

## MONTHLY BULLETIN

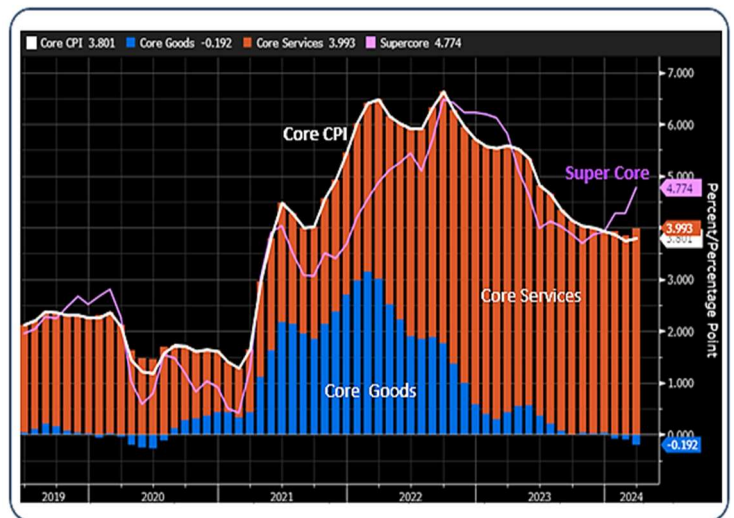
May 2024



## Monthly Perspective

"He who knows that enough is enough, will always have enough" – Lao Tzu

April proved to be a rollercoaster ride for investors as the winds of change swept through Wall Street, ushering in a period of heightened market volatility. Following a remarkable 26% surge in the S&P 500 from October 2023 to March 2024, the onset of April witnessed a stark reversal of fortunes, with all three major US indexes experiencing declines. The catalyst for this pullback goes to the growing apprehensions surrounding inflation and the Federal Reserve's monetary policy when US Core CPI reversed from several months of steady decline. Against this backdrop, let's delve into the performance of key sectors and the factors driving their fortunes.



#### Real Estate: Riding the Interest Rate Wave

The real estate sector bore the brunt of April's turbulence, experiencing a significant downturn of 8.14%. Rising interest rates posed a direct challenge to real estate stocks, particularly those focused on industrial facilities and data centers. However, within the sector, pockets of resilience emerged, notably in defensive assets such as healthcare facilities and triple net lease providers. These segments, characterized by attractive valuations and healthy dividends, offered a silver lining amidst the broader market sell-off.

#### Technology: Straddling Innovation and Economic Uncertainty

For the technology sector, April was a tale of two narratives. While segments tied to artificial intelligence continued to exhibit strength, traditional technology stocks faltered amid concerns about the broader economic outlook. The sector saw a decline of 5.71%, prompting investors to reassess their positions. Amidst the volatility, opportunities arose for selective investments, with adjustments in fair values signaling potential bargains for those willing to delve deeper into individual stock dynamics.

### Healthcare: Seeking Stability Amidst Market Volatility

In a month characterized by widespread losses, the healthcare sector declined by 5.24%. Despite the pullback, certain healthcare stocks stood out as bastions of stability, trading at discounts to fair value and boasting resilient business models. Companies catering to long-term demographic trends, such as Medtronic and Zimmer Biomet, offered investors a sense of security amidst the market turmoil.

As investors reflect on April's market movements, it's apparent that volatility remains a constant in the world of finance, particularly as we enter the month of May. The age-old adage of "**Sell in May and go away**" may loom, especially with US stocks trading near all-time highs and Fed not willing to cut rate yet. However, within this volatility lie opportunities for those armed with the right insights and strategies. By remaining vigilant of sectoral dynamics, evaluating valuations, and assessing long-term growth prospects, investors can adeptly navigate turbulent markets and position themselves for success in the ever-evolving financial landscape.



### From the News Desk to the Investment Team

- JPMorgan makes case that high rates are actually driving inflation – 8<sup>th</sup> Apr
- US CPI inflation rises to 3.5% in March vs 3.4% expected – 10<sup>th</sup> Apr
- Market slash bets on rate cuts after US inflation rises to 3.5% - 11<sup>th</sup> Apr
- Singapore's economy grew at faster pace of 2.7% in Q1 of 2024 – 12<sup>th</sup> Apr
- Bilateral trade hits sour note as China lays hefty penalty on US acid imports – 19<sup>th</sup> Apr
- US House passes \$95 billion Ukraine, Israel aid package – 21<sup>st</sup> Apr
- Asia's central bankers struggle to contain strong US dollar – 22<sup>nd</sup> Apr
- Q1 US GDP shows surprise slowing and uncomfortable inflation – 25<sup>th</sup> Apr
- US Fed's preferred inflation index still rising briskly in March, consumer spending stays up – 26<sup>th</sup> Apr
- Xi tells Blinken US, China, should be partners, not rivals – 26<sup>th</sup> Apr
- Firms operating US fast food brands in Indonesia and Malaysia are experiencing increasing protests to boycott Israeli-supporting brands, such as Starbucks, KFC, and Pizza Hut – 29<sup>th</sup> Apr
- Euro zone inflation steady in April, reinforcing ECB rate cut case – 30<sup>th</sup> Apr
- Japanese government spent \$35 billion to prop up yen, BOJ figures suggest – 30<sup>th</sup> Apr



## Market Overview

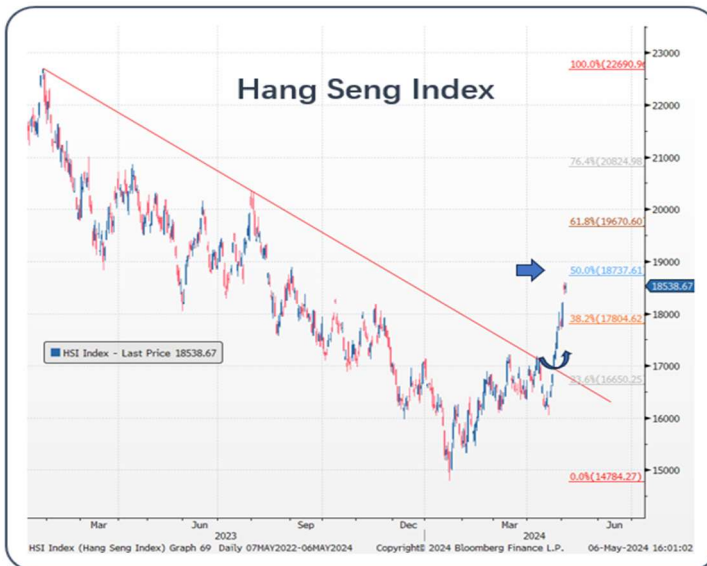
# Market Watch

Equity Market Indexes	30-Apr-24	MTD ▲	YTD ▲
MSCI Global Index	756.61	-3.44%	4.07%
S&P500	5,035.69	-4.16%	5.57%
Nasdaq	15,657.82	-4.41%	4.31%
Mega Cap Tech	221.37	-3.97%	16.28%
Japan TOPIX	2,743.17	-0.92%	15.92%
Hang Seng Index	17,763.03	7.39%	4.20%
China CSI 300 Index	3,604.39	1.89%	5.05%
MSCI Singapore	1,421.58	4.17%	6.46%
iEdge Singapore REIT	1,003.49	-2.97%	-11.89%
Emerging Markets	1,045.95	0.26%	2.17%
<b>Fixed Income</b>			
US 2 year Treasuries	4.68 %	11.42%	20.64%
US 10 year Treasuries	5.04 %	8.98%	18.48%
BBG US Agg.Corp Spread	3,126.55	-2.54%	-2.93%
BBG US HY Corp Spread	2,492.86	-0.94%	0.52%
<b>Currencies</b>			
US Dollar Index	106.22	1.66%	4.82%
EUR	1.0666	-1.15%	-3.38%
GBP	1.2492	-1.04%	-1.88%
AUD	0.6473	-0.74%	-4.98%
NZD	0.5888	-1.54%	-6.82%
JPY	157.80	-4.26%	-11.88%
SGD	1.3655	-1.20%	-3.42%
CNY (HK)	7.2548	0.03%	-1.81%
BRL	5.1934	-3.58%	-6.92%
<b>Commodities</b>			
WTI Oil	81.93	-1.49%	14.35%
Gold	2,286.25	2.53%	10.82%
Silver	26.29	5.33%	10.50%
Baltic Dry Index	1,685.00	-7.47%	-19.53%



## Chart of the Month

“Our greatest glory is not in never falling, but in rising every time we fall” – Confucius



Hong Kong's Hang Seng index surged by 7.39 percent in April, emerging as the top-performing major global index for the month. This remarkable upswing was propelled by a significant influx of international funds, driving the index to a level 20 percent above its January lows. Notably, foreign investors are increasingly turning their attention to undervalued high-dividend stocks in Hong Kong, amidst a backdrop of other Asia-Pacific markets experiencing a slight deceleration in their record-breaking performances.

This surge in the Hang Seng index coincides with concerted efforts by the Hong Kong Stock Exchange to rejuvenate investor confidence and attract foreign capital, amidst a challenging period that has seen the index decline by 42 percent since early 2021. Notably, the rally was led by strong performances in property and finance stocks, buoyed by AIA's impressive 27 percent surge in new business value. Mainland Chinese shares also experienced gains during this period.

Traders have expressed optimism as companies with exposure to the mainland reported improved earnings, drawing increased interest from European funds. Furthermore, this recovery has been supported by China's better-than-expected first-quarter economic performance, sustained buying of mainland Chinese bank shares since the fourth quarter, and recent policy initiatives aimed at bolstering equity markets.

Looking ahead, there is potential for further growth, with the possibility of assessing the 50 percent retracement mark near 18,737. Additionally, the pledge by the Chinese government to support their markets adds to the positive outlook for the Hang Seng index.



## Embracing Financial Wisdom: Drawing Inspiration from Hari Raya Puasa

As April dawns upon Singapore, the vibrant tapestry of our multicultural society comes alive with the exuberance of Hari Raya Puasa. Amidst the jubilant festivities and sumptuous feasts shared with my Muslim friends, I've gleaned profound insights that extend beyond mere celebration, resonating deeply with principles of financial wisdom in Wealth Management. Just as Ramadan's fasting instills invaluable habits of self-restraint, echoing prudent investment decisions and tempering impulsive spending tendencies, so too does this cultural observance offer a blueprint for disciplined financial stewardship.



At the core of Hari Raya Puasa beats a heart of empathy and compassion, manifesting through acts of benevolence and socially conscious investing. Here, the essence of community interconnectedness intertwines with the repercussions of financial choices, underlining the significance of considering the welfare of others in our monetary decisions. Moreover, the introspective nature of the festival invites contemplation of our financial aspirations and strategies for the future, fostering a mindset of proactive planning and deliberate action.

Gratitude permeates every facet of Hari Raya Puasa, cultivating a spirit of contentment and mindfulness that reverberates in the realm of wealth management. By acknowledging our blessings and embracing the virtues of discipline, empathy, and reflection, we navigate the intricate pathways of finance with grace and humility. In essence, Hari Raya Puasa emerges as a guiding light towards financial resilience and prosperity, while concurrently paying homage to the ethos of unity and respect that defines Singapore's multicultural mosaic. Through this celebration, we find not only cultural richness but also invaluable lessons to navigate the complexities of modern finance, weaving together tradition and contemporary wisdom into a tapestry of enduring prosperity.

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