

## Market Data

Asset Class	1-wk	1-mth	YTD	2022
<b>Equities</b>				
MSCI World	0.4%	2.5%	10.9%	-19.5%
S&P 500	0.4%	4.4%	12.0%	-19.4%
Nasdaq	-0.1%	10.1%	32.8%	-33.0%
Stoxx 600-Europe	-0.5%	-1.2%	8.3%	-12.9%
MSCI Asia Pac ex-Japan	1.4%	0.7%	3.0%	-19.7%
ASEAN	1.1%	-1.9%	-1.3%	2.4%
Shanghai Shenzhen CSI 300 Index	-0.7%	-4.7%	-0.9%	-21.6%
Hang Seng Index	2.3%	-2.4%	-2.0%	-15.5%
Shanghai Stock Exchange Composite Index	0.0%	-3.8%	4.6%	-15.1%
FBMKLCI	-0.4%	-3.9%	-8.0%	-4.6%
<b>Fixed Income</b>				
Bberg Barclays Global Agg Index	0.0%	-1.5%	1.6%	-16.2%
JPM Asia Credit Index-Core	0.0%	-0.3%	3.8%	-13.0%
Asia Dollar Index	-0.2%	-1.5%	-1.8%	-6.9%
Malaysia Corporate Bond Index	-0.10%	0.11%	4.18%	1.51%
<b>Top Performing Principal Funds (1 month as of 31 May 2023)</b>				
<b>Equities</b>				
Principal Global Technology USD	-0.5%	12.8%	30.8%	-46.1%
Principal Next-G Connectivity	-0.7%	10.8%	15.8%	-43.3%
<b>Fixed Income</b>				
Principal Asia Dynamic Bond MYR	0.1%	0.1%	1.3%	-0.4%

Source: Bloomberg, market data is as of 9 June 2023.

\*As we emphasize a long-term focus, the top performing funds were selected based on their monthly performance.

\*The numbers may show as negative if there is no positive return for the week.

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

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

1. The global financial markets recorded a solid performance over the week. Developed markets, in particular the United States (US), Europe, and Japan, recorded positive gains.
2. The Asian markets saw mixed performances. China's onshore market closed with a negative return, while China's offshore and Korean markets experienced significant gains.
3. In Malaysia, market performance remained weak throughout the week due to cautious trading ahead of the United States' interest rate decision on Wednesday.
4. The yield on the benchmark 10-year U.S. Treasury note rose modestly over the week in response to a possibility of a flood of short-term bills issuance following the federal debt ceiling's increase.

## Macro Factors

1. The US Labour Department reported a notable increase in weekly jobless claims to 261,000, surpassing expectations and reaching the highest level since October 2021. Additionally, the Institute for Supply Management's gauge of prices paid for services decreased to its lowest level since May 2020, while its gauge of overall activity in the services sector fell to 50.3, indicating almost stagnant growth (levels above 50 signify expansion).<sup>2</sup>
2. In Europe, officials from the European Central Bank (ECB) suggested a June rate hike, but not for subsequent months. The eurozone slipped into a technical recession after a 0.1% contraction in Q1 and Q4 2022. Retail sales remained stagnant in April, indicating weak consumption.<sup>3</sup>
3. In China, the most recent inflation data has intensified concerns regarding the country's post-pandemic recovery. May's inflation figures suggest an increasing risk of deflation that is weighing on China's economy. The recent data suggests the country is currently grappling with weak domestic and overseas demand, a sluggish property market, and high youth unemployment.<sup>4</sup>

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

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 remains focused on selectivity, prioritising the characteristics of quality, growth, and income.

1. On Fixed Income, we find bonds appealing as we perceive a higher likelihood that central bank hiking cycles will end soon, despite recent guidance from the US Federal Reserve (Fed). We also see potential for capital gains in the event of weaker economic growth. Therefore, we maintain our preference for investment grade bonds with longer durations as our preferred investment choice.
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 rerated supported by China's rapid reopening.
3. We also favour income-focused approach to ride out volatilities arising from geopolitical tensions, inflationary issues, and recessionary concerns.

9 June 2023

# Weekly Market Recap

Sources:

<sup>1</sup> Bloomberg, 9 June 2023

<sup>2</sup> Bloomberg, Bureau of Labor Statistics (BLS), US Federal Board, 9 June 2023

<sup>3</sup> S&P Global Bank of England (ECB), 9 June 2023

<sup>4</sup> Bloomberg, National Bureau of Statistic China, 9 June 2023

<sup>5</sup> Principal view, 9 June 2023

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