WEEKLY BULLETIN

February 2024: Issue #1

Quote of the Week.

Be Fearful when others are Greedy – Warren Buffett

US equities market has been riding a wave of record highs, primarily fueled by the dominance of mega-tech companies and the prevailing AI theme. The recently concluded Q4 earnings season has only added fuel to this bullish sentiment, with profits surpassing even the most optimistic forecasts.

Despite lingering macroeconomic concerns dampening demand and consumer sentiment, companies have managed to exceed expectations, thanks to a combination of factors including reduced input costs, enhanced cost controls, and aggressive lowering of expectations heading into the reporting season.

Notable among the S&P 500 companies reporting strong earnings are industry giants like Amazon, Meta, Apple, ExxonMobil, Chevron, UnitedHealth, and Bristol Myers Squibb. Particularly impressive performances have been seen in three key sectors:

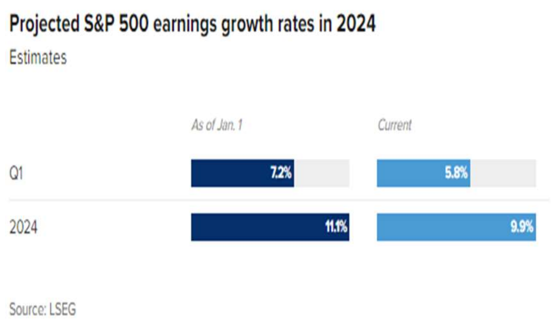
a. Energy: Approximately 90% of energy companies have exceeded earnings estimates, with profits surpassing expectations by nearly 14%.

b. Health care: About 85% of health care companies have beaten bottom-line projections, with earnings exceeding expectations by nearly 11%.

c. Technology: Roughly 84% of tech companies have posted earnings beats, with earnings exceeding expectations by more than 5%.

Overall, the current earnings per share growth rate for the S&P 500 in Q4 stands at 7.8%, outpacing the 7.5% growth seen in Q3 and marking the highest growth rate for the year.

Looking ahead, the key question investors face is whether there are sufficient catalysts to propel the S&P 500 to the coveted 5100 mark, or if the market is primed for a short-term correction. Market conditions and stock valuations in the US market appear stretched, raising concerns about the sustainability of the current bullish trend. The chart on the right also show the current earnings growth trailing behind the expectation.



In conclusion, while the recent earnings season has undoubtedly bolstered market confidence and propelled stocks to new heights, investors should exercise caution amidst stretched valuations and the absence of significant positive catalysts moving forward. Vigilance and a prudent approach to risk management will be crucial in navigating the evolving landscape of the US equities market.

Last Week ‘s Notable Events.

US Economy/Politics

- US House rejects Israel aid bill amid fighting over bipartisan border package –6th Feb
- Moody’s cut NYCB rating to junk, warns of more downgrades – 7th Feb

Europe Economy/Politics

- Without shipping there will be no car industry in Europe, no Airbus – 6th Feb
- European Commission proposes 90% cut in emissions by 7th Sep

Asia Pacific Economy/Equity

- Abu Dhabi wealth fund is said t weigh stake in Wanda mall unit – 6th Feb
- China January new bank loans hit record high on policy support – 9th Feb
- Malaysia and China's mutual visa-free policy to boost Spring Festival tourism economy – 9th Feb
- Singapore leads China's international recovery as visa-free policy begins – 10th Feb

Weekly Data Monitor.

Performance

- Record US equities continue to support global equity higher.
- Real Estates slide.

INDEX	Weekly %	MTD %	YTD %	1YR %	3Y %	5Y %
Global Equity	1.45	2.36	2.96	17.64	15.22	64.97
Global Real Estate	1.49	-0.13	-4.76	-3.20	2.47	14.26
US Real Estate	1.87	0.31	-4.61	-1.44	6.59	21.47
APAC Real Estate	0.09	-1.35	-5.59	-10.02	-25.59	-24.05
Investment Grade	0.52	0.20	0.20	10.27	4.87	23.74
High Yield Bonds	0.08	-1.39	-2.75	0.93	-16.85	-4.82
Global HY ETF	0.94	-1.40	-1.17	3.76	12.41	23.00
ASIA Real Estate ETF	0.12	-0.98	-6.47	-12.82	-19.69	-19.60
USD Index	-0.27	0.87	2.80	0.52	15.13	7.71

Weekly chart:

- USD index slide.
- Oil prices ascend on Red Sea conflicts.

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

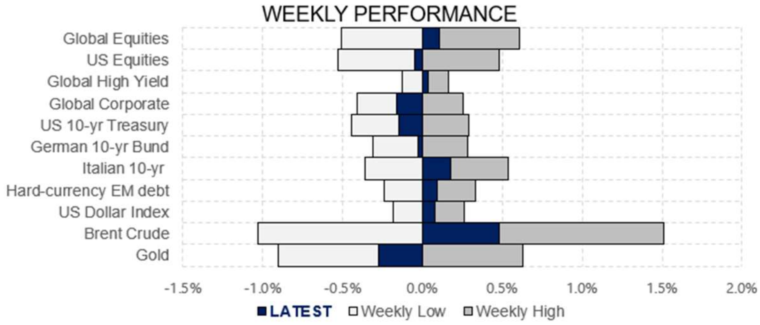
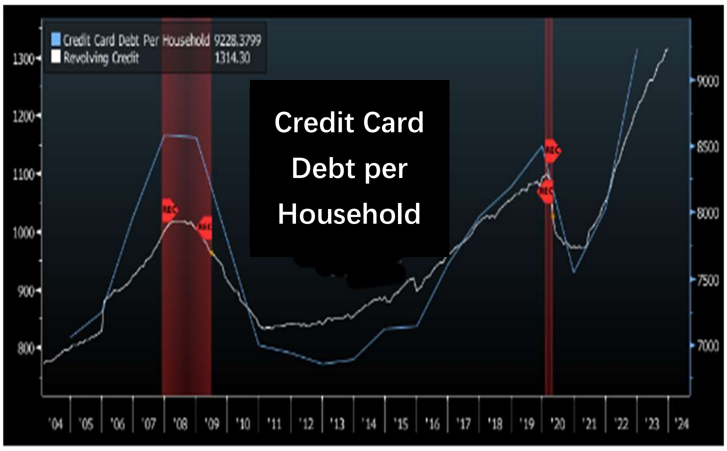


Chart of the Week.

Amidst the buoyancy of the record-breaking month in US equities, it's worth noting a subtler undercurrent beneath the surface of Wall Street's tranquillity: the concerning uptick in consumer credit card debt. Illustrated by the chart on the right, this increase in credit card debt per household in the United States signals a potential cause for caution amidst the market's celebratory mood.



While current spending continues unabated, driving the economy's expansion and lifting risk assets to new heights, there's a growing sense of caution regarding the sustainability of this trend. How long can the US consumer maintain the current pace of asset gains before encountering potential challenges? As someone acquainted with the unpredictable nature of markets, I acknowledge that predicting market tops or bottoms is inherently uncertain. However, ignoring subtle warning signs risks leaving investors vulnerable when circumstances shift.

A comparison of present spending trends with those preceding past recessions suggests that the American consumer may be approaching a threshold, signalling a need for caution among investors and prompting a closer examination of stock market dynamics.

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