

## WEEKLY BULLETIN

April 2024: Issue #2

### Quote of the Week.

War may sometimes be a necessary evil. But no matter how necessary, it is always an evil, never a good – Jimmy Carter

The past week has been marked by two significant conflicts, each with the potential to disrupt global stability. The first, prominently visible, is the escalating tension between Iran and Israel. After Israel's attack on Iran's embassy in Syria, Iran retaliated with over 300 missiles launched at Israeli military targets just four days later. Amidst concerns over civilian casualties from Gaza to Syria, the United States' steadfast support for Israel instead of pursuing peace adds to global apprehension, reminiscent of contemplating the unthinkable, like 'Superman turning bad'. This geopolitical turmoil has translated into a risk-off sentiment in trading markets, evident from negative closures in US and Asian Pacific markets for the second consecutive week, as war inevitably disrupts business operations.



The second conflict, though less overt, is equally impactful: the ongoing trade war between the US and China, where economic weapons replace bullets, threatening livelihoods and societal harmony. Treasury Secretary Yellen's recent visit to China failed to improve cooperation, as she expressed concerns about China's industrial policies, particularly its investments in sectors like electric vehicles, lithium-ion batteries, and solar energy. The rivalry between the US and China remains a significant uncertainty, with foreign investors closely monitoring developments and assessing risks associated with investing in Chinese assets, much to the dismay of the US trade block.



Both conflicts present complex challenges with no easy solutions in sight. As the US continues to support Israel while simultaneously seeking to contain China's growth and development, it underscores a discordance with the human desire for progress and the benefits of globalization. Investors should brace themselves for potential turbulence in April and stay defensive as these geopolitical tensions continue to unfold and impact global markets. In the midst of uncertainty and conflict, I pray for peace to return soon.

### Last Week 's Notable Events.

#### US Economy/Politics

- Yellen says she won't rule out possible tariffs on China's green exports – 8<sup>th</sup> Apr
- Yellen threatens sanctions for China banks that aid Russia war – 8<sup>th</sup> Apr
- US Mar CPI 3.5% vs exp 3.4% - 10<sup>th</sup> Apr
- New York Fed Willaims says the inflation fight isn't finished – 12<sup>th</sup> Apr
- White House reaffirms Israel backing but says 'we don't seek war with Iran – 14<sup>th</sup> Apr

### Europe Economy/Politics

- ECB kept rates unchanged at 4.50% – 11<sup>th</sup> Apr
- Traveling between Europe and Asia will take longer as airlines reroute flights after Iran's attack on Israel – 14<sup>th</sup> Apr

### Asia Pacific Economy/Equity

- RBNZ holds rates unchanged at 5.5% - 10<sup>th</sup> Apr
- Malaysia condemns Israel's 'barbaric' attack during Aidilfitri – 11<sup>th</sup> Apr
- ADB forecasts developing Asia's economy to grow 4.9% in 2024 – 11<sup>th</sup> Apr
- China policy to boost demand by \$700 billion will have a bigger and bigger impact, official says – 11<sup>th</sup> Apr

## Weekly Data Monitor.

### Performance

- Middle East tensions triggered risk-off selling across equity and bonds.
- Real Estate continues to slide on high Fed fund rates.
- USD strengthen across all majors
- Gold strengthen on escalating war tensions.

**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        | -1.38    | -2.23 | 5.78   | 18.94  | 14.66  | 59.89  |
| Global Real Estate   | -2.82    | -5.59 | -6.99  | 2.46   | -6.96  | 5.56   |
| US Real Estate       | -2.87    | -5.65 | -6.75  | 5.32   | -3.44  | 12.57  |
| APAC Real Estate     | -0.73    | -2.36 | -2.82  | -4.78  | -26.50 | -26.06 |
| Investment Grade     | -0.59    | -1.07 | 0.39   | 9.04   | 4.70   | 20.20  |
| High Yield Bonds     | -1.00    | -1.68 | -3.73  | -1.41  | -16.13 | -6.95  |
| Global HY ETF        | -1.98    | -1.21 | 1.17   | 5.13   | 9.87   | 25.60  |
| ASIA Real Estate ETF | -1.30    | -3.78 | -11.79 | -17.16 | -23.61 | -31.57 |
| USD Index            | 1.64     | 1.32  | 4.53   | 4.31   | 15.55  | 9.27   |
| Gold                 | 0.62     | 5.23  | 13.74  | 17.61  | 33.02  | 82.18  |
| WTI Oil              | -1.46    | 1.91  | 18.30  | 2.71   | 33.56  | 33.69  |

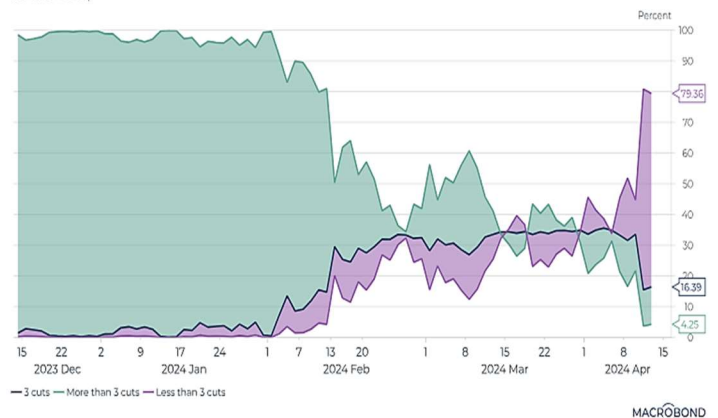
### Chart of the Week.

While the escalation of conflict between Iran and Israel dominates headlines, the Federal Reserve's policy remains a crucial gauge for Wall Street. An insightful chart by Macrobond displayed on the right side illustrates market expectations of Fed rate cuts throughout 2024. Initially, the Fed projected three cuts by December, contrasting with the market's more aggressive estimate of six cuts for the year.

Recent data on US consumer prices, notably in sectors like gasoline and rental housing, have shown a sustained increase through March. This prompts financial markets to revise their expectations, postponing anticipated rate cuts until at least September. Additionally, with the added factor of escalating conflict in Middle East, there's speculation that the Fed may need to maintain rates unchanged longer than anticipated, especially if oil prices surge.

United States: Market expectations for cuts during 2024

Source: CME Group



The delay in expected rate cuts until September may precipitate market corrections as investors recalibrate their strategies. However, the prospect of rate cuts later in the year could reignite market optimism. In this context, staying informed and adaptable to changing economic indicators remains crucial for investors."

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