Global Investment Research
Market Maps

APAC Financial Markets Spotlight

USD EDITION

QUARTERLY REPORT | **AUGUST 2024**

Rally across assets amid monetary policy divergence

Growth and inflation outlook differentials among APAC countries lead to divergence in monetary policies within the region even as ECB has cut rates and the Fed left the door open for a rate cut. The PBoC lowered interest rates further. The BoJ hiked policy rates again, and narrower US-Japan rate differentials bode well for JPY vs USD. Equities, fixed income and FX broadly advanced in APAC over 3M, ending July 31, 2024.

APAC - Equities advanced in the last 3M. Tech supply chain and data center equities rose further amid AI upcycle. Bond yields tracked US Treasury yields lower, except in Japan. China property bond rally has sustained longer than equities. Monetary policies diverged in the region, due to divergence in inflation and growth paths.

Japan – The BoJ tightened further in July, raising its policy rate to 0.25%. It also planned to reduce monthly JGB purchases in a predictable manner, while allowing enough flexibility in the JGB market. JGB yields rose YTD, and curves steepened on higher inflation expectations. Bank stocks especially benefited from higher yields.

Australia – Australian housing prices remained sticky, but non-housing inflation slowed in June. Markets expected no further tightening by the RBA and priced in a cut in 1Q25.

China – The PBoC cut key interest rates to support growth. CGB yields fell to new lows, led by shorts, despite a larger bond supply and the PBoC's intervention. Equities pulled back after a stimulus-boosted rally, as growth challenge and deflation risk persist.

India – Indian equity and fixed income outperformed peers YTD, helped by a strong growth outlook, bond index inclusion, and a resilient FX. Indian 10s/2s yield curve stayed almost flat, as the Treasury curve dis-inverted. RBI continued to keep USD/INR stable.

Foreign Exchange – A weaker USD sent most APAC currencies stronger. USD/JPY broke above 160 in June, given uncertainty around BoJ policies and continuous market interests in short JPY carry trades. But it fell back below 150 after the BoJ intervened to support the yen and hiked its policy rates. AUD/USD rose throughout mid-July as RBA's tone turned more hawkish amid rising inflation risks, but retraced afterwards as Q2 core inflation came in below expectation. TWD depreciated amid foreign equity outflows.

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Chart 1: Chinese $ HY property spreads have eased sharply to 1000 bps by July, as US HY spreads stabilized at 360bps.

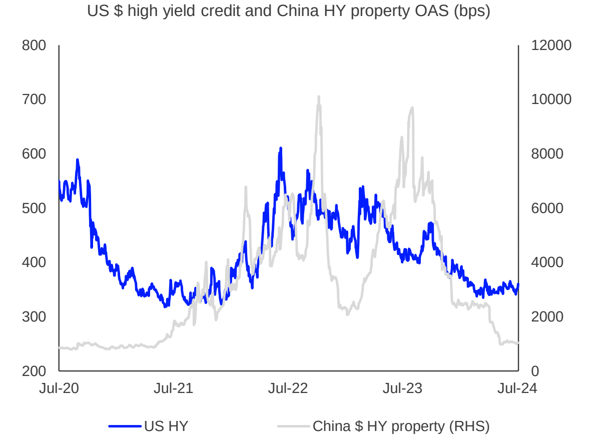
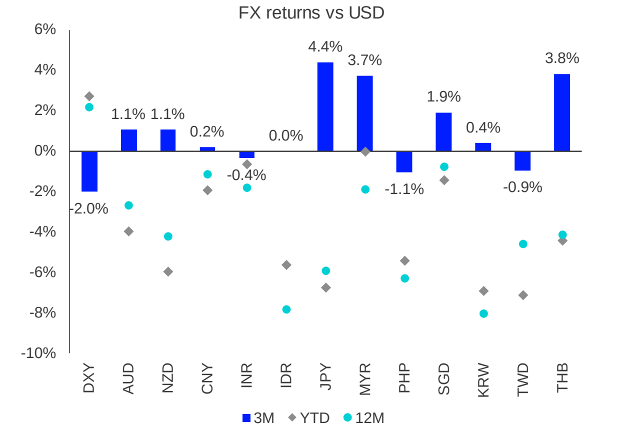


Chart 2: Over 3M, JPY rebounded from YTD lows and outperformed peers as the BoJ hiked. The CNY changed little.



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APAC Cross-Assets Summary

Equities and fixed income broadly gained over 3M, helped by currency effects, boosting 12M returns. India and Taiwan equities outperformed peers. APAC sovereign bonds gained 2.3-7.1% over 3M, joining the global bond rally.

In fixed income, FTSE APGBI delivered returns of 3.5% over 3M, underperforming global peers in WGBI (3.9%), and led by Singapore (7.1%) and Malaysia (6.5%). But APGBI outperformed WGBI YTD. Indian bonds gained 5.7% YTD, benefitting from growth prospects, foreign inflows, and a resilient rupee. Japanese bonds lost 10.5% YTD, underperforming global/Asian peers.

In equity, FTSE Asia Pacific rose 6.2% over 3M. Markets were excited in April about China policy supports for the property markets and upbeat Q1 GDP data. However, with economic data coming in mixed in June and July, China equities retraced. Hong Kong equities underperformed the region for similar reasons. The tech-heavy Taiwan equities continued to benefit from the global AI boom. India advanced further as election risks abated.

Key macro indicators in Charts 2 & 3 show some economies still face sticky inflation, especially Australia. The RBA hence maintained a hawkish stance in Q2. Export data continued to improve in economies such as Japan, Korea, Malaysia and Indonesia, especially supported by semiconductor and tech products. Japan wage increases proved more pronounced than 2023 and widespread across regions, industries, and firm sizes. The BoJ is set to reduce JGB purchases by about 400 billion yen each quarter, while supporting flexibility in the JGB market by being prepared to adjust the purchase plan.

China's 2024 growth forecast was revised upward to 5% by the IMF, driven by recoveries in private consumption and strong exports. Contribution of net exports to real GDP growth recovered in H1, from negative in 2023, as consumption's share decreased. China's property sector remains the main drag to growth, evidenced by sharp y/y falls in sales and investments.

India lowered its target fiscal budget deficit for FY2025 in July in pursuit of balanced output and spending, which may help drive Indian bond yields lower as macro factors improve. India's elections concluded with policy continuity, easing previous market concerns on political risks. India equity rebounded strongly post-elections.

Chart 1: Singapore, Malaysia, and Korea led 3M gains in fixed income sovereigns. JGBs gained 2.4%, helped by a stronger yen. China $ HY rose 9.3% over 3M, boosting YTD returns to 17%. In equity, India and Taiwan outperformed peers over 3M and 12M.

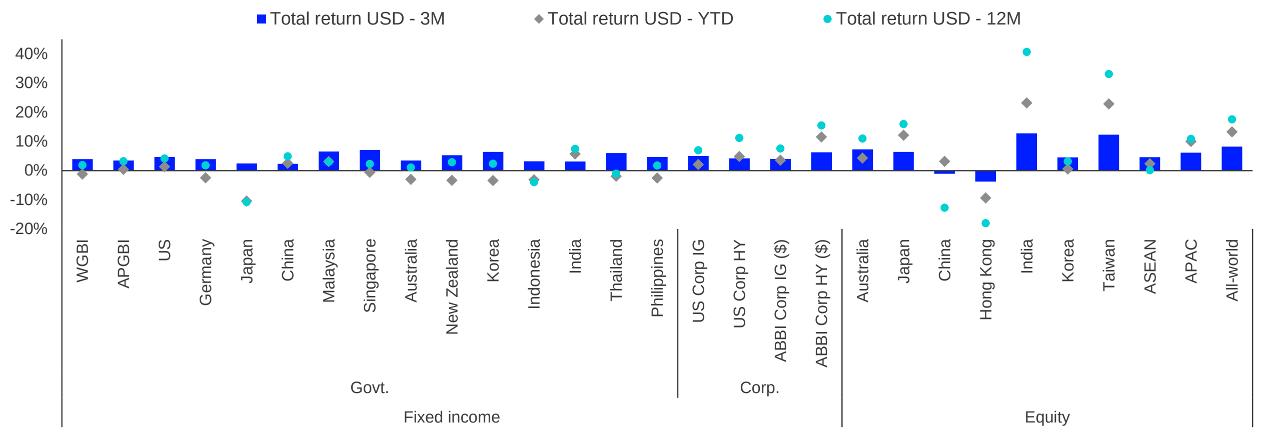

Chart 2: China and Japan monetary policies diverged. Australia CPI remained high, raising uncertainty around RBA's policy. Thailand inflation came back to positive territory.

	GDP y/y (%)			CPI y/y (%)			Policy rate (%)	
	1Q24	IMF 2024 forecast^	Diff.	Jun-24	Mar-24	Chg	Current	Last 3M chg
USA	2.9	2.6	0.3	3.0	3.5	-0.5	5.50	On hold
Japan	-0.7	0.7	-1.4	2.8	2.7	0.1	0.10	+15bp
Australia	1.1	1.4	-0.3	3.8	3.5	0.3	4.35	On hold
China*	5.3	5.0	0.3	0.2	0.1	0.1	2.30	-20bp
India	7.8	7.0	0.8	5.1	4.9	0.2	6.50	On hold
Korea	3.3	2.5	0.8	2.4	3.1	-0.7	3.50	On hold
Taiwan	6.6	3.1	3.5	2.4	2.1	0.3	2.00	On hold
Singapore	2.7	2.1	0.6	2.4	2.7	-0.3	n/a	n/a
Indonesia	5.1	5.0	0.1	2.5	3.1	-0.5	6.25	On hold
Thailand	1.5	2.9	-1.4	0.6	-0.5	1.1	2.50	On hold
Malaysia	4.2	4.4	-0.2	2.0	1.8	0.2	3.00	On hold
Philippines	5.7	6.0	-0.3	3.7	3.7	0.0	6.50	On hold
New Zealand**	0.5	1.0	-0.6	3.3	4.0	-0.7	5.50	On hold

*China policy rate: 1y MLF. **New Zealand CPI is as of Jun-24 and Mar-24 (quarterly data). ^IMF Economic Outlook published in Jul 24.

Chart 3: China's credit growth slowed further due to weak demand, as factory activity remained in contraction (PMI under 50) since May. Export growth rose across most economies.

Key macro indicators	Jun-24	Mar-24	Last 3M chg	Trend
China official manufacturing PMI	49.5	50.8	-1.3	Weakened
China social financing credit y/y (3M mov avg)	8.3	9.1	-0.8	Weakened
China real estate sales y/y (3M mov avg)*	-27.1	-28.5	1.4	Strengthened
China real estate investment y/y (3M mov avg)*	-10.0	-9.3	-0.8	Weakened
Japan nominal wage growth y/y (3M mov avg)	1.5	1.2	0.3	Strengthened
Japan BoJ govt bond holding (JPY tr)	591	592	-0.8	Slowed buying
Australia housing inflation y/y (3M mov avg)	5.2	4.8	0.4	Strengthened
India industrial production y/y (3M mov avg)*	5.4	4.7	0.7	Strengthened
India fiscal deficit (% of GDP, annualized)*	5.6	6.0	-0.4	On track to FY25 target 4.9%
Korea export y/y (3M mov avg)	9.9	8.1	1.8	Strengthened
Taiwan export y/y (3M mov avg)	15.9	16.2	-0.3	Weakened
Thailand tourist arrival (k ppl, 3M mov avg)	2710	3123	-413	Weakened
Indonesia export y/y (3M mov avg)	1.9	-7.1	9.0	Strengthened
Malaysia export y/y (3M mov avg)	5.8	2.0	3.8	Strengthened

*Japan nominal wage growth and India IP were as of May-24 and Feb-24; India fiscal deficit was 1Q24 and 4Q23

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Japan

Following the rate hike in Q1, the BoJ raised the short-term interest rate again in July to 0.25%, from around 0 to 0.1%. This is based on the BoJ's evaluation that Japan's economic activity has developed in a healthy manner, evidenced by improved corporate profits and resilient private consumption (despite price increases). The BoJ's July Tankan survey showed business sentiment improved in Q2, although the weak consumption led to economic contraction of 2.9% in Q1. Surging electricity prices supported Japan's elevated inflation at 2.8%, as core-core inflation (less fresh food and energy) fell to 2.2%. The BoJ called for attention to upside risks to prices as import prices' y/y growth turned positive (Chart 2).

Japan's labour market remained relatively tight, with unemployment rate at 2.5% in June. Wage growth picked up following the Shunto 2024 wage negotiation, measured by cash earnings and base pay rise (y/y growth of 2% in May for both). A record high percentage of Japanese firms were observed to have raised their base pay, given >2% inflation and labour supply shortage. But real wage growth remained negative at -1.3% y/y in May, which may further dampen consumption.

Unlike lower bond yields in other G7 countries, JGB yields increased to a decade high by July, led by longs. The BoJ's holdings of JGBs stayed elevated, but the expectation of scaling back JGB purchases have supported bond yields. The JGB 20s/2s curve steepened over 3M, after the curve control ended, as longer yields rose faster on higher inflation expectation.

FTSE Japan increased 6.4% over 3M. Financials (+18.6%) led industry returns as higher yields benefited Banks while the Insurance sector led the rally amid ongoing share buybacks. Consumer Discretionary (-0.7%) lagged, mainly dragged by Automobiles and Parts (-10.4%) in absence of upbeat earnings. Outlook for Japanese auto sales appeared challenging amid slowing global economic growth and competitions from EV players. Japan's exports of autos also suggested a slowing trend since February this year. A stronger currency driven by BoJ rate hikes raised investors' concern about the export outlook.

Chart 1: JGB yields reached a cycle high by July, following the BoJ's March pivot. 20s/2s curve steepened over 3M and YTD.

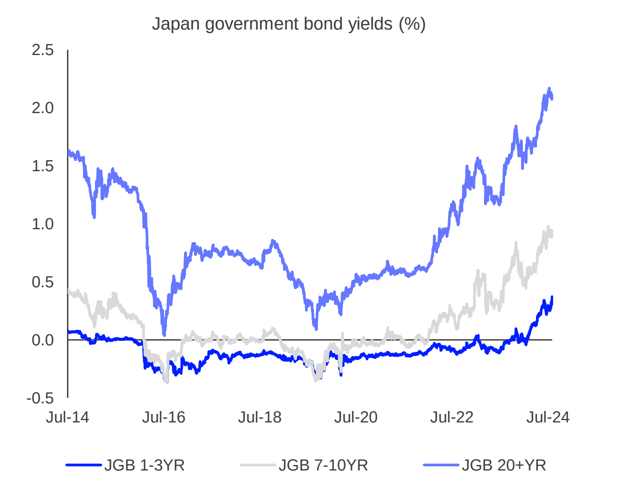


Chart 2: Increase in import prices tended to lead inflation around 6M to 1YR ahead.

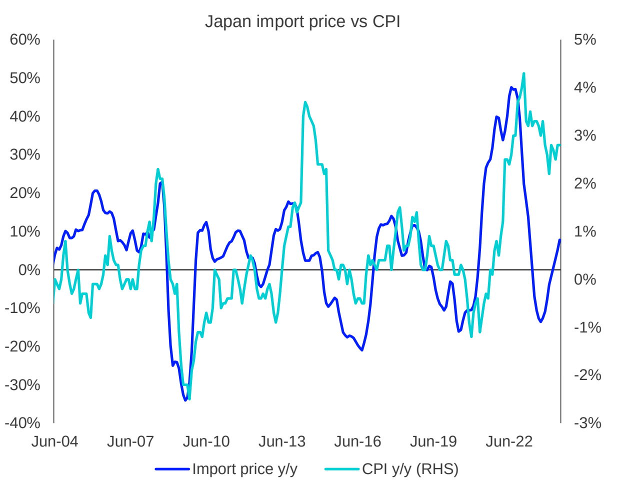


Chart 3: June CPI rose to 2.8% y/y as utility/electricity prices surged ahead of the expiry of a government subsidy in July.

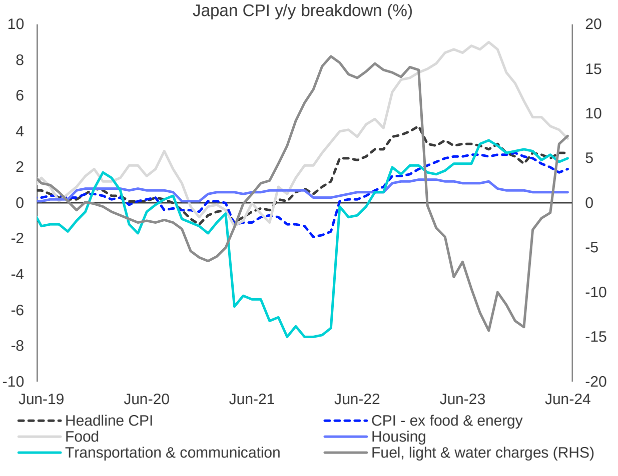
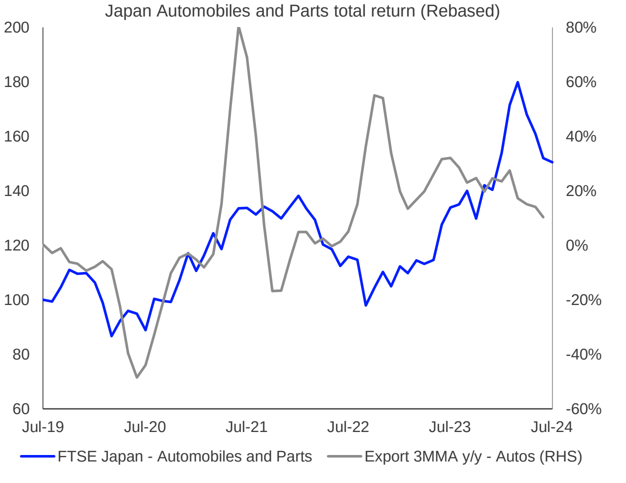


Chart 4: Japan auto export growth slowed further amid a softer global growth trend, dragging the earnings outlook for Autos.



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Australia

Inflation remains a top concern for the Reserve Bank of Australia (RBA). The RBA held the policy rate at 4.35%, but acknowledged sticky services inflation and would not rule out further tightening if necessary to tame inflation. The price of housing, namely new home sales, faced ongoing upward pressure, while rent inflation has eased. CPI surprised to the upside with non-housing inflation (mainly food, recreation and travel) increasing sharply in May, but fell back in June (Chart 2). If the inflation spike in May is indeed temporary, the RBA is expected to keep rates unchanged for H2. The market aggressively priced out the probability of further rate hikes post the June CPI release, and expected a full rate cut in 1Q25.

Overall financial conditions remain restrictive, and are likely to be impacted by the recent market volatility and gyrations in the Australian dollar. Labor market remains tight, as employment and average hours worked have surprised to the upside. But labor market conditions have eased gradually in June, with the unemployment rate edging up.

Market pricing implied that reductions in the cash rate are unlikely until 2025, and fewer cuts are expected in Australia vs other advanced economies, alongside a later move. AGB yields trended higher YTD, reflecting a slowing in disinflation and higher-for-longer rate expectations in Australia. Both the policy rate and AGB yields are notably higher than their long-term averages since the GFC.

FTSE Australia rose 7.2% in the last 3M. Financials (+15.2%) were the main positive contributors. Better-than-expected earnings results kept Financials relatively strong. That said, slower loan growth suggested downside risks to the earnings outlook. Inflation outlook also remained uncertain. Basic Materials (-7.5%) were the main laggers. Recent China economic data has not shown firm signs of recovery in property markets and manufacturing activities. Demand has yet to meet supply, and hence commodities such as iron ore and copper fell due to uncertainty around China's demand outlook.

Chart 1: The market aggressively priced in a rate cut probability in 6M, post June CPI release. AGB yields trended higher YTD.

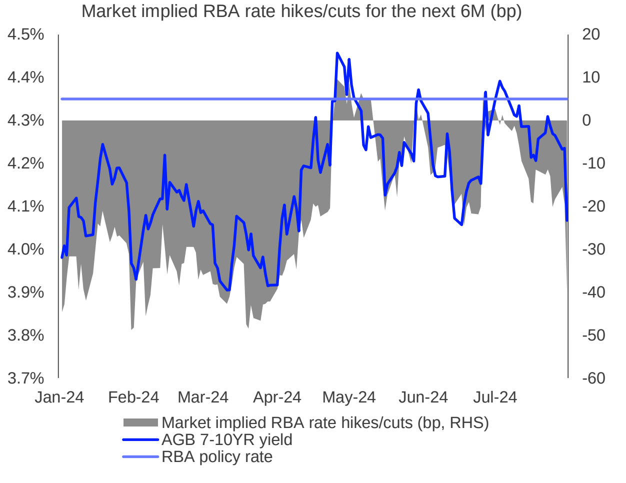


Chart 2: June CPI lowered to 3.8% y/y as food and travel inflation dropped. Housing prices however remained sticky.

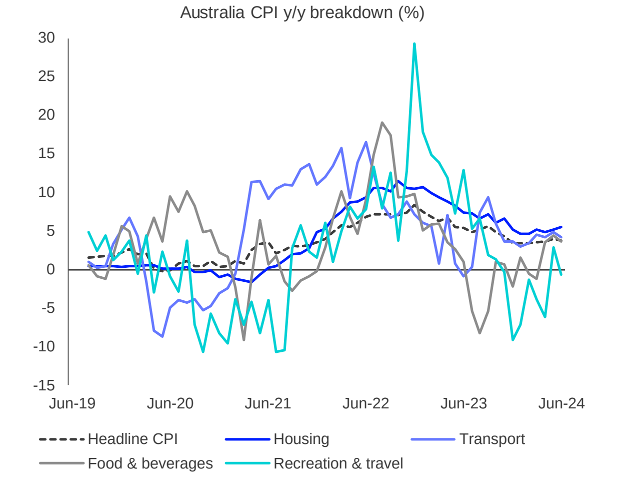


Chart 3: Financials rebounded from March lows supported by better-than-expected earnings.

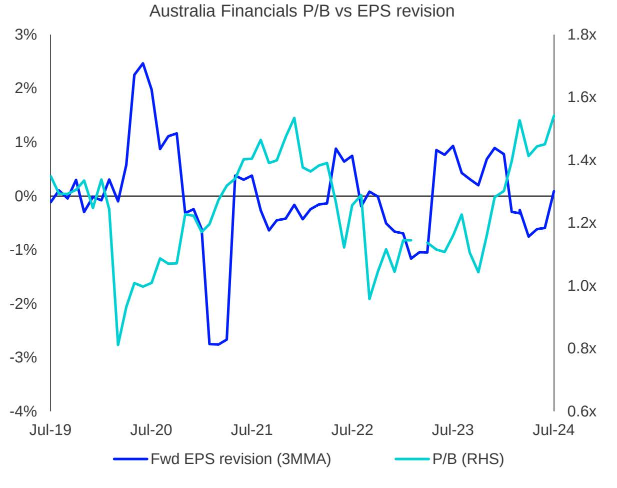
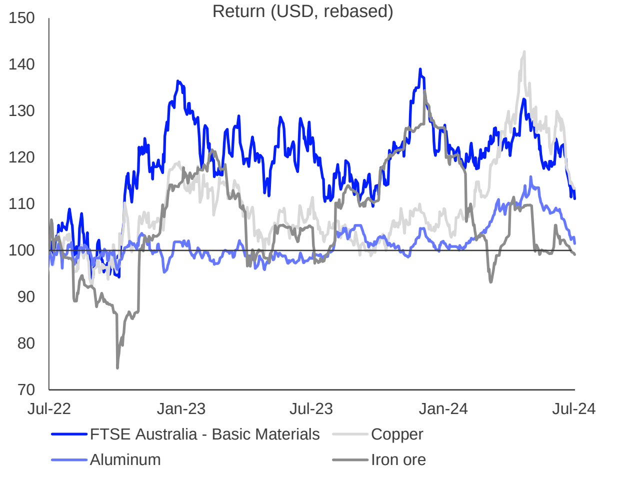


Chart 4: Iron ore, copper and aluminum prices fell due to still weak China data, dragging Australia Basic Materials.



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China

China's GDP growth slowed to 4.7% y/y in Q2, due to weak domestic demand and retail sales. Exports held up well in June (8.6% y/y), remaining a major driver of the economy. Q2 growth decelerated from a strong expansion (5.3% y/y) in Q1, despite supportive measures on the property sector. China's inflation remained weak in Q2 (0.2~0.3%), far from the 3% target.

The PBoC unexpectedly cut key interest rates in July to support China's real economy. The sequence of rate cuts this month may signal the increasing role of the 7-day reverse repo rate as the major policy rate vs 1-year MLF rate. China's credit growth slowed down further in Q2, due to lower demand from the private sector, with weaker growth in RMB loans (8.3% in June). Government bond issuance y/y growth recovered to 15% in June, helped by ultra-long special government bond issuance.

CGB 20yr+ yields fell to 2.4% by end-July, driven by safe asset demand amid weak growth prospects, despite additional bond supply. To curb the plunge in bond yields and maintain an upward-sloping yield curve, the PBoC rolled out plans in July to borrow treasury bonds and sell in the secondary market. It also announced additional open market operations to manage market interest rates and liquidity. Chinese 10s/2s curve has steepened YTD, helped by a sharper fall in short yields.

Driven by an upside surprise in Q1 GDP data and policy supports for property markets, **FTSE China** rebounded in mid-April, but had retraced since mid-May and printed -1.1% in the last 3M, lagging the region. Real Estate fell 10% in the past 3M, back to the YTD low level as data has yet to show evidence of recovery. Consumer Discretionary (-4.2%) was the main negative contributor due to its larger weight in FTSE China, dragged by Travel and Leisure stocks. Health Care was down 6.0% as ongoing US-China geopolitical risks posed negative risks for the sector's business opportunities. Financials (+7.5%), mainly Banks, outperformed other industries given its defensiveness amid uncertainty around market and economic outlook.

Chart 1: The PBoC lowered the 1Y MLF rate by 20 bps, a larger cut vs 10 bps for LPR, supporting banks' interest margin.

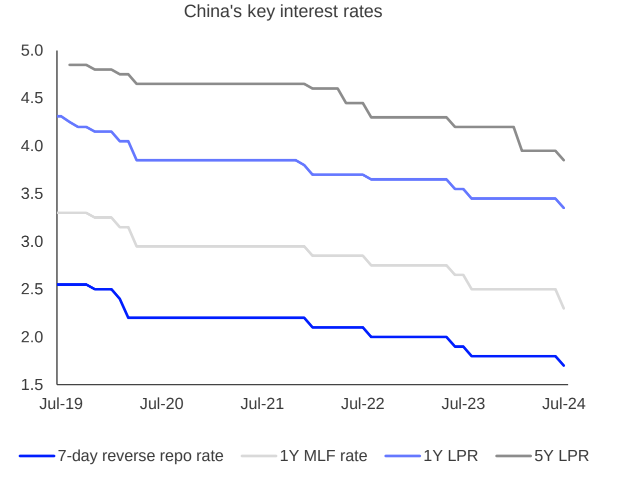


Chart 2: CGB yields trended lower across the curve over 3M, led by shorts. Chinese 10s/2s curve has steepened YTD.

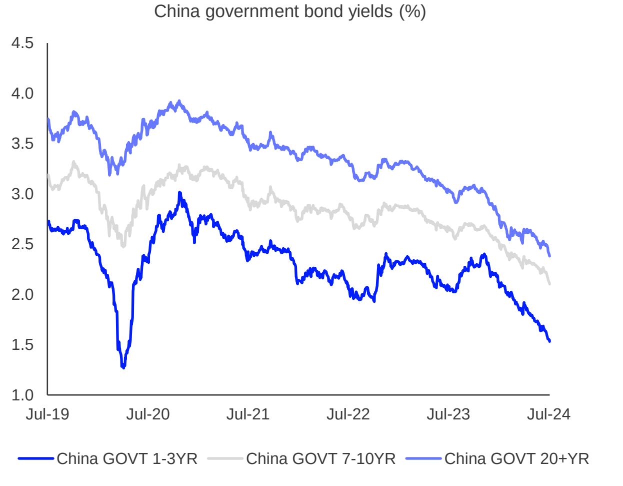


Chart 3: Unlike well-held real estate $ bonds, equities fell back sharply after a short-lived rally on supportive measures.

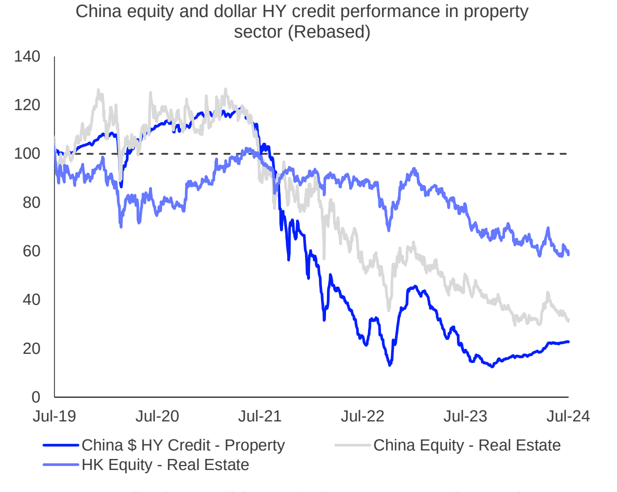
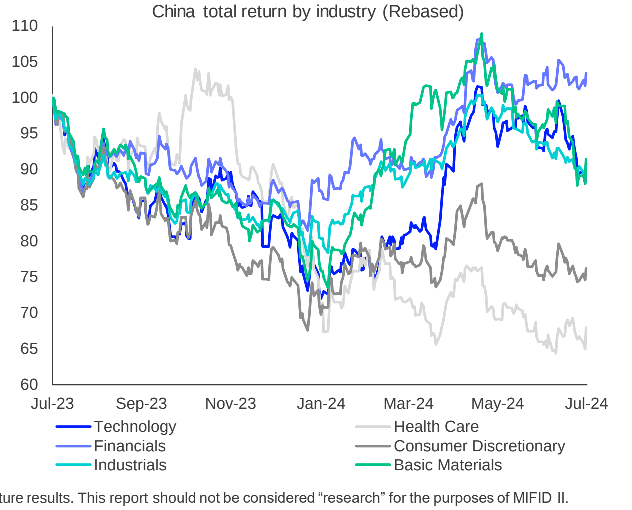


Chart 4: Chinese equities had dialled back since May, as the outlook for the growth recovery path remained uncertain.



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India

The OIS markets priced in no rate cut by the RBI by 1Q25, with inflation staying above the 4% target (5.1% in June) and a delayed Fed rate cut. A front-running rate cut by the RBI may pose downside risks to INR, which has been relatively stable against USD YTD. Strong demand and growth activities, as observed in robust credit growth (Chart 2), also help alleviate RBI's pressure to rush easing. The IMF forecasts a stronger growth of 7% for 2024 in July vs April, due to improved private consumption and a rising working-age population. With infrastructure having been a major driver of India's growth, manufacturing is underweighted in India's economy and expected to expand in the medium term. In July, India narrowed its fiscal deficit target for FY 2025 to 4.9% of GDP, from 5.1%, helped by the RBI's surplus transfer and tax revenues.

Indian government bond yields trended lower YTD, helped by bond inclusion events and foreign buying. Indian 10s/2s curve has flattened significantly since May 2022, when the RBI started raising interest rates, recently fueled by investors' preference for duration risk. But the RBI tightened control on foreign ownership of newly issued fully accessible route (FAR) bonds with 14-year and 30-year tenor in July, which may help direct inflows to the short end and enhance the flexibility of the yield curve. Indian sovereign spreads vs the US have tightened YTD. Robust growth outlook and a resilient FX rate could continue to attract foreign inflows to both Indian equities and bonds.

FTSE India (+12.5%) was one of the top performers in APAC over 3M, after the domestic election risk abated. Tech (+23.8%), relatively risk-sensitive, rebounded in June post elections. Industrials (+15.7%) continued the outperformance of other industries given a solid fundamental growth outlook for India. Strong domestic demand on the consumption side also allowed auto stocks to lead the rally in Consumer Discretionary (+16.4%). Banks (+14.3%) led the outperformance in Financials (+6.5%) as loan growth held up well and RBI is expected to keep policy rates on hold till at least 1Q25.

Chart 1: Indian yields edged lower, as the RBI held policy rate at 6.5% on robust growth prospects. Inflation remains sticky.

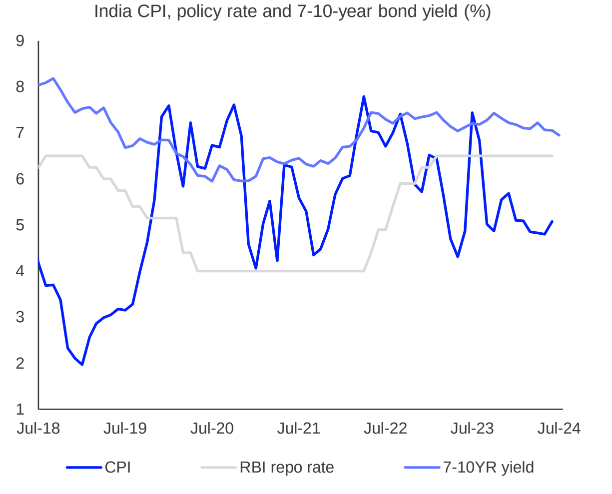


Chart 2: India's credit growth remained strong, suggesting still strong growth momentum in the private sector.

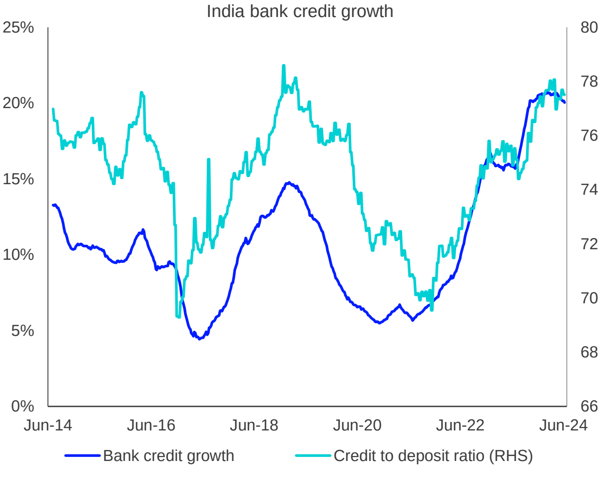


Chart 3: Indian 10s/2s curve has tracked the US flattening since 2022 and stayed nearly flat for a year.

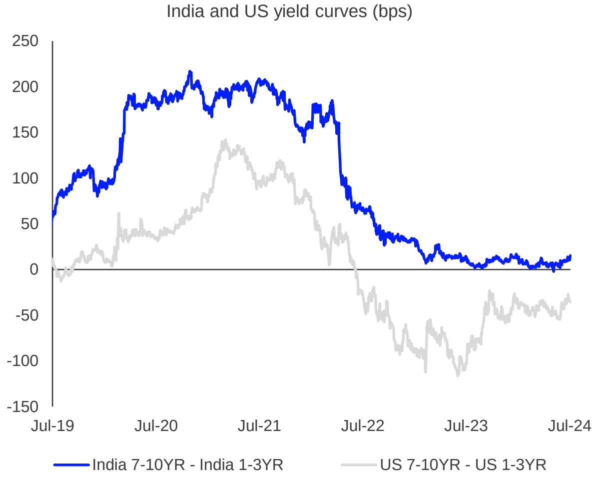
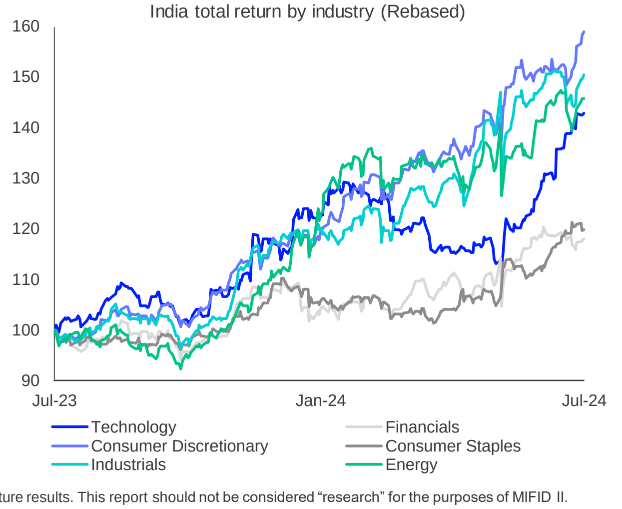


Chart 4: A resilient growth outlook in India drove a rally in Consumer Discretionary (mainly autos) and Industrials stocks.



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Korea and Taiwan

The Bank of Korea (BoK) kept its policy rate unchanged at 3.5% at recent meetings. Market consensus expected a first rate cut in 4Q24. Inflation remained the main concern keeping the BoK maintaining a restrictive stance, but the governor expressed that the BoK may consider potential rate cuts if inflation cools down to around 2.3%-2.4%. June CPI slowed further to 2.4% y/y, raising the probability of a rate cut by year end. At the latest BoK meeting, two of seven board members were open to rate cuts in the next 3 months. Domestic demand appeared to have slowed, while strong export growth had a rather limited impact on Korea's inflation.

The export growth of Korea's semiconductor products continued to accelerate significantly driven by explosive demand for AI-related memory chips, while the export growth of auto and auto parts have normalized. Taiwan's exports remained strong, as supported by tech products and demand from the US (Chart 2).

Korean bond yields, which often closely track Treasury yields, have decreased over 3M, alongside Treasury yields. But Korean yields were lower YTD, as opposed to higher Treasury yields, leading to sovereign spreads vs the US near cycle lows. Korean 20s/2s yield curve has dis-inverted, as short yields fell by 26 bps and long yields fell by 11 bps, YTD.

FTSE Taiwan advanced 12.3% over 3M, while **FTSE Korea** rose only 4.5% as Korea Industrials and Basic Materials fell amid weak China demand. Foreign equity inflows have continued into Korea markets, especially to tech stocks, but flows into Taiwan have been volatile, suggesting that the recent rally in FTSE Taiwan was mainly pushed by domestic investors. Taiwan Tech printed a 14% return. Although both Korea and Taiwan Tech saw a fallback in July along with US tech stocks due to some big tech firms' earnings misses, Q2 earnings and guidance from Korea and Taiwan's tech firms continued to suggest a positive outlook given their critical position in the global AI supply chain.

Chart 1: BoK left its policy rate unchanged at 3.5%. Markets expect the BoK to deliver its first 25bp cut in 4Q24.

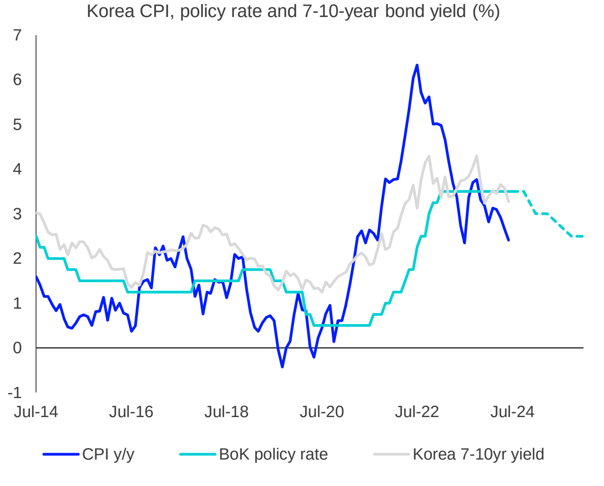


Chart 2: Exports of Korea and Taiwan continued to recover with tech products being the main driver.

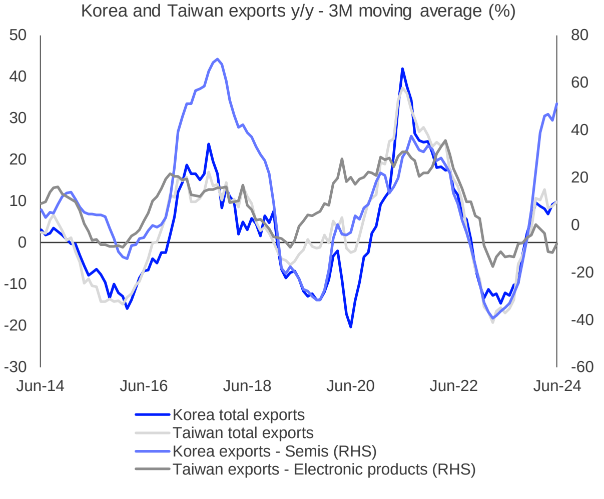


Chart 3: The tech industries were the main drivers of both Korea and Taiwan equities.

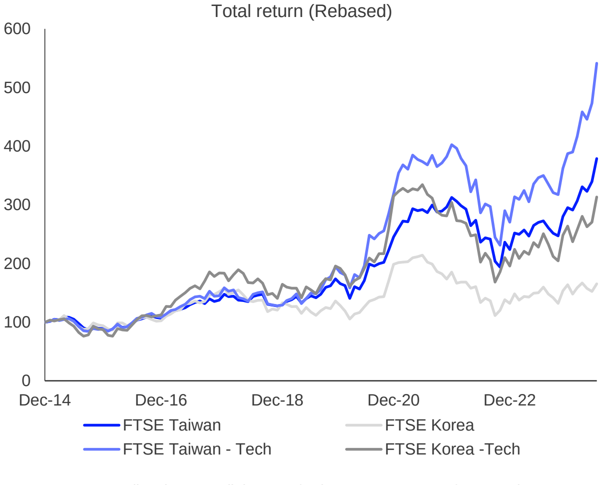
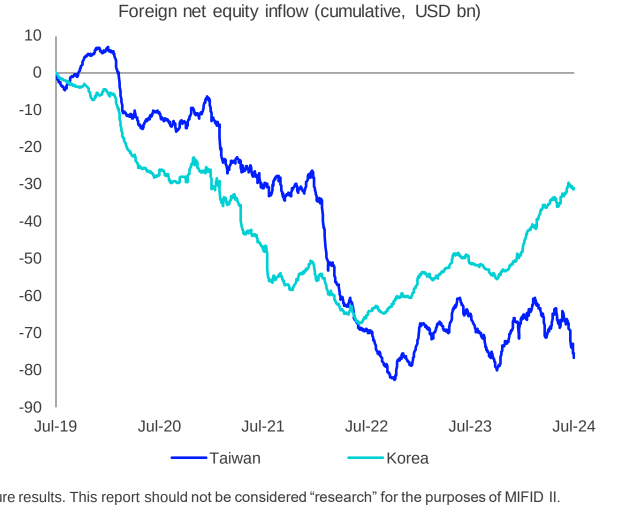


Chart 4: Foreigners turned net buyers of Korea equities since 4Q23, while Taiwan was mainly driven by domestic investors.



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ASEAN

Inflation in most ASEAN countries has moderated to a relatively balanced level or within target ranges, allowing central banks to keep policy rates on hold. Singapore inflation slowed to 2.4% in June; the MAS maintained its S$NEER policy unchanged at the latest meeting. Despite pressure from the PM to cut rates and support the economy, Bank of Thailand (BoT) kept the policy rate at 2.5% to maintain macro-financial stability, as inflation had stayed positive for three months. Indonesia CPI eased to 2.5% y/y in June, alleviating Bank Indonesia's (BI's) pressure to control inflation and allowing it to focus more on FX stability. A weaker IDR (YTD -6% vs USD) has contributed to a wider 2024 state budget deficit (2.7% of GDP vs 2.3% target) as spending and financing increased. Exports continued to recover across ASEAN (Chart 2). Recovered external demand can help complement slowing domestic demand (evidenced in lower retail sales and industrial production) for ASEAN countries.

ASEAN government bond yields decreased over 3M, led by Philippines and Singapore, tracking Treasury yields lower. ASEAN sovereign spreads vs the US stabilized near cycle lows, as the Fed signalled an interest rate cut in September. ASEAN bond spreads are only positive in higher-yielding Indonesia and Philippines.

FTSE ASEAN Index rose 4.6% over 3M with Financials (+4.9%) leading. By country, Indonesia equities (-0.2%) underperformed peers after the Indonesia Stock Exchange implemented the Full Call Auction mechanism for its new Watchlist Board in May. The policy raised investors' concern on flexibility and accessibility of Indonesia's stock markets. Indonesia Financials (-1.5%) was especially negatively impacted. Malaysia (+9.1%) outperformed its ASEAN peers driven by Industrials (mainly the Construction and Materials sector) and Utilities. Malaysia has emerged as a new data center hub in the past few years. Singapore advanced 8.2%, driven by Financials (+8.8%), especially Banks. Investors have been attracted to Singapore equities given its characteristics of low volatility and high dividend yield (5.0%) vs APAC (2.4%) markets (Chart 4).

Chart 1: BoT kept on hold as CPI recovered to positive territory. Milder CPI allowed BI to focus more on FX stability.

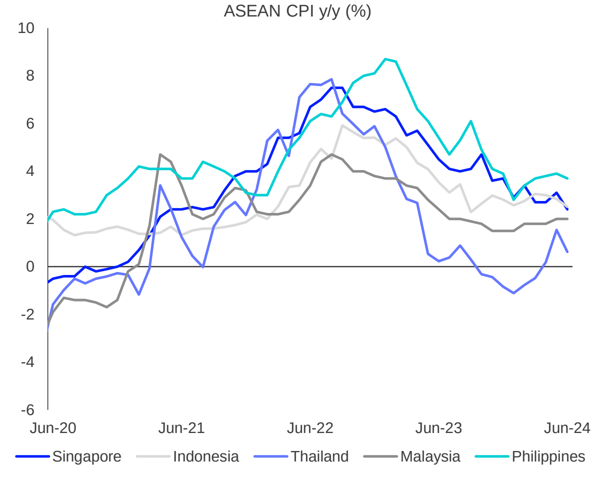


Chart 2: The export growth of ASEAN countries recovered further, with exports to China increasing as well.

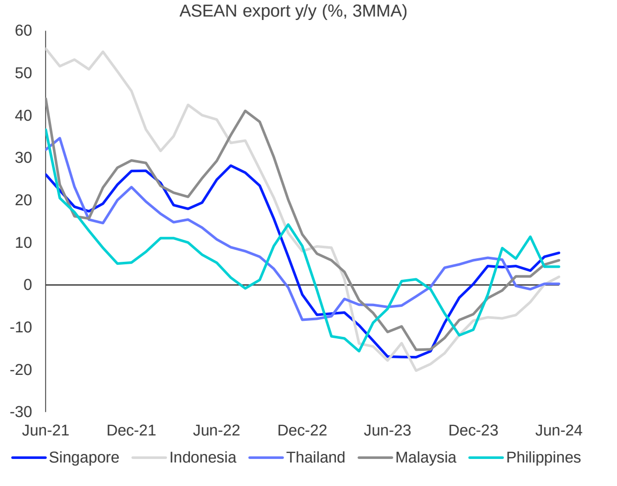


Chart 3: ASEAN sovereign spreads vs the US avoided further tightening, as Treasury yields fell more. ID spreads widened.

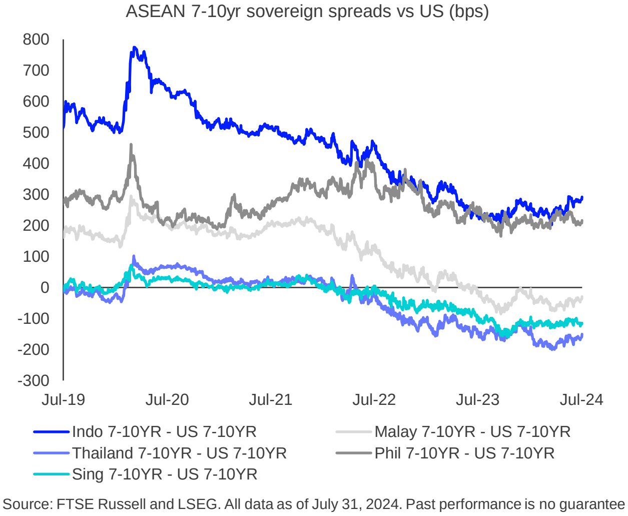
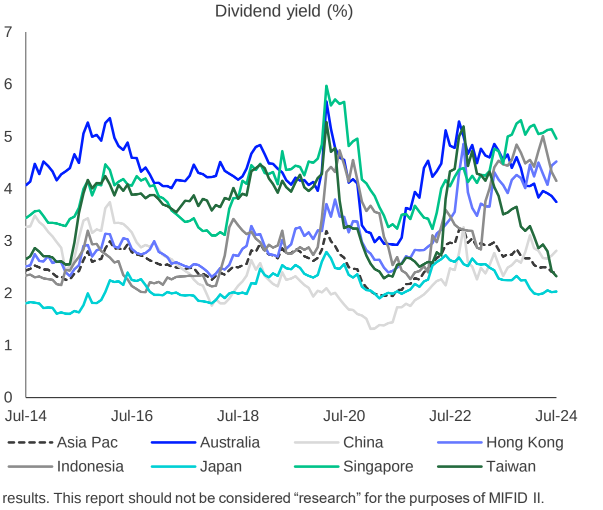


Chart 4: Singapore's dividend yield, surpassing Australia's, has became the highest since 2023.



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Appendix – Equity

Chart 1: Total Return – Past 3M vs 12M (USD)

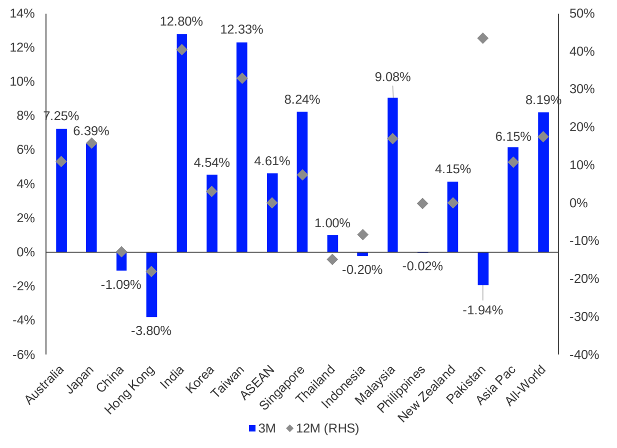


Chart 2: Annualized Volatility (Monthly Observations)

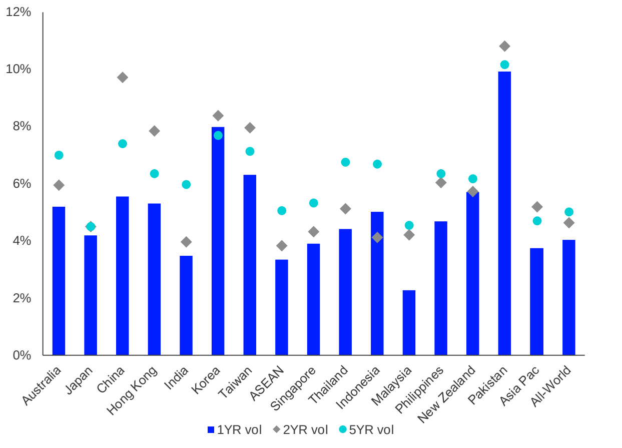


Chart 3: Dividend Yield vs 10YR Range

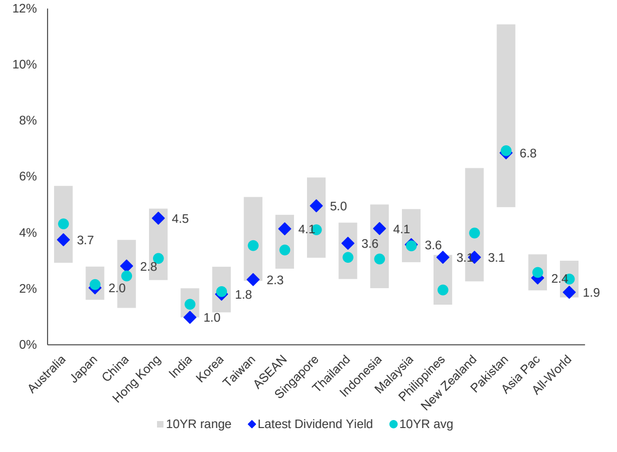


Chart 4: Two Year Forecast EPS Growth vs 12M Revision

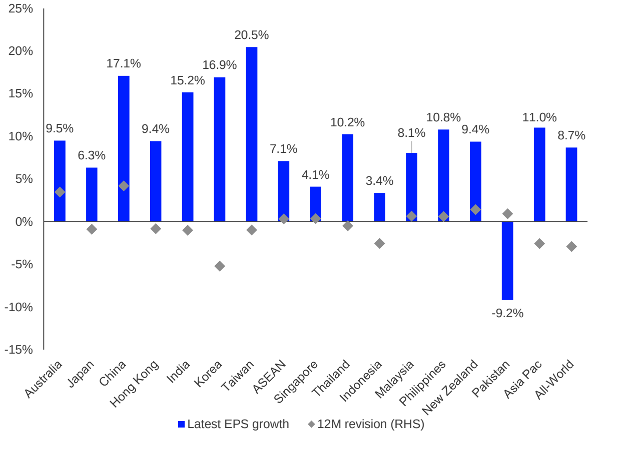
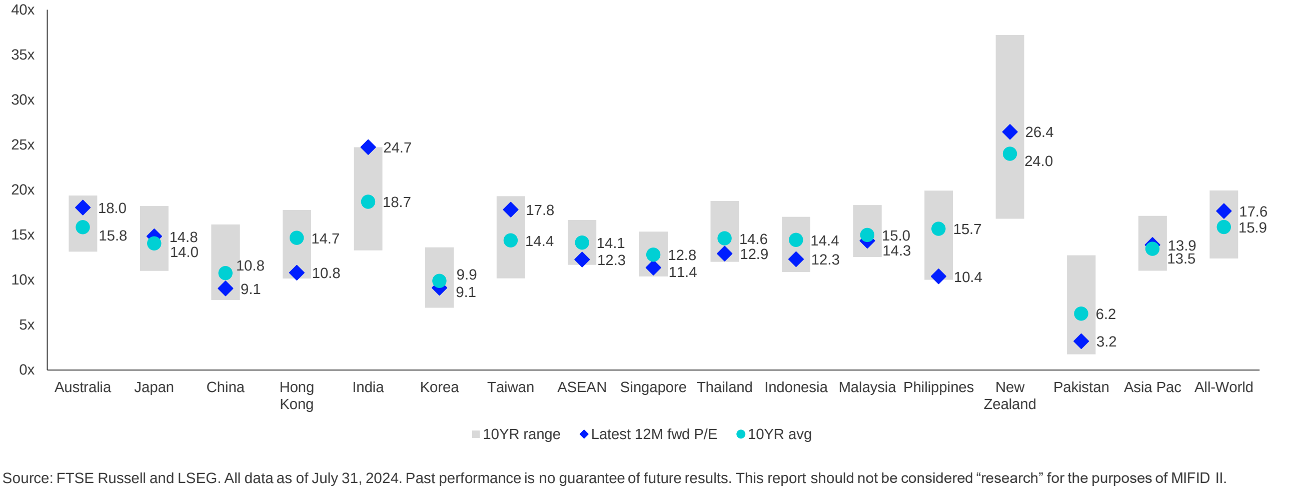


Chart 5: 12M Forward P/E vs 10YR Range



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Appendix – Equity

Chart 1: Total Return – Past 3M by Market and Industry (%, USD)

	Australia	Japan	China	Hong Kong	India	Korea	Taiwan	Singapore	Thailand	Indonesia	Malaysia	Philippines	New Zealand	Pakistan
Technology	6.0	6.9	1.2	7.6	23.8	4.2	14.0	10.0	51.5	-15.9				
Telecom	7.8	9.9	-0.1	14.3	13.8	8.0	4.8	28.1	23.5	-2.7	-1.8	15.7	-9.1	
Health Care	10.6	13.5	-6.0	0.1	13.8	10.4	68.7		-2.7	11.5	8.2		12.0	
Financials	15.2	18.6	7.5	-6.8	6.5	15.1	11.7	8.8	1.8	-1.5	10.2	-5.6		
Real Estate	10.4	0.8	-10.0	-5.2	9.7		36.3	5.4	-9.5	11.3		0.4	13.6	
Consumer Discretionary	14.0	-0.7	-4.2	-13.8	16.4	0.1	1.3	7.8	-6.2	0.5	9.1	-8.4	-5.2	
Consumer Staples	7.7	6.9	-14.2	-3.9	15.3	1.1	6.2	2.4	10.1	0.2	0.5	2.7	19.0	
Industrials	6.0	4.9	-2.5	0.0	15.7	-1.7	5.9	1.9	-9.9	-6.1	30.2	0.7	-1.9	
Basic Materials	-7.5	6.5	-8.5	-24.9	7.8	-12.9	-8.0		-20.0	6.9	-3.8			
Energy	0.5	6.6	-1.7	-40.1	8.9	-3.8	-8.9		-3.2	19.1	-0.7	0.5		-1.9
Utilities	6.5	1.6	8.0	12.8	11.6	1.7		-4.3	-9.3	20.0	15.8	12.4	3.3	

Chart 2: Total Return Contribution – Past 3M by Market and Industry (%, USD)

	Australia	Japan	China	Hong Kong	India	Korea	Taiwan	Singapore	Thailand	Indonesia	Malaysia	Philippines	New Zealand	Pakistan
Technology	0.2%	0.8%	0.3%	0.3%	2.8%	0.5%	10.3%	0.1%	2.0%	-0.4%				
Telecom	0.1%	0.4%	0.0%	0.1%	0.4%	2.7%	0.1%	2.0%	1.8%	-0.3%	-0.1%	1.1%	-0.9%	
Health Care	1.0%	1.0%	-0.3%	0.0%	0.8%	0.6%	0.2%		-0.3%	0.1%	0.4%		3.3%	
Financials	5.0%	2.3%	1.3%	-2.7%	1.5%	1.6%	1.4%	4.7%	0.3%	-0.9%	3.9%	-1.5%		
Real Estate	0.7%	0.0%	-0.2%	-0.9%	0.2%		0.1%	1.0%	-0.7%	0.0%		0.1%	0.2%	
Consumer Discretionary	1.0%	-0.2%	-1.0%	-1.4%	2.0%	0.0%	0.0%	0.5%	-0.5%	0.0%	0.5%	-0.6%	-0.1%	
Consumer Staples	0.3%	0.4%	-0.8%	-0.2%	1.0%	0.0%	0.1%	0.1%	1.1%	0.0%	0.0%	0.2%	1.0%	
Industrials	0.5%	1.3%	-0.2%	0.0%	2.0%	-0.2%	0.3%	0.1%	-1.3%	-0.1%	2.4%	0.1%	-0.4%	
Basic Materials	-1.6%	0.3%	-0.3%	-0.1%	0.5%	-0.7%	-0.2%		-0.5%	0.8%	-0.3%			
Energy	0.0%	0.1%	-0.1%	-0.1%	1.0%	-0.1%	0.0%		-0.6%	0.4%	0.0%	0.0%		-1.9%
Utilities	0.1%	0.0%	0.2%	1.1%	0.6%	0.0%		-0.2%	-0.5%	0.1%	2.4%	0.6%	1.0%	
Market Total	7.25%	6.39%	-1.05%	-3.79%	12.80%	4.54%	12.35%	8.24%	0.99%	-0.14%	9.09%	-0.02%	4.12%	-1.94%

Chart 3: Weights by Industry (% of Market Total)

	Australia	Japan	China	Hong Kong	India	Korea	Taiwan	Singapore	Thailand	Indonesia	Malaysia	Philippines	New Zealand	Pakistan	Asia Pac
Technology	2.8%	11.0%	28.0%	4.4%	12.9%	13.3%	74.3%	1.2%	5.9%	2.5%	0.0%	0.0%	0.0%		19.2%
Telecom	0.8%	3.8%	2.7%	0.9%	3.6%	35.1%	2.3%	8.2%	9.8%	8.8%	6.8%	8.2%	8.5%		5.5%
Health Care	9.6%	7.7%	4.2%	0.5%	5.6%	6.5%	0.4%	0.0%	8.8%	1.3%	4.5%	0.0%	29.4%		5.9%
Financials	35.3%	13.9%	17.4%	38.2%	22.2%	11.9%	12.2%	54.1%	16.7%	56.3%	38.1%	25.6%	0.0%		19.5%
Real Estate	6.8%	3.4%	2.2%	16.8%	1.6%	0.0%	0.2%	17.5%	5.1%	0.4%	0.0%	25.7%	1.6%		3.4%
Consumer Discretionary	7.4%	21.2%	23.0%	9.0%	12.0%	12.0%	2.0%	6.3%	6.8%	4.7%	5.6%	6.9%	2.2%		14.9%
Consumer Staples	4.1%	5.7%	4.7%	4.4%	6.9%	1.9%	1.2%	3.7%	11.4%	8.1%	8.9%	6.9%	6.2%		4.8%
Industrials	8.1%	26.0%	6.9%	15.1%	12.9%	12.6%	5.6%	4.7%	11.4%	1.9%	9.6%	19.9%	19.9%		15.1%
Basic Materials	17.9%	5.0%	3.5%	0.4%	6.1%	4.8%	1.7%	0.0%	1.9%	12.5%	7.4%	0.0%	0.0%		5.7%
Energy	5.5%	0.8%	4.5%	0.1%	11.0%	1.6%	0.2%	0.0%	17.0%	2.6%	2.4%	1.4%	0.0%	100%	3%
Utilities	1.5%	1.4%	3.0%	10.1%	5.3%	0.5%	0.0%	4.2%	5.2%	0.7%	16.6%	5.5%	32.2%		2.6%

Chart 4: Past 3M EPS Growth (%) Revision – Top/Bottom 20

Top 20 Bottom 20

	Australia	China	Hong Kong	Indonesia	India	Japan	Korea	Malaysia	New Zealand	Philippines	Singapore	Thailand	Taiwan	Pakistan
Technology	-2.56	1.16	8.43	-28.44	3.20	-1.72	-4.43				0.31	5.29	-1.01	
Telecommunications	4.10	1.56	4.57	-1.12	5.29	-3.87	0.92	2.53	0.14	3.04	0.18	-0.35	-4.70	
Health Care	-0.60	4.10	-9.34	0.64	-6.57	-1.30	5.35	-14.98	-1.26			-1.65	-30.25	
Financials	0.27	-0.71	-1.01	0.72	-0.01	-3.75	1.72	-0.26		-0.08	-0.47	0.78	-3.80	
Real Estate	0.09	2.60	0.28	1.95	4.13	-0.06			2.33	5.17	-0.70	1.05		
Consumer Discretionary	-0.54	-1.32	1.04	-0.98	-0.70	-0.53	1.27	0.88	-12.08	-3.23	5.42	-0.27	-3.33	
Consumer Staples	-0.28	0.71	1.54	-0.34	1.64	4.19	-1.43	0.85	1.50	-0.04	5.54	-3.61	1.30	
Industrials	3.27	-1.42	-0.82	-1.04	2.66	-1.73	-4.95	1.26	-4.89	-15.27	7.81	11.04	-3.89	
Basic Materials	-1.81	-9.17	-24.21	-0.57	-6.69	-2.58	11.21	3.54				22.75	-8.57	
Energy	3.36	3.10	-13.05	-18.25	16.63	8.22	-3.11	1.96		-4.07		-0.47	-6.77	-6.22
Utilities	2.26	1.74	0.63	-18.45	4.38	-0.90	20.98	2.97	-16.53	-1.69	0.48	0.19		

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Appendix – Fixed income

Government bond returns and government bond yields (%)

Top 15% Bottom 15%

Green highlight indicates highest 15%, red indicates lowest 15%.

		Government bond returns (USD)			Government bond yields			
		3M	YTD	12M	Current	3M ago	6M ago	12M ago
US	1-3YR	2.43	2.38	5.36	4.38	5.09	4.33	5.01
	7-10YR	6.07	1.32	3.87	4.02	4.69	3.93	3.97
	20+YR	8.50	-2.51	-1.42	4.42	4.85	4.31	4.11
	All	4.70	1.34	4.13	4.20	4.89	4.14	4.46
APGBI	1-3YR	1.73	-0.38	1.20	2.14	2.50	2.56	2.71
	7-10YR	3.71	0.35	3.24	3.04	3.37	3.31	3.58
	20+YR	7.47	3.36	10.45	2.84	3.16	3.12	3.41
	All	3.46	0.40	3.22	2.65	3.01	3.00	3.20
Japan	1-3YR	4.42	-6.74	-6.03	0.37	0.21	0.04	-0.04
	7-10YR	3.55	-8.60	-7.54	0.94	0.76	0.59	0.50
	20+YR	-0.73	-15.76	-18.45	2.11	1.86	1.73	1.40
	All	2.44	-10.46	-10.80	1.25	1.06	0.91	0.73
China	1-3YR	1.33	0.49	2.11	1.53	1.89	2.07	2.08
	7-10YR	2.66	3.14	5.87	2.10	2.34	2.46	2.66
	20+YR	5.12	9.14	14.09	2.38	2.61	2.70	3.04
	All	2.31	2.49	4.88	1.84	2.14	2.29	2.43
Australia	1-3YR	2.06	-2.42	1.07	3.86	4.16	3.69	4.02
	7-10YR	4.05	-2.92	1.08	4.07	4.36	3.97	4.03
	20+YR	3.96	-6.87	-2.78	4.62	4.75	4.42	4.40
	All	3.49	-3.06	1.05	4.01	4.30	3.89	4.03
India	1-3YR	1.98	4.04	5.90	6.82	7.15	7.04	7.07
	7-10YR	2.88	5.10	6.88	6.98	7.22	7.18	7.21
	20+YR	4.24	7.99	9.39	7.06	7.29	7.30	7.35
	All	3.13	5.70	7.39	6.97	7.23	7.18	7.23
Indonesia	1-3YR	2.69	-1.74	-2.01	6.61	7.11	6.34	6.03
	7-10YR	3.53	-3.63	-4.20	6.94	7.22	6.62	6.38
	20+YR	2.15	-3.90	-5.13	7.14	7.17	6.94	6.76
	All	3.22	-3.15	-3.96	6.89	7.20	6.61	6.32
Korea	1-3YR	2.03	-4.32	-3.11	3.08	3.51	3.34	3.69
	7-10YR	5.39	-3.66	0.41	3.09	3.66	3.40	3.76
	20+YR	11.26	-2.57	9.13	2.96	3.46	3.28	3.64
	All	6.44	-3.44	2.34	3.03	3.54	3.33	3.70
Malaysia	1-3YR	5.32	2.36	1.93	3.29	3.53	3.36	3.36
	7-10YR	6.64	2.76	2.84	3.73	3.96	3.80	3.86
	20+YR	7.59	4.08	3.99	4.14	4.30	4.18	4.23
	All	6.52	3.06	2.98	3.70	3.93	3.76	3.80
Singapore	1-3YR	3.75	0.70	3.26	3.02	3.52	3.13	3.48
	7-10YR	7.22	-0.88	3.82	2.88	3.45	2.90	3.03
	20+YR	12.89	-2.89	-3.50	2.89	3.39	2.86	2.62
	All	7.07	-0.66	2.25	2.91	3.46	2.95	3.08
New Zealand	1-3YR	3.02	-2.88	1.87	4.21	5.16	4.89	5.21
	7-10YR	5.85	-3.42	3.18	4.31	4.85	4.55	4.70
	20+YR	7.64	-6.88	1.27	4.81	5.17	4.87	4.87
	All	5.30	-3.38	2.86	4.29	4.92	4.61	4.85
Thailand	1-3YR	4.80	-2.84	-1.74	2.31	2.38	2.27	2.23
	7-10YR	6.45	-1.79	-1.08	2.52	2.74	2.58	2.55
	20+YR	6.33	0.47	-1.75	3.25	3.34	3.33	3.20
	All	6.02	-1.94	-1.09	2.50	2.68	2.54	2.50
Philippines	1-3YR	1.38	-1.72	0.61	6.03	6.49	5.99	6.24
	7-10YR	6.00	-2.91	1.72	6.19	7.05	6.15	6.42
	20+YR	NA	NA	NA	NA	NA	NA	NA
	All	4.70	-2.60	1.69	6.15	6.86	6.12	6.38

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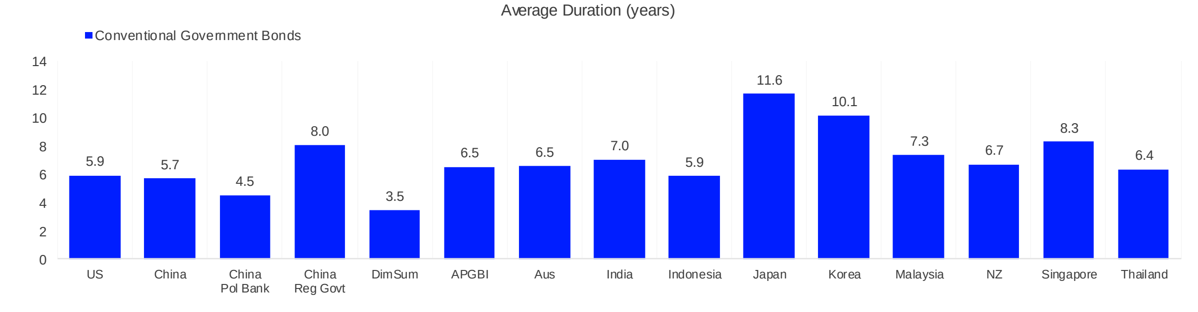
Appendix – Fixed income

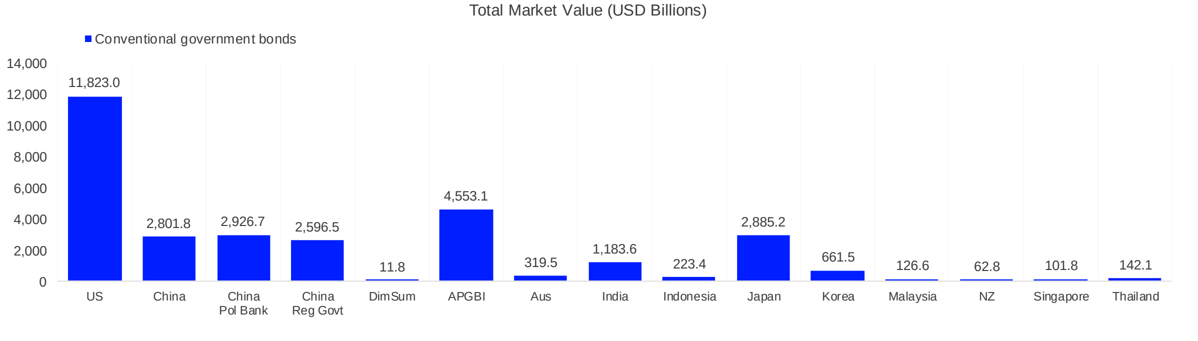
Duration and market value (USD, Bn)

Conventional Government Bonds								
	Duration				Market Value			
	3-5YR	7-10YR	20+YR	Overall	3-5YR	7-10YR	20+YR	Total
US	3.7	7.2	16.6	5.9	2,814.6	1,192.3	1,401.1	11,823.0
China	3.8	7.7	18.0	5.7	658.6	439.8	319.2	2,801.8
China Pol Bank				4.5				2,926.7
China Reg Govt				8.0				2,596.5
DimSum				3.5				11.8
APGBI	3.7	7.4	18.2	6.5	916.4	782.1	621.4	4,553.1
Aus	3.8	7.4	16.7	6.5	47.4	97.3	20.0	319.5
India	3.3	6.0	12.2	7.0	126.1	213.4	299.0	1,183.6
Indonesia	3.6	6.2	11.5	5.9	37.2	52.2	10.9	223.4
Japan	4.0	8.2	23.2	11.6	344.5	385.0	588.9	2,885.2
Korea	3.6	7.2	19.2	10.1	76.1	86.4	222.8	661.5
Malaysia	3.5	7.0	15.2	7.3	16.4	16.0	16.5	126.6
NZ	4.0	7.3	16.2	6.7	12.9	16.9	5.3	62.8
Singapore	3.5	7.4	19.7	8.3	12.0	16.8	20.2	101.8
Thailand	3.9	7.3	16.6	6.4	34.2	27.4	6.4	142.1

Corporate Bonds						
	Duration			Market Value		
	Inv Grade	High Yield	Overall	Inv Grade	High Yield	Overall
US	7.0	3.8		6,884.3	1,076.0	
China Corp (LC)			2.3			519.6
China Green Onshore			2.3			142.3
China Corp ($)	4.4	2.3	8.0	187.3	18.4	205.6
DimSum			2.1			16.8
EM	5.5	3.5	5.0	507.3	190.1	697.4
EUxUK	4.4	3.1		3,060.9	343.2	

Other Sectors						
	Duration			Market Value		
	Supra	Agency	Corp NR	Supra	Agency	Corp NR
Offshore (DimSum)	2.3	2.4		2.5	7.1	





Data as of 2024-07-31

Source: FTSE Russell and LSEG. All data as of July 31, 2024. Past performance is no guarantee of future results. This report should not be considered "research" for the purposes of MIFID II. Please see the end for important legal disclosures. Results in this report are for research / illustrative purposes and do not represent the official performance of the indices.

Glossary

Indices used in the report	Mnemonic/Code
FTSE World Government Bond Index (WGBI)	WGBI
FTSE Asia Pacific Government Bond Index (APGBI)	APGBI
FTSE US Government Bond	US_TSY
FTSE German Government Bond	DE_TSY
FTSE Japanese Government Bond	JP_TSY
FTSE Chinese Government Bond	CN_TSY
FTSE Malaysian Government Bond	MY_TSY
FTSE Singapore Government Bond	SG_TSY
FTSE Australian Government Bond	AU_TSY
FTSE New Zealand Government Bond	NZ_TSY
FTSE Korean Government Bond	KR_TSY
FTSE Indonesian Government Bond	ID_TSY
FTSE Indian Government Bond	IN_TSY
FTSE Thai Government Bond	TH_TSY
FTSE Philippines Government Bond	PH_TSY
FTSE US Broad Investment-Grade Bond Index Corporate (US Corp IG)	BIG_CORP
FTSE US High-Yield Market Index (US Corp HY)	HY_MARKET
FTSE Asian Broad Bond Index (ABBI)	ABBI
FTSE ABBI Corporate Bond Investment-Grade (ABBI Corp IG)	ABBI_CORP_IG
FTSE ABBI Corporate Bond High-Yield (ABBI Corp HY)	ABBI_CORP_HY
FTSE Asia Pacific Index (FTSE APAC)	AWPACS
FTSE All-World Index	AWORLDS
FTSE Australia Index	WIAUS
FTSE China Index	WICHN
FTSE Hong Kong Index	WIHKG
FTSE Indonesia Index	WIIDN
FTSE India Index	WIIND
FTSE Japan Index	WIJPN
FTSE Korea Index	WIKOR
FTSE Malaysia Index	WIMAL
FTSE New Zealand Index	WINZL
FTSE Pakistan Index	WIPAK
FTSE Philippines Index	WIPHL
FTSE Singapore Index	WISGP
FTSE Thailand Index	WITHA
FTSE Taiwan Index	WITWN
FTSE ASEAN Index	AWASEAN
US Dollar Index (DXY)	NDXYSPT

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