Monthly Investment Updates

November 2024

Macro Overview

Growth

- **Global economic activity has been positive** for the last twelve months, **but growth is uneven** with services doing well and manufacturing contracting.
- October's 7.4% month-on-month fall in Singapore's non-oil domestic exports, a key indicator of global trade health, suggests a **deceleration in global economic momentum**.
- Global growth to lose pace as the effects of the **higher rates that have been in place for a while continue to weigh on economic activities.**

Inflation

- **US inflation numbers were in line with expectations in October**, which is supportive of the Fed's easing direction.
- **While US core inflation remains relatively persistent, we believe that inflation is moving towards the Federal Reserve's (Fed) 2% target, but the path may be gradual and uneven.**
- We remain vigilant for **potential supply-side shocks** (e.g., Middle East tensions impacting oil supply) and the **inflationary impact of the new US administration's policies.**

Monetary policy

- US jobs growth was weak in October, expanding at the slowest pace since 2020. **The US Federal Reserve ("Fed") will focus on new data, especially the US jobs' numbers, to guide its policy easing strategy.**
- There is a risk that an easier monetary policy combined with a still-resilient US economy **could result in a resurgence in US inflation.**

Asset class view

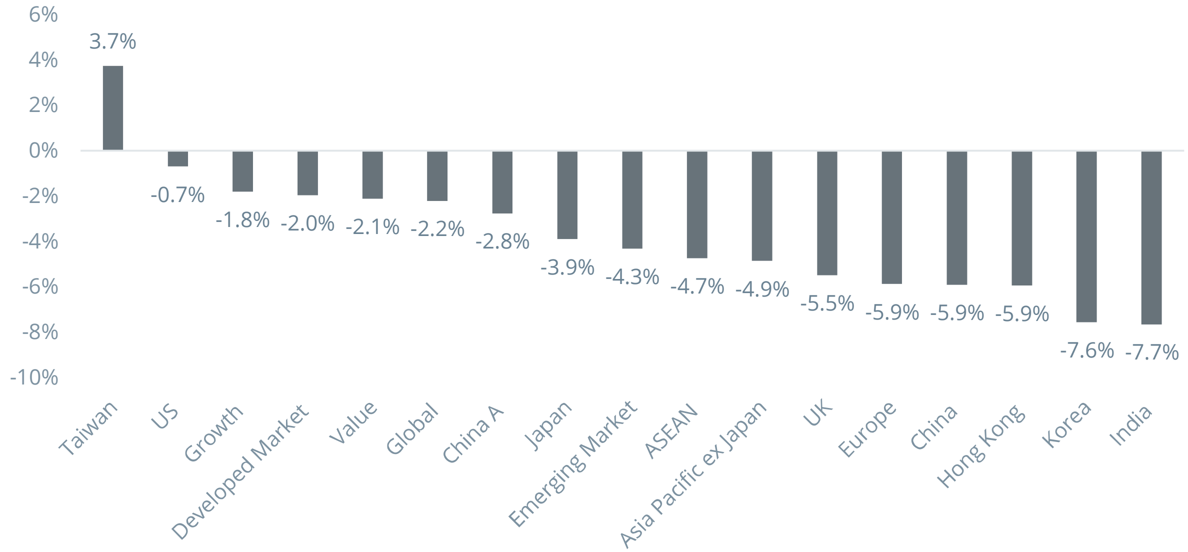
- Expectations are for tax cuts and pro-corporate policies in the US to boost corporate earnings. As such, risk assets such as global equities and US high yield bonds may offer tactical opportunities.
- Given the increased risk of rising inflation and the uncertainty over US interest rates, a shorter US duration is preferred in the near term. Singapore government bonds offer more stable domestic rates due to lower long-term inflation and controlled supply of new bonds.
- Cheaper valuations and improving earnings growth can swing investors' support towards Asia and Emerging Market equities.
- Gold may be an effective hedge against both inflation and US protectionist policies.

Top 3 Risk Areas of Concern	Likelihood	Magnitude of Negative Impact on Markets
The probability of a resurgence in US inflation can have a negative impact on the US economy and the potential to disrupt the US Fed's easing cycle. A US slowdown will weigh on global growth.	Medium	High
Geopolitical risks (post-Trump victory) can significantly impact investor sentiment, but fundamentals will ultimately drive market returns. Increased Middle East tensions and supply disruptions may further drive oil prices and global trade costs higher.	Medium	Medium
China's growth slowdown (and its drag on global growth) may continue for longer. Persistent deflationary trend in China poses a risk of spillover effects to the global economy.	Medium	Medium

Market Recap and Update

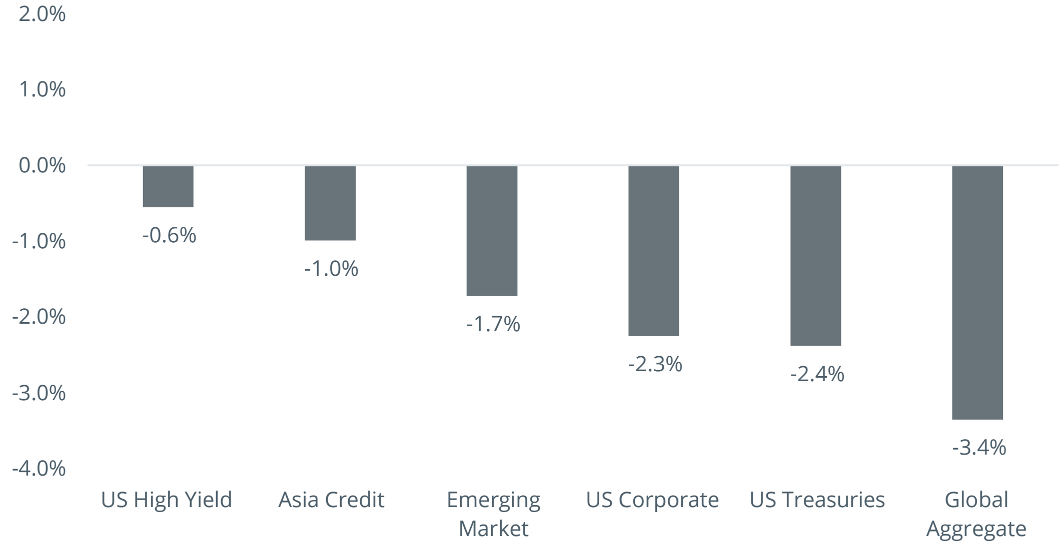
Global Equity Markets

(Monthly gross returns as of 31 Oct 2024, in USD)*



Global Bond Markets

(Monthly gross returns as of 31 Oct 2024, in USD)*



- Markets experienced volatility in October; global equities fell by 2.2% as US political uncertainty and underwhelming Chinese stimulus measures weighed on investor sentiment.
- Asia Pacific ex Japan markets posted -4.9%; India and Korea were among the weakest performers in the region. Indian stocks fell on lacklustre earnings while the Korean equity market's correction was in reaction to the decline in export growth.
- Taiwan equities bucked the trend and rose by 3.7%. The gains were mostly led by big technology stocks following a technology rally in the US.

- US Treasury yields rose as strong US economic data dampened expectations of additional Fed rate cuts. The US Treasury 10-year yield hit the highest level since July 2024, rising by 47 basis points to 4.28%.
- Global aggregate bonds fell by 3.4%. US high yield bonds fell by a lesser magnitude than US investment grade bonds.
- Emerging Market sovereign debt fell 1.7%, impacted by a stronger US dollar.

Data source: Eastspring Investments, LSEG Datastream. *Monthly total returns are provided as of 31 October 2024. Equity returns are referenced by the respective MSCI market indices quoted in USD, in gross return terms. "Global" is represented by the MSCI ACWI; "Developed Market" is represented by the MSCI World Index. "Value" and "Growth" are represented by the MSCI World Value Index and MSCI World Growth Index, respectively. "China" is represented by the MSCI China Index and "China A" is presented by the MSCI China A Onshore Index. The fixed income markets are represented as follows: "US Corporate Bonds": ICE BofA US Corporate Index (USD) TR Index gross; "EM Debt": J.P. Morgan EMBI Global Diversified (USD) TR Index gross; "US Treasuries": Bloomberg Barclays US Treasury Index (USD) TR Index gross; "Asian Credit": J.P. Morgan Asia Credit Index (USD); "Global Aggregate Bonds": Bloomberg Barclays Global Aggregate (USD) TR Index gross; "US High Yield Bonds": ICE BofA US High Yield Index (USD) TR Index gross.

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Information is correct as at 21 November 2024, unless otherwise stated.