1.3702	-0.20%	-2.24%
CNY (HK)	7.3362	0.18%	-5.64%
BRL	5.0385	-0.48%	4.81%
Commodities			
WTI Oil	81.12	-8.64%	1.07%
Gold	1,979.71	8.29%	8.56%
Silver	22.71	7.85%	-5.22%
Baltic Dry Index	1,459.00	-0.14%	-0.04%

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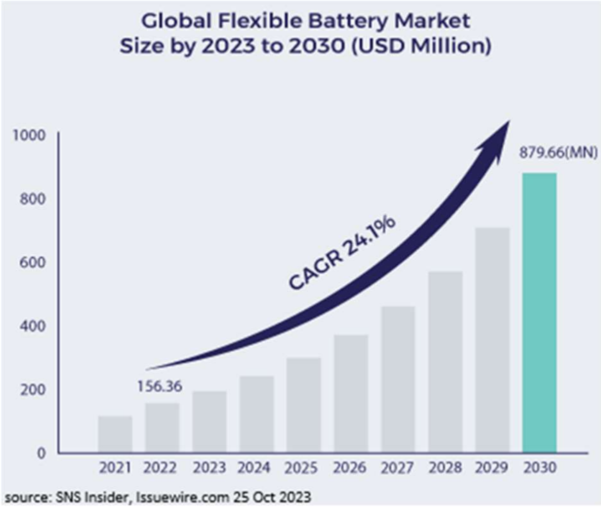
Chart of the Month

"The best way to create value in the 21st century is to connect Creativity with Technology" – Steve Jobs



A compelling testament to this fusion can be observed in the realm of stock markets, particularly the S&P500, where the most highly valued companies are those that seamlessly integrate technology into our everyday lives. Today, we direct our attention to the remarkable innovation of "Flexible Batteries".

The Flexible Battery market has witnessed an extraordinary surge, presenting a revolutionary solution across a wide spectrum of applications. These applications range from wearable electronics and healthcare devices to flexible displays and Internet of Things (IoT) devices. The market's primary focus is on delivering lightweight, bendable, and customizable power sources, which are redefining traditional energy solutions and enabling effortless integration across diverse industries. The market's momentum is further accelerated by the proliferation of smart devices and the surging demand for portable power solutions.

The burgeoning demand for wearables plays a pivotal role in propelling market growth. Leading companies such as Apple Inc., Samsung Electronics Co Ltd, ZTE Corp., and Xiaomi Corp. have introduced a range of wearable devices, including smartwatches, activity trackers, and fitness bands, enabling users to monitor various metrics such as distance travelled and metabolic and heart rates. Printed batteries are the preferred power sources for these devices, thanks to their flexible design and compatibility. As printed batteries offer flexibility in shape and size, they are increasingly replacing rigid coin cell batteries in smaller devices like smartwatches and fitness bands. Consequently, the rising popularity of wearable devices is projected to drive the demand for printed batteries, fostering market growth.

The demand for wearable technology when incorporated into fashion wear is on the rise due to its blend of style, functionality, and connectivity. Consumers increasingly seek fashionable wearables that offer health tracking, customization, and sustainability. As technology and fashion industries continue to collaborate and innovate, the market for wearable fashion tech is likely to expand further, catering to the evolving needs and preferences of consumers.

The Asia-Pacific region leads in production, while North America and Europe excel in research and development. Recent innovations include stretchable batteries and biodegradable materials. Despite challenges, the Flexible Battery market is poised for substantial growth through ongoing research, collaborations, and sustainable practices. I believe this is one good area to invest.

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October, a month of captivating contradictions. In the Western world, it ushers in a graceful transition from autumn's splendour to winter's impending chill. Yet, amidst this change, it stands as the only month where individuals are encouraged to transform themselves, scaring one another and playfully extorting candy with the delightful threat of mischief.

However, beyond the allure of costumes and confections, October carries a weighty significance in the financial arena. This reputation is etched in the annals of financial history, earning its name from the harrowing events of the 1907 Bankers' Panic, the 1929 Stock Market Crash, and the 1987 Black Monday, which have cast a long, ominous shadow. Surprisingly, when examining the historical data, September emerges as the true bearer of a darker market history, and not October.

From our perspective, October's enigma conceals hidden gems, waiting to be discovered by those who dare to explore its alluring investment opportunities. If you seek insights on investments, require assistance, or desire to explore potential collaborations, our team stands ready to serve, offering not only expertise but also a delightful treat in our exquisite office setting. It's Treat or Trade here, no trick.

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