




In alliance with  CIMB

10 March 2023  
Weekly Market Recap

## Market Data

Asset Class	Curr	1-wk	1-mth	YTD	2022
<b>Equities</b>					
MSCI World	USD	-3.6%	-4.5%	2.1%	-19.5%
S&P 500	USD	-4.5%	-5.6%	0.6%	-19.4%
Nasdaq	USD	-3.7%	-3.9%	8.1%	-33.0%
Stoxx 600-Europe	EUR	-2.3%	-0.9%	6.8%	-12.9%
MSCI Asia Pac ex-Japan	USD	-3.8%	-7.1%	-0.5%	-19.7%
ASEAN	USD	-1.6%	-6.7%	-3.8%	2.4%
Shanghai Shenzhen CSI 300 Index	CNY	-4.0%	-3.4%	2.5%	-21.6%
Hang Seng Index	HKD	-6.1%	-8.8%	-2.3%	-15.5%
Shanghai Stock Exchange Composite Index	CNY	-3.0%	-0.9%	4.6%	-15.1%
FBMKLCI	MYR	-1.4%	-2.8%	-4.2%	-4.6%
<b>Fixed Income</b>					
Bberg Barclays Global Agg Index	USD	1.3%	-0.8%	1.0%	-16.2%
JPM Asia Credit Index-Core	USD	0.3%	-1.2%	1.9%	-13.0%
Asia Dollar Index	USD	-0.6%	-1.8%	-0.8%	-6.4%
Malaysia Corporate Bond Index	MYR	0.6%	0.1%	2.1%	1.5%
<b>Top Performing Principal Funds (Weekly)</b>					
<b>Equities</b>					
nil					
<b>Fixed Income</b>					
Principal Asia Dynamic Bond MYR	MYR	0.3%	1.0%	-0.1%	-4.7%

Source: Bloomberg, market data is as of 10 March 2023.

\*Top performing funds were based on weekly performance.

\*Past performance is not an indication of future performance.

## Market Review<sup>1</sup>

1. Global financial markets declined as concerns grew over the week about renewed rate hike fears and the failure of Silicon Valley Bank (SVB). In developed markets, United States (U.S.) and Europe fell while Japan registered modest gain over the week.
2. In Asia, majority of the markets fell for the week. Chinese equities retreated weighed down by uncertainty over the economic outlook and a perceived lack of fresh catalysts from the ongoing National People's Congress.
3. The FTSE Bursa Malaysia KLCI (FBM KLCI) closed marginally lower for the week driven by ongoing uncertainty over global interest rate hikes and economic outlook.
4. In the bond market, the value of global bonds gained marginally over the week, while the yield on the benchmark 10-year U.S. Treasury declined slightly due to concerns over the US financial sector. This condition may prompt the US Federal Reserve (Fed) to dial back its interest rate hikes to prevent further stresses in the financial system. (Note: Bond prices and yields generally move in opposite direction).

## Macro Factors

1. In the U.S., anxiety grew throughout the week about the health of a US financial entity- SVB Financial (Silicon Valley Bank), as customers performed large withdrawals after the bank was forced to sell and realise losses in securities held on its balance sheet in order to meet capital requirements. In other news, job data remain robust while wage pressures are cooling off.<sup>1</sup>
2. In Europe, consumer demand weakened in January. Retail sales grew 0.3% sequentially—much less than expected—and dropped 2.3% from year-ago levels. Inflation eased in February to an annual rate of 8.5% from 8.6% the previous month. However, core inflation (excluding volatile food and energy costs) ticked up to 5.6% from 5.3%.<sup>2</sup>
3. In China, the government set an economic growth target of around 5% for 2023 at the National People's Congress (NPC). The target fell short of most forecasts but still represents a recovery from 3% growth last year.<sup>3</sup>

## Investment Strategy<sup>4</sup>

Overall, the path ahead may still be volatile in the form of central bank tightening, persistent inflation, and economic slowdown. However, we believe markets over time will be stabilised and positioned for a more sustainable recovery. Our broad strategy continues to favour selective approaches, and focus on the themes of Quality Growth, Income and Sustainability.

1. On equities, we prefer quality factors 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.
2. 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.
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:

<sup>1</sup> Bloomberg, 10 March 2023

<sup>2</sup> European Central Bank (ECB), 10 March 2023

<sup>3</sup> National People's Congress (NPC), 10 March 2023

<sup>4</sup> Principal view, 10 March 2023

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