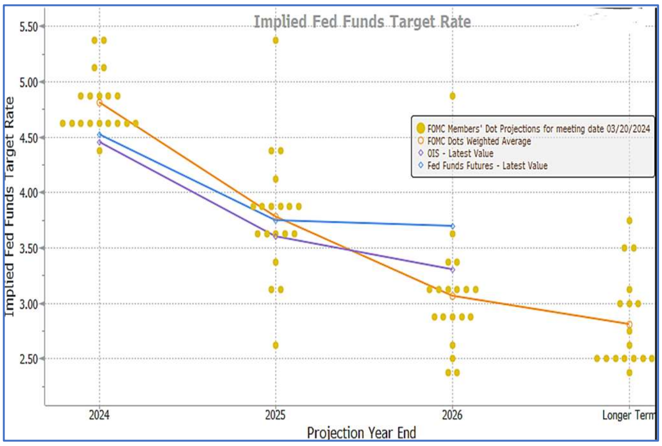
NEW DIMENSIONS CAPITAL

WEEKLY BULLETIN

March 2024: Issue #3

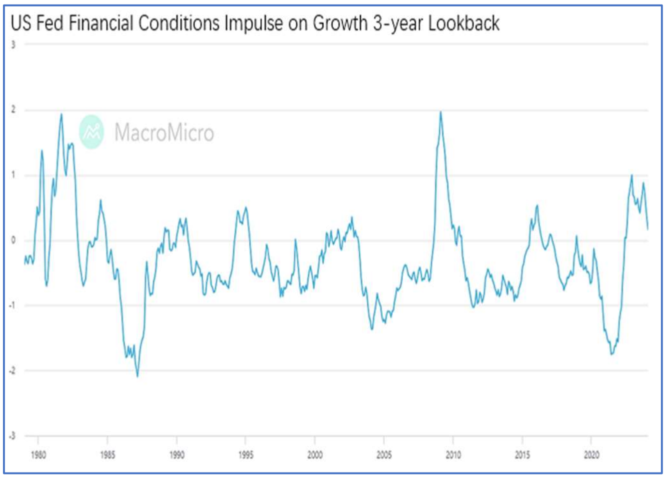
Quote of the Week.

The market is a device for transferring money from the impatient to the patient, but it also tends to reward the reckless alongside the prudent in the short term – Unknown



Last Thursday, US equities soared to new heights, driven by the market's selective focus on Federal Reserve Chair Jerome Powell's testimony before the Senate Banking Committee. Despite Powell merely restating the same facts as in the previous meeting, where he underscored reasons for keeping rates unchanged, the market zeroed in on his mention of potential rate cuts.

Bullish fervor gripped the market as investors eagerly seized upon the Fed's projection of three cuts in 2024, conveniently disregarding the prior market anticipation of four cuts.



Amidst this exuberance, an intriguing article surfaced, shedding light on the potential for the Fed to sustain rates above 5%. The US Fed Financial Conditions Impulse data, illustrated in the accompanying chart, currently stands at a score of 0.16, indicating relatively loose financial conditions within the United States. This prompts a critical question: How might these conditions shape the Federal Reserve's stance on interest rates? The prevailing sentiment suggests that the Fed may lean towards maintaining its accommodative stance for an extended period, buoyed by supportive financial conditions conducive to economic growth.

However, investors must exercise caution. While loose financial conditions may suggest prolonged accommodative policies, unforeseen external shocks, shifts in global economic dynamics, or unexpected inflationary pressures could prompt adjustments in monetary policy, potentially altering the current landscape of financial conditions.

As the market continues its bullish momentum, it is likely to amplify all positive signs while downplaying any threatening indicators, unless they significantly impact market sentiment.

However, one risk that warrants attention is the corporate earnings outlook. While current estimates remain optimistic, signs of slowing growth and lower projections may not justify the lofty valuations witnessed in recent months. Investors should remain cautious and vigilant as we approach the next earnings season, where the true test of companies' ability to meet expectations will unfold.

Last Week 's Notable Events.

US Economy/Politics

- FOMC leaves rates unchanged, projects 3 cuts this year – 20th Mar
- US senators seek to harden ban on selling reserve oil to China – 21st Mar
- Us economy on solid ground as weekly jobless claims fall, home sales surge – 21st Mar

Europe Economy/Politics

- Christine Lagarde says ECB will not commit to path of rate cuts – 20th Mar
- GBP slips as BOE holds rates; CHF tumbles after surprise SNB cut – 21st Mar

Asia Pacific Economy/Equity

- Malaysia economy expected to grow 4-5% in 2024, Bank Negara says – 19th Mar
- Asian bonds drew hefty inflows on US rate cut hopes, strong exports – 20th Mar
- Asian stocks surge to 2022 high on Fed's outlook, Tech rally – 21st Mar
- Singapore leads Asian peers in attracting foreign investments – 21st Mar

Weekly Data Monitor.

Performance

- Global equity up on possible Fed cut hope in 2024
- Real Estate inched lower on high unchanged Fed fund rates.

INDEX	Weekly %	MTD %	YTD %	1YR %	3Y %	5Y %
Global Equity	1.79	2.53	7.55	26.85	21.70	67.56
Global Real Estate	-0.14	-0.72	-3.83	9.39	-0.29	9.97
US Real Estate	-0.09	-0.94	-3.79	11.90	3.29	17.76
APAC Real Estate	1.58	3.00	-1.56	-0.32	-24.45	-24.79
Investment Grade	0.59	1.03	1.32	12.91	6.85	23.05
High Yield Bonds	0.15	0.34	-2.29	-0.09	-14.09	-6.01
Global HY ETF	0.69	3.94	2.89	14.28	11.90	28.71
ASIA Real Estate ETF	0.76	-2.00	-9.13	-13.44	-23.48	-25.41
USD Index	0.96	0.04	2.83	1.05	12.32	7.71

Weekly chart:

- USD firming after shift in global rate outlook.
- Oil prices higher amid attack on Russian energy facilities.

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

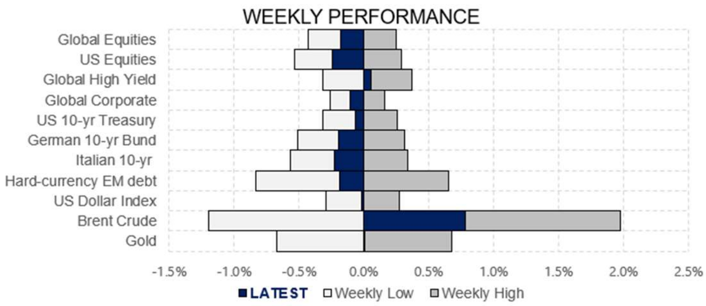


Chart of the Week.

Asia-Pacific equities market is experiencing contrasting trends influenced by Federal Reserve policy and US-China trade tensions. Notably, Japan, India, and South Korea are performing well, buoyed by Wall Street confidence and US-friendly dynamics. Conversely, Thailand and Hong Kong are struggling due to internal and external challenges.

Opportunities exist in politically neutral countries like Australia and Singapore, supported by expectations of a Fed rate cut. However, investors must remain vigilant amid geopolitical uncertainties. Diversification and a focus on fundamentals are crucial for navigating the evolving market landscape effectively.