

# WEEKLY BULLETIN

February 2024: Issue #3

## Quote of the Week.

I don't look to jump over seven-foot bars; I look around for one-foot bars that I can step over – Warren Buffett

The preceding week commenced with a notable retreat in several high mega-cap or mega Tech stocks, marking a cautious tone in the market. However, Thursday brought about a striking reversal, spurred by Nvidia's impressive earnings, which propelled major indexes to unprecedented heights. The prevailing market sentiment remains heavily influenced by a select group of stocks, exerting a significant sway on overall market momentum. Furthermore, the addition of Amazon to the Dow Jones Index was a strategic maneuver intended to bolster its performance relative to the soaring S&P500 and Nasdaq.



The ongoing reallocation of indexes underscores the outsize influence of a handful of sectors in driving broader market performance. This phenomenon is vividly illustrated by the remarkable impact of key players on the S&P500 and Nasdaq's relentless climb to record highs. Despite cautious warnings from analysts regarding inflated stock prices, the prevailing sentiment seems to echo the sentiment of "if you can't beat them, join them," as more voices bow down and align with the prevailing market trend. Nevertheless, amidst this prevailing sentiment, my focus remains on identifying opportunities where the hurdles to success are lower, rather than relentlessly pursuing ever-higher peaks.

Within the US market, I view a potential correction of 8% to 10% in the S&P500 not as a sign of impending market derailment, but rather as a healthy recalibration necessary for sustaining an upward trajectory. My attention is drawn to quality names such as Microsoft, Meta, and Berkshire Hathaway B, which present compelling opportunities for strategic investments, particularly during market downturns.

Turning our gaze beyond US borders, I am intrigued by the prospects in international markets. Despite the cacophony of mixed signals stemming from central banks and geopolitical tensions, Asian equities have demonstrated remarkable resilience. Sectors such as banks and industrials offer enticing entry points for portfolio construction, promising both potential upside and dependable dividends. Moreover, Asian markets stand poised to benefit from an eventual Fed rate cut, presenting a favorable backdrop for investment. Additionally, the burgeoning AI theme in Asian stocks, fueled by Nvidia's advancements, suggests a promising avenue for growth and investment potential as well.

## Last Week 's Notable Events.

### US Economy/Politics

- Fed officials expressed caution about lowering rates too quickly, minutes show – 21<sup>st</sup> Feb
- US Biden's maritime cybersecurity actions target China threats – 22<sup>nd</sup> Feb
- Biden slaps 500 new sanctions on Russia over war, Navalny death – 23<sup>rd</sup> Feb

### Europe Economy/Politics

- It's taken just five years for Ursula von der Leyen to destroy Europe's economy – 19<sup>th</sup> Feb
- Germany just slashed its growth forecast, saying the economy is in troubled waters – 21<sup>st</sup> Feb

## Asia Pacific Economy/Equity

- Australia loses out as Chinese tourists flock to Southeast Asia – 22<sup>nd</sup> Feb
- China's Central Bank tries to catch market off guard with surprise easing – 23<sup>rd</sup> Feb
- Malaysia ringgit fall is concerning but economic fundamentals strong, PM says – 23<sup>rd</sup> Feb
- Bank of Thailand warns of long-term downturn – 23<sup>rd</sup> Feb

## Weekly Data Monitor.

### Performance

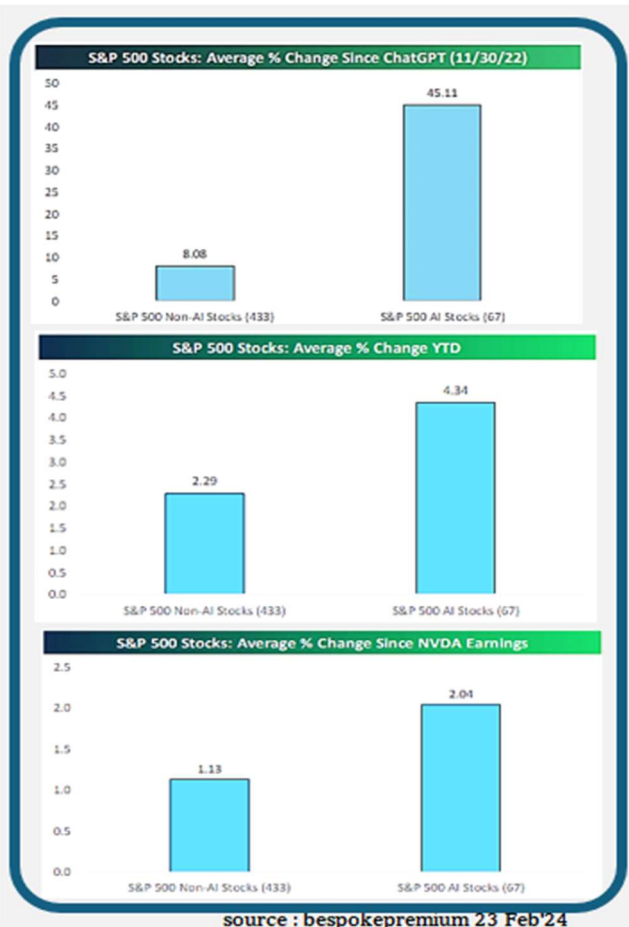
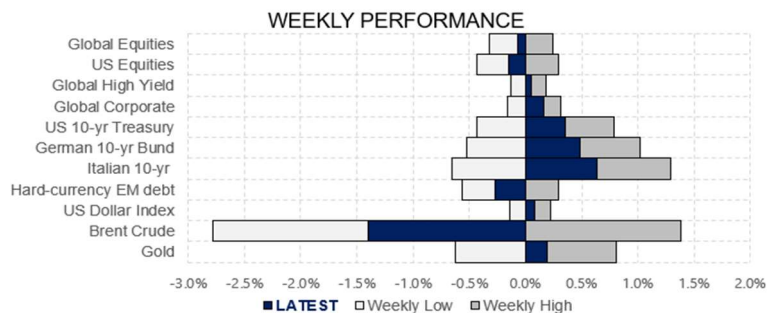
- Record equities in US, Japan propel Global equity higher
- US real estate favours over Asia real estate.

### Weekly chart:

- Brent crude easing lower.
- Gold in consolidation near 2025.

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

INDEX	Weekly %	MTD %	YTD %	1YR %	3Y %	5Y %
Global Equity	1.46	4.25	4.86	23.31	21.74	64.12
Global Real Estate	0.69	0.76	-3.91	2.66	5.87	14.55
US Real Estate	0.61	1.08	-3.87	4.38	10.12	21.95
APAC Real Estate	0.43	0.14	-4.16	-5.58	-25.47	-24.17
Investment Grade	0.42	0.27	0.26	11.52	5.61	22.77
High Yield Bonds	0.42	-1.33	-2.69	3.25	-15.72	-5.36
Global HY ETF	1.57	3.56	1.28	8.53	13.60	26.73
ASIA Real Estate ETF	-0.62	-1.22	-6.71	-12.38	-20.37	-18.87
USD Index	-0.33	0.70	2.63	-1.16	14.43	8.32



## Chart of the Week.

In the quest to unravel the influence and price movements of AI-themed stocks, researchers have diligently scrutinized their impact, revealing intriguing insights. Illustrated in the left-hand chart, a compelling comparison emerges, highlighting the profound effect of AI-themed investments on the broader S&P500 landscape. Among the 67 stocks identified as AI-related, their performance distinctly outshines that of the remaining 433 non-AI related counterparts. This trend persists notably throughout the year-to-date timeframe, with the substantial gains attributed to AI resonating across various sectors.

Even amidst the backdrop of Nvidia's recent stellar earnings report, the potency of AI-themed stocks remains palpable, boasting an impact nearly double that of their non-AI counterparts. While some may contend that the potential upside for AI-themed stocks in 2024 appears tempered compared to the remarkable 45% surge since ChatGPT, my bullish stance remains unwavering. I maintain the conviction that AI will continue to spearhead the trajectory of the US market for several quarters to come unless consumption pattern changed.

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