

# WEEKLY BULLETIN

Nov 2024: Issue #1

## Quote of the Week.

“Anyone who thinks my story is anywhere near over is sadly mistaken” – Donald Trump

U.S. stocks rallied strongly, with the Dow and S&P 500 posting their best week following Donald Trump's sweeping election victory. The S&P 500 traded above 6,000, and the Dow surpassed 44,000 for the first time, while the Nasdaq consolidated near its all-time high. The Fed contributed to the rally by implementing another 25bps rate cut in the November FOMC meeting, further fuelling market momentum. Trump's win also attracted sidelined capital, with Wall Street banks reporting \$20 billion in inflows after his decisive victory. However, I believe this early-November rally is largely sentiment-driven; corporate earnings have been mixed, with many companies exceeding "low-bar" expectations but falling short compared to last year or issuing reduced forward guidance. Going ahead, Trump will be a source of volatility in the global market.

Certain stocks are emerging as standouts in the wake of Trump 2.0's victory:

- a. Tesla: Shares soared as Elon Musk's strong support for Trump's re-election has created positive expectations of favourable regulatory treatment and incentives for the company.
- b. Banks: Financial stocks rallied on expectations that the new administration will ease restrictions, potentially opening the door for more mergers and acquisitions within the sector.
- c. Bitcoin: Digital currency reached an all-time high near \$77,000, as Trump's pro-crypto stance during the campaign sparked optimism among digital asset investors.
- d. Tariff-Sensitive Sectors: Targeted tariffs on China, the EU, Mexico, and Canada could create short-term headwinds for international trade, with Oxford Economics projecting a challenging outlook for the global market.
- e. Gold: With Trump's pledge to end wars, particularly his aim to resolve Ukraine conflict, the likelihood of peace may rise. Gold prices saw a significant drop after Trump's victory as investors adjusted expectations on possible end of war news.

## Last Week 's Notable Events.

### US Economy/Politics

- Trump hails 'magnificent victory' – 6<sup>th</sup> Nov
- Trump wants British and European troops sent to enforce 800-mile buffer zone between Russia and Ukraine as part of his peace plan – 8<sup>th</sup> Nov
- Spending and debt are major concerns for US economy: Strategist from MarketGauge – 8<sup>th</sup> Nov
- US ordered TSMC to halt shipments to China of chips used in AI applications – 10<sup>th</sup> Nov

### Europe Economy/Politics

- Europe braces for more US trade tensions with Trump's imminent return – 6<sup>th</sup> Nov
- EU and China tout progress on negotiations to avoid EV tariffs – 9<sup>th</sup> Nov
- ECB Holzmann says December rate cut possible, Kleine reports – 10<sup>th</sup> Nov

### Asia Pacific Economy/Equity

- Japanese investors were big sellers of foreign assets before US election – 8<sup>th</sup> Nov
- China consumer prices rise at slower rate in October – 9<sup>th</sup> Nov
- China unveils \$1.4 trillion debt swap, saves stimulus for Trump – 10<sup>th</sup> Nov
- Foreign firms pull more money from China's slowing economy – 10<sup>th</sup> Nov
- Chinese EV makers look to Africa as rivalry with US, Europe heats up – 10<sup>th</sup> Nov
- Trump tariff threat looms large on several Asian countries, not just China, says Goldman Sachs – 11<sup>th</sup> Nov

### Weekly Data Monitor

#### Weekly chart:

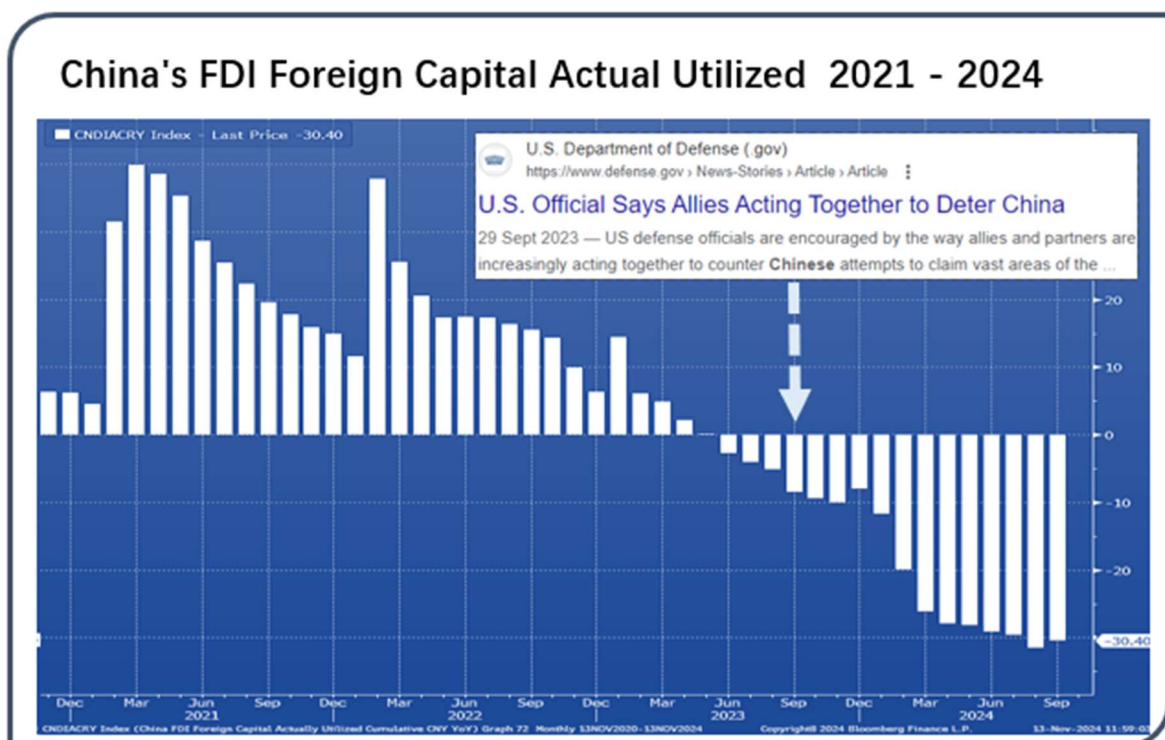
- US stocks continues to push global equity indices higher, reflecting investor optimism.
- Gold fall as Trump's win will likely end war/s.
- Asia Real Estate decouple from Fed cut, influence more by China/Asian economic woes.

INDEX	Weekly %	MTD %	YTD %	1YR %	3Y %	5Y %
Global Equity	3.25	3.73	20.33	31.57	19.91	72.57
S&P500	4.45	5.19	25.82	35.92	28.16	94.10
MSCI Asia Pacific	2.34	0.89	10.83	20.45	-6.16	13.30
Global Real Estate	1.85	0.30	8.59	27.46	-4.97	17.74
US Real Estate	2.65	1.03	10.87	30.72	-0.63	27.28
APAC Real Estate	-0.52	-1.26	1.24	12.52	-19.94	-22.23
Investment Grade	0.73	0.80	8.28	14.93	9.50	25.65
High Yield Bonds	0.22	-0.36	-0.23	7.26	-11.93	-6.93
Global HY ETF	-0.06	-3.29	6.38	14.84	17.14	27.63
ASIA Real Estate ETF	-2.42	-2.36	-9.13	1.68	-17.19	-27.38
USD Index	0.68	1.65	4.31	-0.16	11.11	7.51
Gold	-1.93	-4.99	26.37	33.90	39.79	79.01
WTI Oil	1.26	-2.02	-5.29	-12.06	-16.00	19.47

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

### Chart of the Week.

While we continue to see strong long-term potential in Chinese stocks, we prefer exercising caution in increasing our allocation at this moment with FDI falling 30.4% from Jan to Sep 2024 period (this is not normal). The geopolitical climate, particularly U.S.-China relations, is a significant source of uncertainty that cannot be overlooked.



Aside from challenges in China's housing sector, U.S. influence over its allies to limit or withdraw investments in China has created a far more complex environment for Chinese companies. The Chinese economy faces mounting obstacles, from increasing tariffs and reduced trade with U.S. allies to risks of supply chain disruptions. Wall Street readily highlights the negative outlook on China, often without acknowledging the Western forces shaping these narratives. Chinese companies that gain favourable headlines often face rapid regulatory scrutiny or even sanctions soon after.

Foreign investment flows are being affected, driven by U.S. government efforts to strategically “deter” China's economic rise. This has led to substantial capital outflows and added volatility in Chinese markets. With the prospect of intensified trade policies and sanctions under a potential Trump 2.0 administration, the geopolitical risks may only increase.

Given the U.S.'s dominant role in shaping global investment sentiment and capital flows, any escalation of tensions—such as new sanctions or restrictions on key sectors like technology—could heavily impact Chinese stocks. For this reason, it's prudent to remain cautious until there are clearer signs of de-escalation or a cooperative shift in U.S.-China relations.

Despite these uncertainties, there could be an opportunity to acquire quality Chinese stocks at discounted valuations. If ongoing U.S.-China tensions continue to pressure the market, it may drive down the value of robust Chinese companies. This could be a favourable buying opportunity for long-term investors, particularly if the macroeconomic landscape stabilizes or improves following a period of heightened tensions.

Interestingly, Trump's potential return to office could surprise the world. With his recent expressions of faith and interest in fostering peace, he may aim for a more constructive approach, focusing on making U.S. companies competitive without resorting to destructive trade practices. This opens a hopeful possibility for an improved U.S.-China relationship, where both countries could compete and grow on a fair and cooperative basis.

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