



In alliance with  CIMB

20 April 2023 Weekly Market Recap



Market Data

Asset Class	1-wk	1-mth	YTD	2022
Equities				
MSCI World	-0.1%	4.1%	8.5%	-19.5%
S&P 500	-0.1%	3.3%	7.7%	-19.4%
Nasdaq	-0.6%	2.0%	18.8%	-33.0%
Stoxx 600-Europe	0.4%	5.0%	10.4%	-12.9%
MSCI Asia Pac ex-Japan	-1.9%	2.9%	2.4%	-19.7%
ASEAN	-1.4%	3.2%	0.5%	2.4%
Shanghai Shenzhen CSI 300 Index	-1.5%	1.3%	4.2%	-21.6%
Hang Seng Index	-1.8%	4.2%	1.5%	-15.5%
Shanghai Stock Exchange Composite Index	-1.1%	1.4%	6.9%	-15.1%
FBMKLCI	-0.9%	1.1%	-4.9%	-4.6%
Fixed Income				
Bberg Barclays Global Agg Index	-0.5%	0.3%	2.7%	-16.2%
JPM Asia Credit Index-Core	-0.3%	1.5%	3.9%	-13.0%
Asia Dollar Index	-0.7%	-0.1%	-0.3%	-6.9%
Malaysia Corporate Bond Index	0.2%	0.9%	3.4%	1.5%
Top Performing Principal Funds (weekly, as of 20th April)				
Equities				
Principal Biotechnology Discovery USD	3.5%	7.0%	5.0%	-12.7%
Principal Greater Bay AUD-H	1.0%	4.2%	1.4%	-20.8%
Fixed Income				
Principal Asia Dynamic Bond MYR	0.1%	-0.2%	0.2%	-4.7%

Source: Bloomberg, market data is as of 20 April 2023.

*Top performing funds were based on weekly performance.

*Past performance is not an indication of future performance.

Market Review¹

1. The global financial markets largely had a mixed performance over the week. In developed markets, the United States (US) closed with a negative return, while Europe and Japan recorded positive gains.
2. Over the course of the week, most markets in Asia closed in the negative territory, with China's onshore and offshore markets experiencing the largest drops.
3. Malaysia ended the week with muted volumes due to a shortened week as the government declared Friday a holiday in conjunction with the Hari Raya Aidilfitri celebration.
4. In the bond market, the US Treasury yields rose over the week following the release of S&P Global data which indicated an improvement in services and manufacturing activities, reversing earlier declines, and resulted in a modest increase in yields for the week. (Bond prices move in the opposite direction of bond yields)

Macro Factors

1. In the US, the latest earning reports were mixed, with overall earnings for the S&P 500 declining for the second consecutive quarter, although early reports have generally exceeded expectations. The S&P Global US Composite PMI (Purchasing Managers' Index) for services and manufacturing activity rose to almost a year-high at 53.5, with manufacturing PMI at 50.4, attributed to stronger demand, improving supply chains, and strength in new orders.²
2. In Europe, a preliminary PMI survey indicated business activity appeared to pick up in April, supported by the revival of demand in the services sector. Meanwhile, the minutes of the March meeting of the ECB showed policymakers were split over the decision to raise benchmark interest rates by half a percentage point³
3. In China, equities fell due to mixed economic data and news of potential fresh investment curbs from the US. However, China's GDP expanded a better-than-expected 4.5% year-on-year (y-o-y) in Quarter 1 2023, driven by robust exports, infrastructure investment, and retail spending. Additionally, new home prices increased for a third consecutive month, rising 0.5% in March, the fastest pace since June 2021.⁴

Investment Strategy⁵

Market narratives have been constantly changing as investors evaluate the latest economic developments. Despite persistent volatility, we believe that patience among investors could potentially pay off in the long run. 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 favour quality and dividend-paying stocks for their defensive qualities that can help withstand the uncertain macroeconomic and geopolitical conditions. We are positive on Asia as sector earnings are poised to be re-rated 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.

20 April 2023

Weekly Market Recap

Sources:

¹ Bloomberg, 20 April 2023

² Bloomberg, US Federal Board, 20 April 2023

³ European Central Bank (ECB), 20 April 2023

⁴ Bloomberg, National Bureau of Statistic China, 20 April 2023

⁵ Principal view, 20 April 2023

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