

Asset Class	Curr	1-wk	1-mth	YTD	2023
<b>Equities</b>					
MSCI World	USD	1.8%	-0.5%	1.8%	-19.5%
S&P 500	USD	1.4%	-1.2%	1.4%	-18.3%
Nasdaq	USD	0.9%	-4.4%	0.9%	-32.4%
Stoxx 600-Europe	EUR	4.6%	1.3%	4.6%	-8.9%
MSCI Asia Pac ex-Japan	USD	3.3%	1.6%	3.3%	-17.1%
ASEAN	USD	-0.2%	0.8%	-0.2%	2.2%
<b>Fixed Income</b>					
Berg Barclays Global Agg Index	USD	1.4%	0.2%	1.4%	-15.1%
JPM Asia Credit Index-Core	USD	0.8%	0.5%	0.8%	-12.4%
Asia Dollar Index	USD	0.7%	1.9%	0.7%	-5.7%
Malaysia Corporate Bond Index*	MYR	0.2%	1.1%	1.6%	1.6%
<b>Top Performing Principal Funds</b>					
<b>Equities</b>					
Principal Greater China Equity	MYR	5.9%	3.8%	5.9%	-15.0%
Principal China Multi Asset Income USD	USD	4.8%	5.9%	4.8%	-26.3%
<b>Fixed Income</b>					
Principal Islamic Lifetime Sukuk	MYR	0.4%	0.9%	0.4%	-2.5%

## Market Data

Source: Bloomberg, market data is as of 6 January 2023

\*Malaysia corporate bond index data is as of 30 December 2022

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

1. Developed markets showed mixed market performance over the week with United States (U.S.) and Europe starting on a positive note while Japan lagged for the week.
2. Asia Pacific markets gained modestly over the week. In China, stock market rose driven by reports that Hong Kong would reopen its border to mainland China.
3. In Malaysia, FBMKLCI posted a weekly decline as concerns over an economic slowdown persisted. Nevertheless, the overall sentiments continue to be stable after the formation of a unity government.
4. Global bonds were modestly positive with yields moving lower driven by news that global economy may slow down further. (Note: Bond prices and yields move in opposite direction)

## Macro Factors

1. The U.S. markets started the week on a positive note supported by encouraging job and payroll reports which raised hopes for a potential soft landing (soft landing refers to an effort on the part of the US Fed to slow the economy and bring down inflation, while preventing the U.S. from entering a recession). The latest services and manufacturing activity continue to fall into the contraction territory which mean reduction in activity.<sup>2</sup>
2. Eurozone inflation reduced below 10% is partly supported by the recent decline in energy price. The Services Purchasing Managers Index, although still below 50, has been showing signs of recovery for a second consecutive month.<sup>3</sup>
3. The Chinese government has signalled further support to the property sector and may look to ease the stringent “three red lines” (debt thresholds) policy. This marks a significant shift in China’s real estate policy following a series of measures rolled out since November 2022 to restore confidence in its market.<sup>4</sup>

## Investment Strategy<sup>5</sup>

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 remained uncertain.<sup>4</sup>
2. On Fixed Income, our preference remains on investment grade & 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.

6 January 2023

# Weekly Market Recap

Sources:

<sup>1</sup> Bloomberg, 7 January 2023

<sup>2</sup> U.S. Bureau of Labor Statistics, 6 January 2023

<sup>3</sup> S&P Global, 4 January 2023

<sup>4</sup> Bloomberg, 6 January 2023

<sup>5</sup> Principal, 7 January 2023

Disclaimer:

We have based this document on information obtained from sources we believe to be reliable, but we do not make any representation or warranty nor accept any responsibility or liability as to its accuracy, completeness or correctness. Expressions of opinion contained herein are those of Principal Asset Management Berhad only and are subject to change without notice. This document should not be construed as an offer or a solicitation of an offer to purchase or subscribe or sell Principal Asset Management Berhad's investment products. The data presented is for information purposes only and is not a recommendation to buy or sell any securities or adopt any investment strategy. This material is not intended to be relied upon as a forecast, research, or investment advice regarding a particular investment or the markets in general, nor is it intended to predict or depict performance of any investment. We recommend that investors read and understand the contents of the funds' prospectus and product highlights sheet available on the Principal website, which have been duly registered with the Securities Commission Malaysia (SC). Registration of these documents does not amount to nor indicate that the SC has recommended or endorsed the product or service. There are risks, fees and charges involved in investing in the funds. You should understand the risks involved, compare, and consider the fees, charges and costs involved, make your own risk assessment and seek professional advice, where necessary. This article has not been reviewed by the SC.