WEEKLY BULLETIN

January 2024: Issue #1

Quote of the Week.

The best chance to deploy capital is when things are going down – Warren Buffett

In the opening weeks of January, the market displayed a hesitant start, but the second week brought a crescendo of calls for a Fed rate cut, keeping the S&P500 hovering near its record highs. The prevailing expectation is that the Fed will cut in March, but the challenge lies in deciding what to buy when most stocks are at peak levels and high valuations. This dilemma intensifies with strong employment and higher inflation data favouring the Fed holding rates instead.

Adding complexity to buying decisions are geopolitical risks, exemplified by the joint US and UK forces attacking Houthi targets in Yemen. While the details of the conflict may be unclear, one certainty is an escalation leading to a surge in oil and commodity prices – not ideal for global markets already grappling with high inflation. Despite these challenges, the unbelievable resilience of the S&P500 allowed it to close the week in positive territory.

Turning to the Asia Pacific region, a term gaining prominence is "friendshoring." Japan's equities, closely aligned with the US, hit new record highs on further foreign inflows, likely diverted from China. On the contrary, China and Hong Kong markets are trading at 4-year lows due to property concerns and foreign outflows. In the short term, political influences may sway foreign flows away from China and Hong Kong market, but cheap valuations in quality Chinese companies may eventually lure back foreign flows when their robust earnings can no longer be ignored. With China's middle-class consumer market double the size of the United States, any forced diversion of US corporates from China could significantly impact their future earnings.

In this intricate global market dance, initiating new positions in US stocks near all-time highs becomes a challenging art. Valuation concerns, the looming threat of a market correction, and the potential lack of a robust margin of safety highlight the necessity for a cautious and strategic investment approach. Echoing the wisdom of Warren Buffett, "The best opportunity to deploy capital is when things are going down," reinforces the importance of a discerning strategy, especially during market exuberance. Investors must remain vigilant, acknowledging the psychological risks posed by herd behavior and sector-specific overvaluation during market highs.

Moreover, the scarcity of bargains in periods of market exuberance underscores the need for thorough research and disciplined investment strategies. Economic and geopolitical risks persist, even in times of market highs, demanding a balanced and diversified portfolio capable of navigating unforeseen challenges.

Patience and buying on dips could be the best policy to adopt in such volatile times. Waiting for opportune moments when market conditions favour a more favourable risk-reward ratio can be a prudent approach.

Last Week 's Notable Events.

US Economy/Politics

- US lawmakers ask Biden administration to bar investments in China's Quectel – 5th Jan
- US Dec NFIB Small Business Optimism 91.9 vs exp 91.0 – 9th Jan
- US Dec CPI y/y 3.4%. vs exp 3.2%, core CPI y/y 3.9% vs exp 3.8% - 11th Jan
- US monthly budget statement -$129.4 billion vs exp -$87.5 billion – 12th Jan

Europe Economy/Politics

- US pushed ASML, to block Chinese sales before January deadline – 2nd Jan.
- UK fund managers have no plan to invest in China "anything soon" – 4th Jan
- EU CPI y/y 4.0% vs last 4.0% – 8th Jan
- ECB rate cut aren't a topic for the near term, ECB Lane says – 12th Jan

Asia Pacific Economy/Equity

- China hints at more easing with possible reserve ratio cut – 9th Jan
- Singapore, Malaysia ink MOU on Johor-Singapore Special Economic Zone – 11th Jan
- Japan Dec CPI hit 18 month low, fuelling steady view on BOJ, Reuters poll shows – 12th Jan
- Vietnam and Thailand rice exports soar after India ban – 12th Jan

Weekly Data Monitor.

Performance

- Global Equities closed in positive.
- Real Estates slide.
- USD in sideway trading.

INDEX	Weekly %	MTD %	YTD %	1YR %	3Y %	5Y %
Global Equity	0.43	-0.28	-0.28	15.58	16.16	66.47
Global Real Estate	-0.57	-1.20	-1.20	1.92	11.02	25.71
US Real Estate	-0.79	-1.28	-1.28	3.64	16.58	34.43
APAC Real Estate	0.80	-1.86	-1.86	-7.12	-20.51	-18.58
Investment Grade	0.65	-0.16	-0.16	9.08	5.53	25.73
High Yield Bonds	0.22	-1.01	-1.01	1.27	-15.80	-3.08
Global HY ETF	-0.85	3.46	-0.63	4.06	14.92	24.36
ASIA Real Estate ETF	0.36	-2.77	-2.77	-8.19	-11.15	-15.34
USD Index	0.13	1.01	1.01	0.14	12.76	6.57

Weekly chart:

- USD index consolidates ahead of FOMC.
- Gold rallied towards 2050 on Yemen attack.

Note: The chart shows normalised weekly highs and lows for the Indicator, BLUE being the LATEST.

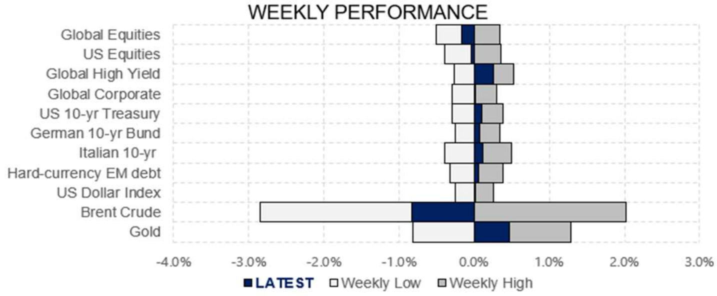
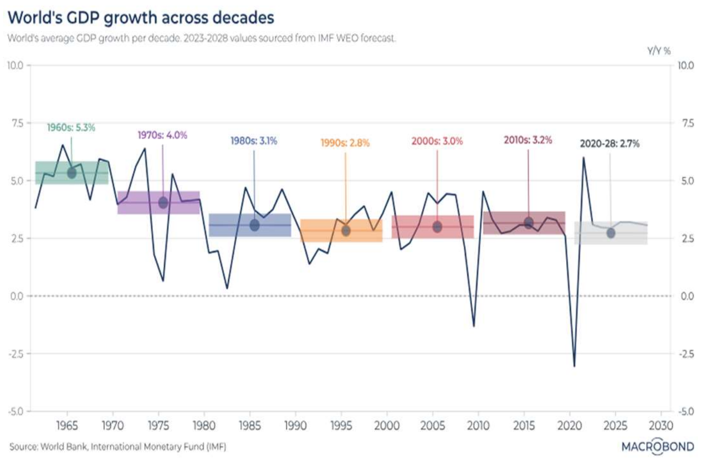


Chart of the Week.

As we embark on the fifth year of the 2020s, an insightful chart, drawing on data from the World Bank and IMF, unveils the trajectory of global GDP growth rates since 1960. Despite a robust post-Covid recovery, marking the swiftest growth since the 1970s, the persistent fallout from the pandemic casts a shadow over the 2020s, positioning it as the weakest decade on our historical chart. In contrast to the current buoyancy in the US market, I anticipate a notably volatile equity pattern in 2024. The landscape is further complicated by factors such as the lingering spectre of slower global growth, intricate US-China trade policies, and ongoing geopolitical conflicts in Yemen, Gaza, and Ukraine. These elements collectively pose significant risks, potentially tilting the global market towards downside



This projection diverges sharply from the current bullish US market momentum. I expect the wildcard of inflation, which could surge to high levels if geopolitical tensions intensify. In anticipation of this volatility, adopting a strategy of periodic profit-locking could prove prudent as we navigate the complexities of 2024