

# WEEKLY BULLETIN

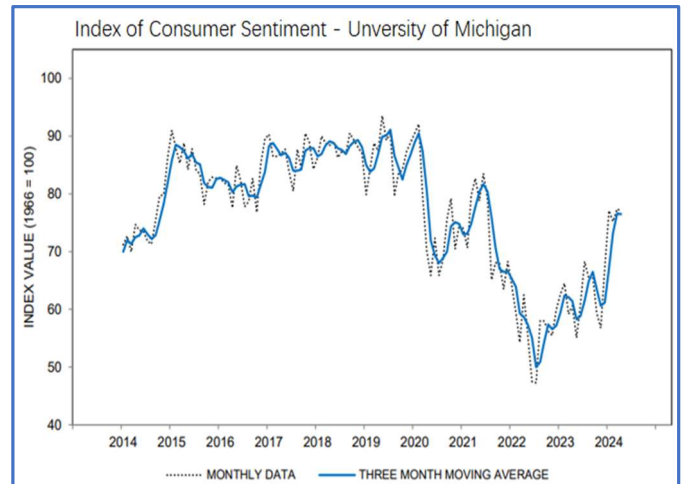
April 2024: Issue #3

## Quote of the Week.

“A rising tide lifts all boats” – John F. Kennedy

In the wake of tumultuous economic conditions, including pandemic uncertainties and inflationary pressures, the American consumer has remained on edge for years. However, a recent shift in sentiment suggests a turning tide.

The University of Michigan Consumer Sentiment Index, a stalwart gauge of public perception, has surged to multiyear highs, signaling a newfound optimism. This breakout phenomenon, occurring only a handful of times in nearly half a century, historically heralds continued stock market gains.



An analysis of past instances reveals compelling insights: during periods of rising consumer sentiment, stock returns have outpaced the broader market. Notably, investors who capitalized on such opportunities enjoyed impressive gains, with stocks delivering 4.4% in three months, 5.9% in six months, and a remarkable 12.6% in a year. Remarkably, stocks were higher a year later in every single instance.

While market outcomes are never guaranteed, historical precedent underscores the potency of consumer sentiment as a harbinger of stock market performance. Betting against this track record would be unwise.

As consumers awaken to the robustness of the U.S. economy, the stage is set for a potential lasting economic boom—a harbinger of higher stock prices. However, the momentum of this bullish sentiment will likely hinge on the forthcoming earnings reports. If more than 70% of S&P 500 companies can exceed the low expectations again, it could serve as a powerful catalyst to propel optimism further and sustain the upward trajectory of the market. Investors should closely monitor earnings announcements as they unfold, as they could provide valuable insights into the durability of the current market momentum.

## Last Week 's Notable Events.

### US Economy/Politics

- US legislators renew push for additional aid to Israel after Iran attack – 15<sup>th</sup> Apr
- US to grow at double the rate of G7 peers this year, says IMF – 16<sup>th</sup> Apr
- US tests China's metal with steel tariff plan, opening new front in trade war – 18<sup>th</sup> Apr
- US economy growing at 'modest' pace in many regions: Federal Reserve – 18<sup>th</sup> Apr

### Europe Economy/Politics

- US, Europe look to Japan for help in areas like AI, EVs to curb China's tech progress – 14<sup>th</sup> Apr
- Europe AI. Champion sets sight on Tech giants in US – 18<sup>th</sup> Apr
- Lagarde says Euro-zone economy is showing signs of recovery – 18<sup>th</sup> Apr

## Asia Pacific Economy/Equity

- China economy grew faster than expected in the March quarter – 16<sup>th</sup> Apr
- China leads Asian stock rally; policy news raises small caps and Industrials – 17<sup>th</sup> Apr
- Johor's special zone including with Singapore could help its economy outpace other Malaysian states – 19<sup>th</sup> Apr
- China foreign investment inflows fall 26.1% despite openness vows – 20<sup>th</sup> Apr
- IMF urges Bank of Japan to tread cautiously in raising interest rate – 20<sup>th</sup> Apr

## Weekly Data Monitor.

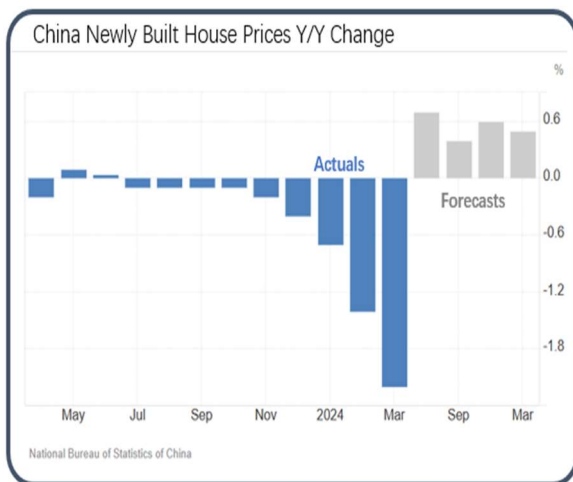
### Performance

- Global Equities fall
- Real Estates fall
- USD strengthen
- Gold strengthen

**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	-2.99	-3.47	4.45	19.54	12.48	57.12
Global Real Estate	-3.25	-7.28	-8.65	0.82	-10.61	4.71
US Real Estate	-3.44	-7.58	-8.66	3.69	-7.59	11.29
APAC Real Estate	-4.18	-4.08	-4.53	-5.49	-27.68	-26.27
Investment Grade	-0.58	-1.29	0.17	9.11	4.34	19.73
High Yield Bonds	-0.56	-2.53	-4.56	-2.47	-17.16	-7.67
Global HY ETF	-0.63	-1.59	1.91	7.28	7.79	24.81
ASIA Real Estate ETF	-4.19	-3.78	-11.79	-16.52	-29.01	-41.05
USD Index	0.11	0.98	4.18	4.04	16.26	7.72
Gold	1.99	5.01	13.51	17.73	31.45	82.07
WTI Oil	-3.03	0.95	17.18	13.00	35.62	32.64

## Chart of the Week.



Chinese equities displayed a varied performance in response to first-quarter economic data. While the Shanghai Composite Index and CSI 300 experienced gains, the Hang Seng Index in Hong Kong saw a decline. Key indicators such as GDP growth, industrial production, and retail sales painted a mixed picture of China's economic health. Although GDP expanded slightly beyond expectations, industrial production and retail sales fell short, highlighting potential challenges ahead. The property sector, in particular, remains a concern, with new home prices continuing to decline and major developers struggling to repay bonds. This has prompted many investors, both offshore and onshore, to sell down Chinese stocks, dampening any sentiment of stock recovery supported by local government policies.

The divergence in equity performance underscores the significance of the property sector as the weakest link in the Chinese markets. Despite positive GDP growth, uncertainties persist due to the struggling housing market. Investors are advised to closely monitor developments in the property sector, as it could significantly impact market stability. The potential for a rebound in home prices offers a glimmer of hope in the next few months, although sustained correction in Chinese stocks depends on the sector's ability to stabilize, and providing offshore investors with no reason to dump Chinese stocks.

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