

Wealth Management Digest **April 2024**

Exclusively for AmBank SIGNATURE Priority Banking Customers

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Market Overview

Total Returns (%) Year-To-Date (At Month End)

	2022	2023	Jan 2024	Feb 2024	Mar 2024
MSCI Global Equities	-17.9%	22.82%	0.61%	4.97%	8.32%
MSCI Developed Market Equities	-17.7%	24.44%	1.23%	5.56%	9.01%
MSCI Emerging Markets Equities	-19.8%	10.20%	-4.64%	-0.08%	2.41%
MSCI Asia ex Jn Equities	-16.8%	11.98%	-1.67%	2.27%	5.13%
S&P 500 (US) Equities	-18.1%	26.26%	1.68%	7.11%	10.55%
STOXX 600 (EU) Equities	-9.9%	16.63%	1.49%	3.52%	7.85%
CSI 300 (China) Equities	-19.8%	-9.14%	-6.29%	2.48%	3.10%
HSI (HK) Equities	-12.6%	-10.46%	-9.16%	-3.14%	-2.52%
MSCI Malaysia (MY) Equities	-0.4%	0.67%	2.60%	5.36%	6.12%
Bloomberg Global IG Bond	-16.2%	5.72%	-1.38%	-2.62%	-2.08%
Bloomberg Global HY Bond	-12.7%	14.04%	-0.19%	0.60%	2.13%

Source: Bloomberg, as of 31 March 2024

GLOBAL EQUITIES

Global equities rose in towards the end of March 2023, boosted by expectations that global central banks would adjust interest rates lower in 2024. Healthy corporate earnings and forward guidance from key companies also raised confidence that 2023's rally could continue throughout 2024.

ASIA PACIFIC EQUITIES

Asia ex Japan edged higher in tandem with global equities as rotation from expensive regions propelled gains. Investors continue to bargain hunt in the Asia market, as valuations remain undemanding while fundamentals shows signs of continued improvement. Domestic demand continues to be a key driver of growth in the Asian markets, alongside higher FDI inflows as major global corporations start to diversify their supply chains.

MALAYSIAN EQUITIES

Malaysian equities climbed higher on the back of local buying support in anticipation of foreign investors returning to the Malaysia market. Cheap valuations, strong dividend payouts and improving governance of the Malaysian economy boosting the outlook and potential for the local market.

Source: AmBank Retail Wealth Management Advisory & Research (as at 05 April 2024)

News Topics – Business & Economy

China's "Two Sessions" Lays Out Its Future Plans

The 2024 "two sessions" of China's National People's Congress (NPC) and Chinese People's Political Consultative Conference (CPPCC) highlighted the importance of balancing security and economic development, with a focus on boosting consumption and developing new technologies.

The Government Work Report (GWR) emphasized the development of emerging and futuristic technologies as new growth drivers, a strategy known as the generation of "new productive forces" (NPFs). This strategy aims to address macroeconomic and geopolitical pressures by nurturing domestic talent and enhancing the nation's capacity for innovation.

The "two sessions" also signal China's intention to focus on the development of new technology to achieve self-sufficiency, driven by a sense of urgency to catch up with the United States. Initiatives such as facial recognition scanners at the entrance to the NPC offer a glimpse of a "future industries"-focused China, with new technologies such as electric vehicles and commercial space flights playing a significant role in the country's development.

The 2024 "two sessions" also highlight China's growing ambitions for technological innovation, with the government adopting a relatively lenient approach towards regulating new technologies. The development of NPFs is a significant new component of Beijing's response to macroeconomic and geopolitical pressures, with the potential to bring economic benefits from front-loading the green transition.

Source: Bloomberg (March 2024)

ECB Stays Data Driven On Interest Rate Cuts

The Governing Council of the ECB has determined that the current interest rates are appropriate to ensure that inflation returns to its 2% medium-term target in a timely manner.

The Council will maintain interest rates at sufficiently restrictive levels for as long as necessary to ensure that inflation stabilizes at the ECB's 2% inflation target over the medium term.

The ECB's decision to maintain interest rates is based on its assessment of the current economic situation and the outlook for inflation.

The Council noted that financing conditions are restrictive, and the past interest rate increases continue to weigh on demand, which is helping push down inflation.

The ECB will continue to follow a data-dependent approach to monetary policy, adjusting interest rates as necessary to ensure that inflation stabilizes at its target over the medium term.

The ECB's decision to keep interest rates unchanged is in line with its mandate to maintain price stability in the euro area.

The Council's data-dependent approach to monetary policy will allow it to adjust interest rates as necessary to ensure that inflation stabilizes at its target over the medium term, supporting economic growth and job creation in the euro area.

Source: Bloomberg (March 2024)

News Topics – Business & Economy

Oil Prices Steady Amid Clashing Supply Demand Dynamics

The International Energy Agency (IEA) has adjusted its 2024 oil demand growth estimate to 1.3 million b/d, an increase of 110,000 b/d.

This adjustment is attributed to a more robust US economic outlook and heightened bunker fuel consumption resulting from incidents in the Red Sea. This revision contrasts with OPEC's more bullish forecast of 2.2 million b/d demand growth in 2024.

Concurrently, the IEA has revised down its 2024 oil supply estimate by 930,000 b/d to 102.86 million b/d, citing the impact of OPEC+ output cuts and disruptions in Canadian production.

The surge in oil inventories "on water" has been notable, with onshore stocks globally at their lowest levels since at least 2016. This increase in oil on water is a consequence of tanker diversions around the Cape of Good Hope due to repeated Red Sea tanker attacks.

Oil prices have seen a steady rise amidst the intensifying Red Sea shipping crisis, with the Platts Dated Brent benchmark reaching \$84.27/b on March 13, up from \$75.70/b on Jan. 2. The IEA emphasizes the significance of electric vehicle adoption in influencing oil demand trends, a perspective that differs from OPEC's outlook.

The US Energy Information Administration (EIA) forecasts Brent crude oil prices to average \$82/b in 2024 and \$79/b in 2025, with OPEC+ production expected to average 36.4 million b/d in 2024. These forecasts are underpinned by continued OPEC+ production restraint.

Source: Bloomberg (March 2024)

Persistent US Inflation Delays Timeline For Rate Cuts

The recent increase in US inflation to 3.2% has presented a significant challenge for the Federal Reserve, known as the "last mile" challenge, as it navigates the delicate balance between controlling inflation and supporting economic growth.

This surge in inflation has implications for various sectors of the economy, including consumer spending, investment decisions, and overall economic stability.

Inflation is typically targeted around 2% by the Federal Reserve to maintain a healthy economy.

However, the current inflation rate exceeding this target to 3.2% raises concerns about the Federal Reserve's ability to manage inflation effectively without hindering economic growth.

The "last mile" challenge refers to the final phase of managing inflation, where the Federal Reserve must carefully balance its actions to control inflation without causing a slowdown in economic activity.

This phase is particularly challenging because the tools used to control inflation, such as adjusting interest rates, can also impact economic growth. Striking the right balance is crucial to prevent inflation from eroding purchasing power and undermining consumer confidence.

Markets are currently pricing in that the Fed will cut interest rates later in 2024, instead of the initially estimated June start of the interest rate cut cycle.

Source: Bloomberg (March 2024)

News Topics – Business & Economy

Credit Card Use Climbs Higher As Inflation Fatigue Sets In

The average credit card debt in the United States is currently at a record high of over a trillion dollars, according to Fortune.

This represents a 45% increase from 2008 and is a seven-year high. The rise in credit card debt is not unique to the U.S., as nonfinancial corporate debt has also increased globally, reaching 96% of global GDP between 2011 and 2017.

The rise in debt has led to concerns over the potential for another debt crisis, as companies are using cheap debt to inflate financial bubbles, similar to the housing mortgage crisis of 2008.

The rise in credit card debt is not limited to individuals, as businesses are also experiencing a surge in debt. According to JPMorgan Chase, the median revolving balance among small business credit cards averaged slightly more than \$7,000 in 2022.

This represents the average balance carried by cardholders who failed to pay their balances in full each month.

The pick-up in credit card utilization was due to rising inflationary pressures. Consumers are turning to debt to support spending, especially among younger and lower income households.

This also suggests an increase in financial stress emerging within the economy, as nearly 1/10th of credit card users finding themselves in “persistent debt” and facing interest charges and fees.

Source: Bloomberg (March 2024)

Malaysia, The Ultimate Chip Wars Winner?

The US-China trade war has presented Malaysia with a unique opportunity in the semiconductor industry, as disruptions in the global supply chain have prompted both countries to seek production facilities outside the direct conflict.

Malaysia has capitalized on this situation by attracting investments from the US and China, leveraging its skilled workforce, robust infrastructure, and favorable business environment to become an attractive destination for semiconductor manufacturing.

The Malaysian government's proactive measures, including the establishment of technology parks and incentives for foreign investors, have played a crucial role in fostering the growth of the technology sector.

By positioning itself as a leading player in the global technology industry, Malaysia has been able to secure investments and establish itself as a key player in semiconductor manufacturing.

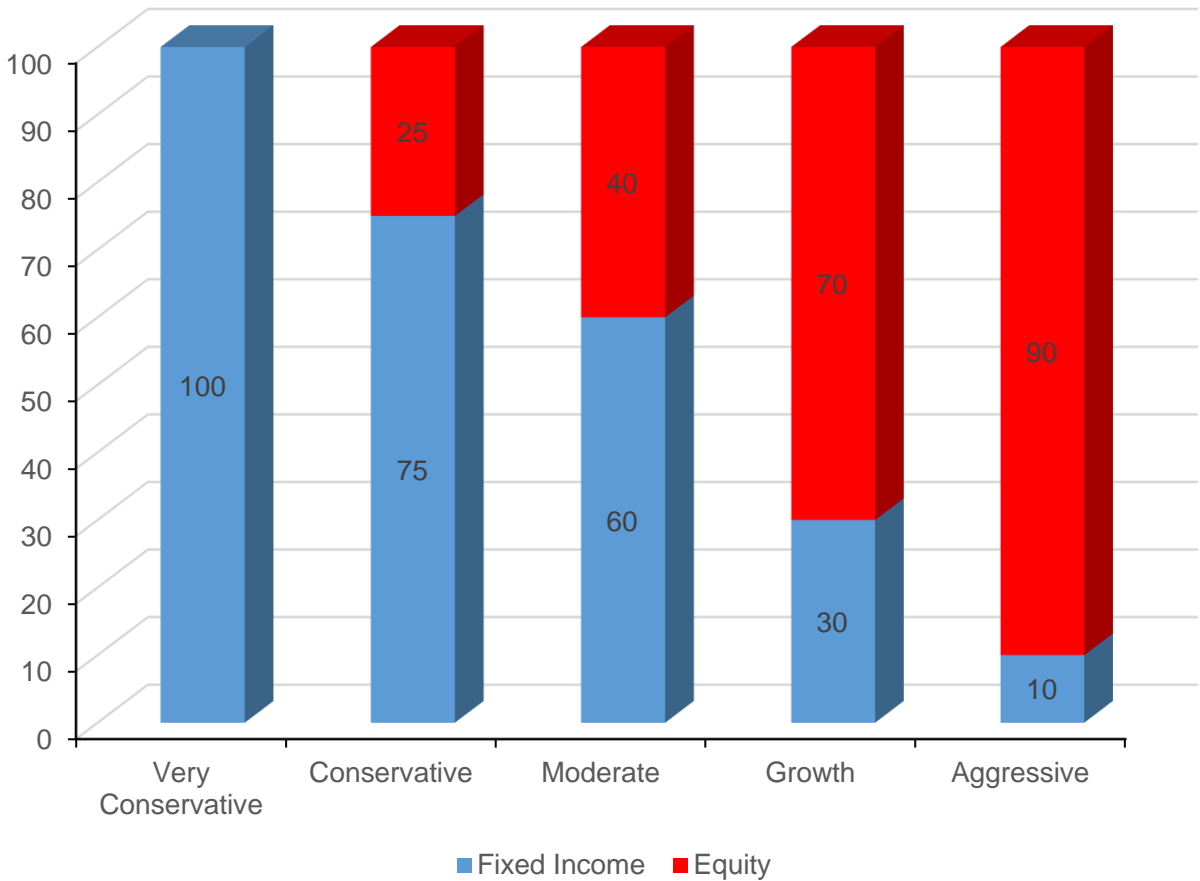
However, sustaining this success requires continuous investment in technology infrastructure and talent development.

Malaysia's focus on initiatives like STEM education and training programs, alongside investments in research and development centers and a national fiber optic network, underscores its commitment to staying ahead in the competitive semiconductor market.

Source: Bloomberg (March 2024)

Asset Allocation Strategy

Reference Portfolio (Based on Investor's Risk Profile)
(% Allocation for Equity and Fixed Income)



Source: AmBank

Fund of Focus – 2nd Quarter 2024

	Retail (22 Funds)	Wholesale (13 Funds)
Global Compounder	abrbd Islamic World Equity A Principal Global Titans TA Global Select Equity	Global Dividend
Income Fortification	AHAM World Series - Income AmDynamic Bond AmBon Islam Maybank Global Mixed Assets - i Principal Lifetime Bond Principal Islamic Lifetime Balanced TA Total Return Income United-i Global Balanced	AHAM World Series - Global Income
Mega Tech Resilience	TA Global Technology Principal Global Millennial Equity	Principal Global Technology Principal Islamic Global Technology RHB Pacific Technology
New Growth Drivers	AHAM Aiiman Global Multi Thematic Manulife India Equity Principal US High Conviction Equity	AHAM WS - Global Quantum AHAM WS - Global Disruptive Innovation RHB Global Artificial Intelligence
Value Play	AHAM Select Opportunity Maybank Asiapac Ex-Japan Equity-i Principal Asia Pacific Dynamic Income Principal Islamic Asia Pacific Dynamic Equity TA European Equity	Europe Equity Growth RHB European Select
Stabilizers & Hedges	Maybank Global Sustainable Equity-i	Income and Growth MAMG Liquid Alternative MAMG Systematic Asia Absolute Return

Note: Funds are selected using a quantitative filter. Best scoring funds across key categories have shortlisted to be in the fund of focus. Based on Wealth Advisory & Research and Wealth Product Managers PM discretion & experience, new funds and tactical ideas may be added as required to capture fast moving market trends.

Source: AmBank as of April 2024

Top 5 Best Performing Funds YTD 2024

Fund Name	Fund Type	Status	YTD	1Y	3Y Ann
Principal Global Millennial Equity MYR	Equity-Global	Retail	17.41	38.87	7.87
TA Asia Absolute Alpha MYR	Equity-Asia Pacific	Retail	13.02	16.00	-4.01
TA Global Technology MYR	Equity-Global	Retail	19.27	52.47	12.30
Principal Islamic Global Technology MYR	Equity-Global	Wholesale	14.13	50.60	0.00
TA Global Technology MYR H	Equity-Global	Retail	14.97	38.16	6.12

Top 5 Worst Performing Funds YTD 2024

Fund Name	Fund Type	Status	YTD	1Y	3Y Ann
Hong Kong Tech Index MYR	Equity-China	Wholesale	-6.80	-14.83	0.00
Hong Kong Tech Index MYR H	Equity-China	Wholesale	-10.01	-23.48	0.00
Maybank Singapore REITs MYR	Equity-Singapore	Retail	-5.95	-1.90	-2.29
Maybank Singapore REITs MYR H	Equity-Singapore	Retail	-6.75	-8.21	-6.44
AHAM World Series-Glo Disruptive Innovation	Equity-Global	Wholesale	-4.68	18.79	-26.77

Source: Lipper fund performance as at 27 March 2024, applicable to funds distributed by AmBank

Past performance does not indicate future returns

Definitions

AAA/BBB	Currency Pair of AAA and BBB. Number of units of AAA (Base currency) that one unit of BBB (Quote currency) will buy.
AUD	Australian Dollar
Bosvepa	Brazil Stock Index
CAD	Canadian Dollar
CHF	Swiss Franc
CNY	Chinese Renminbi
CPI	Consumer Price Index
DAX	German Stock Index
DJIA	Dow Jones Industrial Average
EPFR Global	Emerging Portfolio Fund Research, Inc.
ETF	Exchange Traded Funds
EUR	Euro
FocusEconomics	FocusEconomics is a leading provider of economic analysis and forecasts for 127 countries in Africa, Asia, Europe and the Americas, as well as price forecasts for 33 key commodities.
GBP	UK Pound Sterling
GDP	Gross Domestic Product
German IFO	German Information and F orschung (research).
HSI	Hong Kong's Hang Seng Index
IIF	Institute of International Finance
IHS	Information Handling Services is a company based in London, United Kingdom. IHS provides information and analysis to support the decision-making process of businesses and governments.
IHS Markit	A merger between IHS and Markit Ltd.
Indonesia's JSX	Indonesia's Jakarta Stock Exchange
I/B/E/S	'Institutional Brokers' Estimate System
INR	Indian Rupee
JPY	Japanese Yen
KOSPI	South Korea's Stock Index
Malaysia's KLCI	FTSE Bursa Malaysia Index
Markit Ltd	A global financial information and services company founded in 2003 as an independent source of credit derivative pricing.
MICEX	Russian Stock Index
MYR	Malaysian Ringgit
Philippines PSE	Philippines' Stock Index
PSEi	The Philippine Stock Exchange, Inc
PMI	Purchasing Managers' Index
PRC	People's Republic of China
Q1,Q2,Q3,Q4	Quarter 1, Quarter 2, Quarter 3, Quarter 4
SCI	China's Shanghai Composite Index
SGD	Singapore Dollar
Singapore STI	Singapore's Strait Times Index
TAIEX	Taiwan's Stock Index
Thailand's SET	Thailand's Stock Index
U.K.	United Kingdom
U.S.	United States of America
U.S. Fed	United States Federal Reserve
USD	U.S. Dollar
YOY	Year-on-year
YTD / y-t-d	Year to date

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