



In alliance with  CIMB

7 April 2023

Weekly Market Recap



Market Data

Asset Class	1-wk	1-mth	YTD	2022
Equities				
Equities				
MSCI World	0.0%	2.4%	7.2%	-19.5%
S&P 500	-0.1%	3.0%	6.9%	-19.4%
Nasdaq	-0.9%	7.5%	19.4%	-33.0%
Stoxx 600-Europe	0.2%	-0.4%	8.0%	-12.9%
MSCI Asia Pac ex-Japan	-0.3%	-0.2%	3.3%	-19.7%
ASEAN	0.7%	2.1%	0.4%	2.4%
Shanghai Shenzhen CSI 300 Index	1.8%	1.8%	6.5%	-21.6%
Hang Seng Index	-0.3%	-1.0%	2.8%	-15.5%
Shanghai Stock Exchange Composite Index	1.7%	1.3%	7.7%	-15.1%
FBMKLCI	0.3%	-2.2%	-4.6%	-4.6%
Fixed Income				
Berg Barclays Global Agg Index	0.7%	4.3%	3.7%	-16.2%
JPM Asia Credit Index-Core	1.3%	1.9%	4.1%	-13.0%
Asia Dollar Index	0.0%	1.0%	0.2%	-6.9%
Malaysia Corporate Bond Index	0.3%	1.0%	2.7%	1.5%
Top Performing Principal Funds (weekly)				
Equities				
Principal Commodity USD	2.4%	1.0%	-4.2%	N.A
Principal Heritage Growth SGD	2.4%	1.2%	2.4%	-20.8%
Fixed Income				
Principal Asia Dynamic Bond MYR	0.2%	0.9%	0.3%	-4.7%

Source: Bloomberg, market data is as of 7 April 2023.

*Top performing funds were based on weekly performance.

*Past performance is not an indication of future performance.

Market Review¹

1. The holiday-shortened week saw global financial markets clocking in a mixed performance. In developed markets, Europe closed marginally higher, whereas the United States (US) and Japan recorded declines over the week.
2. In Asia, majority of the markets rallied over the week. Chinese equities advanced as investor optimism was buoyed by a rebound in services activity and a recovery in the property sector.
3. In Malaysia, the FTSE Bursa Malaysia KLCI (FBM KLCI) remained muted over the week despite easing concerns over the global uncertainties and central bank monetary policy.
4. In the bond market, the US Treasury yields initially fell but then increased on Friday during a holiday-shortened trading session after the March jobs report showed a resilient economy and moderate inflation. (Bond prices move in the opposite direction of bond yields)

Macro Factors

1. In the US, the latest labour data reported that the country added 236,000 jobs in March, which was roughly in line with expectations. The unemployment rate also fell to 3.5% from 3.6% the previous month. Meanwhile, both manufacturing and services activity continued to decline, with the ISM manufacturing index falling to a nearly three-year low of 46.3, below expectations of 47.5. Additionally, the ISM services index came in at 51.2, which was below expectations of 54.4.²
2. In Europe, the European Central Bank (ECB) indicated that inflationary pressures may require further interest rate hikes. Additionally, European home prices fell for the first time in 8 years, while producer prices fell for a fifth consecutive month, surpassing expectations in February, mostly due to the decrease in energy prices.³
3. In China, markets in Hong Kong and China were closed on Wednesday in observance of the Qingming festival. Meanwhile, there are signs of recovery in China's property sector, with new home sales surged 55.7% in March, up from 31.9% in February, according to a private survey conducted across 14 cities.⁴

Investment Strategy⁵

The equity and fixed-income markets just completed a volatile but positive first quarter. We believe it is likely that investors' patience would be rewarded despite volatilities still persist. To ride through the global uncertainties, investors are recommended to consider high-quality income focus investment products. Our broad strategy continues to be selective with focus on the themes of Quality, Income and Sustainability.

1. On Fixed Income, our preference remains on investment grade and that of longer duration. As we foresee volatility to stay elevated, we are keeping a bias for higher quality credit. We like bonds with an investment grade rating, ideally in the AA or A, and which could operate in a business that is somewhat immune to the economic cycle.
2. On equities, we prefer quality names as the macro and geopolitical backdrop remain uncertain. We are positive on Asia as sector earnings are poised to be rerated supported by China's rapid reopening.
3. For medium to long-term exposure, we prefer assets that offer structural opportunities. The shift towards energy, environmental, food, and technological security are likely to be among the key long-term growth drivers in the years to come.

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Sources:

- 1 Bloomberg, 7 April 2023
- 2 Bloomberg, US Federal Board, 7 April 2023
- 3 European Central Bank (ECB), 7 April 2023
- 4 Bloomberg, Factset, 7 April 2023
- 5 Principal view, 7 April 2023

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