

# Wealth Management Digest **March 2024**

Exclusively for AmBank SIGNATURE Priority Banking Customers

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## Market Overview

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

	2022	2023	Dec-23	Jan-24	Feb-24
MSCI Global Equities	-17.9%	14.6%	22.8%	0.61%	4.97%
MSCI Developed Market Equities	-17.7%	16.2%	24.4%	1.23%	5.56%
MSCI Emerging Markets Equities	-19.8%	2.1%	10.2%	-4.64%	-0.08%
MSCI Asia ex Jn Equities	-16.8%	3.8%	12.0%	-1.67%	2.27%
S&P 500 (US) Equities	-18.1%	18.8%	26.3%	1.68%	7.11%
STOXX 600 (EU) Equities	-9.9%	9.2%	16.6%	1.49%	3.52%
CSI 300 (China) Equities	-19.8%	-15.4%	-9.1%	-6.29%	2.48%
HSI (HK) Equities	-12.6%	-18.9%	-10.5%	-9.16%	-3.14%
MSCI Malaysia (MY) Equities	-0.4%	1.1%	0.7%	2.60%	5.36%
Bloomberg Global IG Bond	-16.2%	2.4%	5.7%	-1.38%	-2.62%
Bloomberg Global HY Bond	-12.7%	9.5%	14.0%	-0.19%	0.60%

Source: Bloomberg, as of 29 February 2024

### GLOBAL EQUITIES

Global equities rose as lower risk of a recession in the US, combined with a stronger than expected earnings cycle and ongoing Ai boom boosted risk appetites in the market. Investors that missed out the rally in 2023 have been jumping back into the market over fears of missing the next market rally.

### ASIA PACIFIC EQUITIES

Asia ex Japan rose marginally higher in February aided by recovery in the China markets after Beijing pledged to support the economy and end the rout in the stock market by ordering SOEs (state owned enterprises) to boost participation in the market. Policies aiming to stabilize the property market, boost economic growth and restore consumer and business confidence are in the works. The rest of Asia followed China higher, with India, South Korea and Indonesia benefitting from domestic consumption and tech investments.

### MALAYSIAN EQUITIES

Malaysian equities jumped higher as the weaker ringgit, attractive valuations and improving economic and earnings outlook boosted foreign participation in the local market. Investors were scooping up discounted dividend paying assets which would improve portfolio stability. Data that showed stronger FDI inflows into the country also boosted risk appetites.

Source: AmBank Retail Wealth Management Advisory & Research (as at 04 March 2024)

## News Topics – Business & Economy

### S&P 500 Closes At Record Level; Above 5,000

Wall Street recently celebrated a significant achievement as the S&P 500 surged past the 5,000-point mark, propelled by a resurgence in major tech stocks and optimism surrounding potential rate cuts by the Federal Reserve.

This milestone marked yet another record high for equities, wrapping up a fifth consecutive week of gains. Since hitting its pandemic-induced low in March 2020, the S&P 500 has more than doubled, driven by confidence in a soft landing and the excitement surrounding advancements in artificial intelligence.

The recent rally was notably spearheaded by the technology sector, with the Nasdaq 100 climbing by 1%. The S&P 500 is widely regarded as a crucial gauge of confidence in Corporate America's earnings potential and the overall strength of the economy. George Ball, chairman of Sanders Morris, emphasized that the index's trajectory mirrors the health of the economy and corporate earnings.

Investors received a government report on inflation progress positively just before the release of the consumer price index. Despite some initial market reactions, such as a temporary rise in Treasury yields that were swiftly reversed, there was an overall sense of relief regarding inflation trends.

The current economic landscape has been conducive to Wall Street's bullish momentum, with David Donabedian from CIBC Private Wealth US noting that the market has transitioned from relying on Fed support to recognizing the robustness of the economy as a driving factor behind its performance.

Source: Bloomberg (February 2024)

### Fed Downplays March Rate Cut, Looks To Mid-Year

Federal Reserve Chair Jerome Powell stated in an interview with CBS's 60 Minutes that the central bank may delay interest rate cuts beyond March.

Powell emphasized the need for more economic data to confirm that inflation is heading down to 2%.

He highlighted the risk of moving too soon if the current positive readings turn out to be misleading indicators.

Powell mentioned that the Federal Open Market Committee is unlikely to reach a high level of confidence about inflation's trajectory by their March meeting.

He stated that the first-rate cut could potentially occur around the middle of the year, although this was not explicitly mentioned in the interview transcript.

He also indicated that policymakers are not expected to significantly alter their 2024 interest-rate forecasts, which predicted their benchmark rate to reach 4.6% by the end of the year.

While inflation has decreased in recent months, Powell reiterated the need for more data before considering rate cuts.

The Fed's preferred inflation metric declined to 2.6% by the end of last year, and the labor market remains robust.

The timing of rate cuts this year presents challenges for the Fed, with potential political implications. Powell emphasized that the Fed does not consider politics or elections in their policy decisions.

Source: Bloomberg (January 2024)

## News Topics – Business & Economy

### US Retail Sales Take A Dip After December Holiday

US retail sales in January experienced a decline of 0.8% from December, marking the largest drop in almost a year. This decrease, along with a decline in US factory production, indicates a loss of momentum in the economy.

However, experts suggest that this slowdown may not necessarily signify significant deterioration, as the labor market remains strong, and inflation is easing. Recent manufacturing surveys also hint at the end of the sector's slump, while homebuilder sentiment reached a six-month high. Economists from Wells Fargo & Co expect spending to moderate gradually rather than collapse.

The retail-sales report highlights that nine out of 13 categories saw decreases, particularly in building materials stores and auto dealers. Some attribute the broad-based weakness to severe winter weather conditions.

The report reveals that purchases at restaurants and bars increased by 0.7%, while grocery store receipts rose by a similar amount. Inflation in North America and Europe is moderating, but the cumulative impact still affects certain consumer segments.

Additional data showed that consumer prices rose at the beginning of the year due to increased service costs, while the price of goods continued to decline. Meanwhile, initial applications for unemployment benefits fell, indicating a steady labor market.

Source: Bloomberg (February 2024)

### China's Deflationary Woes Persist

China's consumer prices fell at the fastest pace since the global financial crisis, causing concern for the government to boost support for its struggling economy. In January, the consumer price index dropped 0.8%, the weakest since September 2009.

Deflationary pressures calls for swift and aggressive actions to prevent further expectations of deflation among consumers. The producer price index also fell 2.5% for the 16th consecutive month, indicating persistent deflation for factory-gate costs.

Calls for China to stimulate the economy and reverse the stock market decline are growing, despite previous efforts by the government. China has taken measures such as injecting cash into banks and issuing government bonds for construction projects to stimulate economic growth.

Falling prices have plagued China for the past year, hampering domestic demand and consumer confidence. Policymakers face the challenge of boosting growth this year, and the People's Bank of China is expected to deliver more stimulus to combat deflation. The risks of deflation are significant, as it could lead to decreased consumption and affect businesses.

Economists predict that deflation pressure in China will persist for at least six months, primarily due to real estate turmoil. Achieving the growth goal of around 5% this year may be challenging without extensive efforts by policymakers. The prolonged property issues and stock market volatility have negatively affected sentiments.

Source: Bloomberg (February 2024)

## News Topics – Business & Economy

### PBOC Cuts Mortgage Rate To Stave Off China's Property Market

China has implemented its largest-ever cut to a key mortgage reference rate to support the troubled property sector.

The five-year loan prime rate was reduced by 25 basis points to 3.95%, which is expected to stimulate demand for apartments as prices decline. The cut reflects a growing focus on addressing the property crisis, which has hindered China's economy.

Despite the cut, it is uncertain if it will significantly boost the property sector. The average rate of new mortgages has already reached a record low, and mega-cities have been easing restrictions on home purchases.

Additionally, the cut will likely benefit new homebuyers more than existing ones. Economists have called for additional easing measures, such as cuts to the central bank's one-year policy loan rate.

The People's Bank of China has taken steps to support the economy, including injecting liquidity into the banking system and providing incentives for loans to agricultural and small firms.

The hesitation to reduce policy loan rates may be influenced by concerns about diverging from the Federal Reserve's stance on interest rates. However, economists argue that China's deflationary pressures warrant further rate cuts.

Overall, the situation in the property sector and the effectiveness of rate cuts remain uncertain.

Source: Bloomberg (February 2024)

### China Sets 5% Growth Target For 2024

China has set a growth target of around 5% for 2024 and plans to issue "ultra-long" special bonds for major projects, according to a government work report.

Premier Li Qiang also pledged to remove restrictions on foreign investment in manufacturing. The deficit-to-GDP ratio for the year has been set at 3%, down from a previous revision of 3.8%.

The report stated that Beijing will issue 1 trillion yuan (\$138.9 billion) in ultra-long special treasury bonds this year, along with 3.9 trillion yuan of special-purpose bonds for local governments, 100 billion yuan more than last year.

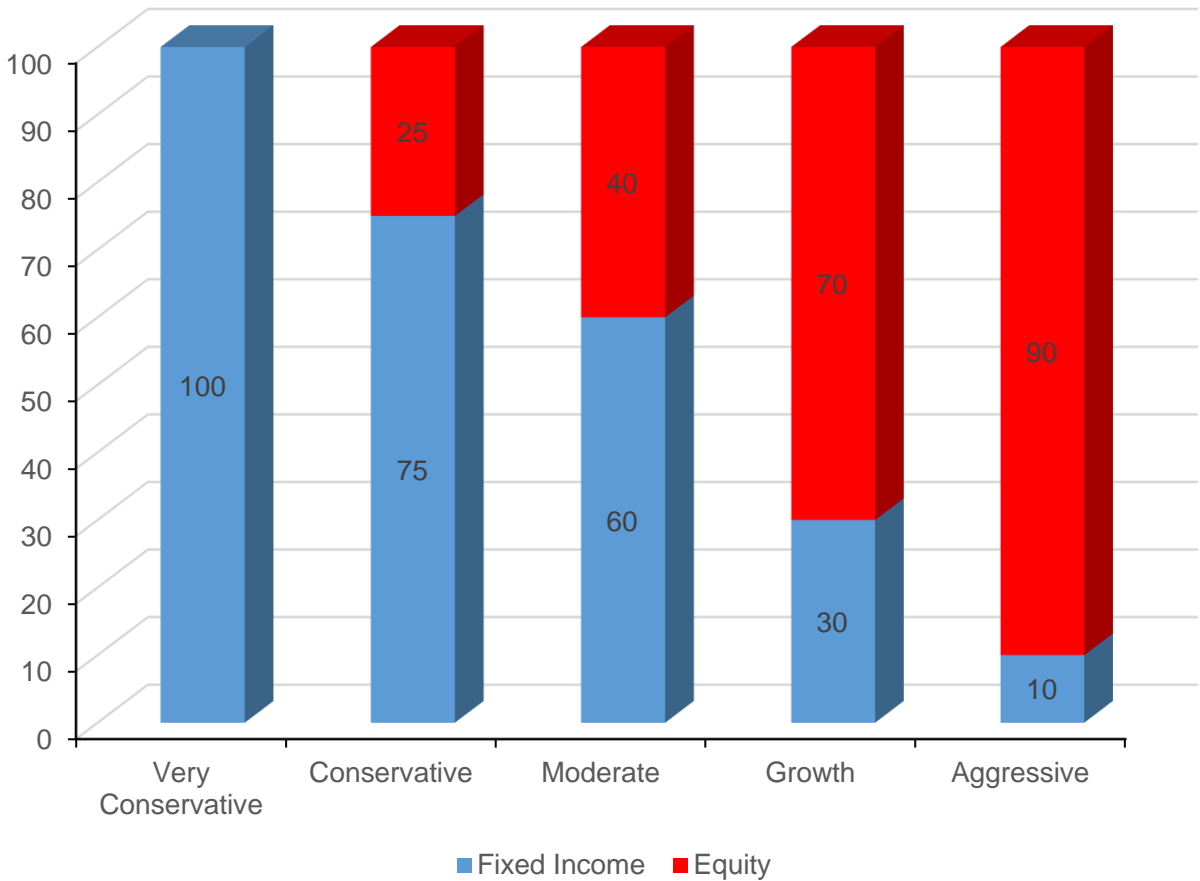
China plans to target an urban unemployment rate of around 5.5%, the creation of 12 million new urban jobs, and a consumer price index increase of around 3% this year. The work report also emphasized the need to ensure high-quality development, greater security, and social stability.

China aims to build up internal drivers of development while being well-prepared for risks and challenges. The country pledged to improve long-term mechanisms for preventing and controlling risks, and to defuse risks caused by existing and new debts. China's top economic planning agency, the National Development and Reform Commission, acknowledged that certain fields still pose risks, such as debt-related and financial risks.

Source: Bloomberg (February 2024)

## Asset Allocation Strategy

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



Source: AmBank

**Fund of Focus – 1<sup>st</sup> Quarter 2024**

		<b>Conventional</b>	<b>Islamic</b>
<b>Developed Markets</b>	Retail	Principal Global Titans	abrdn Islamic World Equity A
		TA Global Technology	AHAM Aiiman Global Multi Thematic
	Wholesale	Global Dividend	Principal Islamic Global Technology
		Principal Global Technology	
		Europe Equity Growth	
		RHB European Select Equity	
<b>Asia ex Japan</b>	Retail	Principal Asia Pacific Dynamic Income	Maybank Asiapac Ex-Japan Equity-I
		Manulife India Equity	Principal Islamic Asia Pacific Dynamic Equity
		AmDividend Income	TA Islamic
<b>Bond</b>	Retail	Principal Lifetime Bond	AmBon Islam
		AmBond	
		AmDynamic Bond	
	Wholesale	Affin Hwang World Series - Global Income	
Maybank Bluewaterz Total Return			
<b>Mixed Asset</b>	Retail	AHAM Select SGD Income	United-i Global Balanced
		AHAM Select AUD Income	Maybank Global Mixed Assets-I
	Wholesale	Income and Growth	
<b>Alternative</b>		TA Total Return Income	Manulife Global Shariah REITs
	Retail	Principal Greater China Equity	Maybank Income Flow-i
		Maybank Singapore REITs	
		United ASEAN Discovery	
		Hong Kong Tech	
	Wholesale	RHB Global Artificial Intelligence	
		Maybank Liquid Alternative	
Principal US High Conviction Equity Fund			
		United Golden Opportunity	

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 January 2024

**Top 5 Best Performing Funds YTD 2024**

Fund Name	Fund Type	Status	YTD	1Y	3Y Ann
Principal Biotechnology Discovery MYR H	Equity-US	Retail	16.00	30.21	0.00
Principal Global Millennial Equity MYR	Equity-Global	Retail	16.97	41.84	9.76
TA Global Technology MYR	Equity-Global	Retail	17.39	56.24	14.06
Principal Islamic Global Technology MYR	Equity-Global	Wholesale	16.08	59.89	0.00
TA Global Technology MYR H	Equity-Global	Retail	13.11	43.33	7.13

**Top 5 Worst Performing Funds YTD 2024**

Fund Name	Fund Type	Status	YTD	1Y	3Y Ann
Hong Kong Tech Index MYR H	Equity-China	Wholesale	-7.62	-19.89	0.00
Maybank Singapore REITs MYR	Equity-Singapore	Retail	-6.36	-2.08	-0.74
Maybank Singapore REITs MYR H	Equity-Singapore	Retail	-7.54	-8.81	-5.58
Precious Metals Securities	Equity-Global	Retail	-12.20	-7.70	-6.03
RHB Gold and General	Equity-Global	Retail	-11.92	-4.04	2.15

Source: Lipper fund performance as at 04 March 2024, applicable to funds distributed by AmBank

Past performance does not indicate future returns



## Definitions

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

## Disclaimer

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