Weekly Market Recap

Week in review

- China sets growth target for 2024 at around 5%
- Japan core CPI rose 2.5% y/y in Feb
- U.S. February ISM Services misses at 52.6

Week ahead

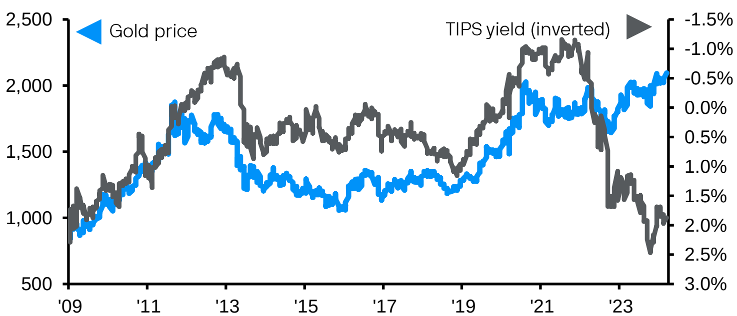
- U.S. CPI, industrial production, consumer sentiment
- Europe industrial production
- Germany CPI

Thought of the week

After weeks of U.S. equities dominating headlines with all-time highs, attention has turned to gold, which rallied to an all-time high above $2100 early last week. A key driver of gold price is real rates, with the two being historically negatively correlated. Gold rallied above the key $2000 threshold since mid-December due to expectations of a Fed pivot, which drove nominal and real yields lower. With inflation and economic data remaining strong in February, markets dialed back on Fed cut expectations. However, the gold rally regained momentum last week on the back of softer U.S. manufacturing and services PMI, solidifying expectations of a Fed cut. At the time of writing, expectations of a cut by June is over 70%, up from 63% in end-February. While Powell reiterated there is no rush in cutting rates, PCE and CPI inflation measures are on track to reach close to the 2% threshold by mid-year. Apart from rates, the recent gold rally was also driven by risk-off sentiments from geopolitical tensions, concerns over regional banks as well as fears of a potential equity pullback. While not all investors invest in commodities, the drivers behind gold prices are indicative of broader market sentiments and expectations, and are thus important considerations for investors to keep in mind as well.

Gold and real rates

USD / Troy oz U.S. 10-year Treasury inflation-protected security (TIPS)



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Market data

MSCI indices	Index returns (%) % w/w	% m/m	% YTD
World $US	0.5	3.5	6.7
U.S.	-0.3	2.5	7.3
Europe $US	2.3	5.6	4.3
Japan $US	2.6	8.5	11.8
EM $US	1.2	4.0	1.3
Asia Pac ex JP $US	1.9	4.9	1.6
Asia Pac ex JP (LCL)	1.3	4.3	2.9
ASEAN $US	2.4	3.1	0.2
China $US	-1.8	3.3	-4.3

Markets			
Hong Kong Hang Seng	-1.4	3.0	-4.1
Taiwan SE Weighted	4.5	9.3	10.3
Korea SE Comp	1.4	2.3	0.9
TOPIX	0.6	6.4	15.2
Shanghai SE A Share	0.6	6.3	2.4
KLCI Comp	0.1	1.8	5.9
Bangkok SET	1.4	-0.2	-2.1
Philippine SE Comp	0.3	1.3	7.6
Singapore Straits Times	0.4	0.1	-2.9
Jakarta SE Comp	1.0	2.0	1.5
India BSE100	0.7	3.3	4.6
ASX All Ords	1.3	3.0	3.6

Sectors (World $US)			
Cons. Disc.	-2.2	1.9	4.4
Cons. Staples	0.5	0.2	2.0
Energy	0.4	2.8	3.4
Financials	1.2	5.3	7.2
Healthcare	0.5	2.5	7.0
Industrials	0.5	4.7	7.6
Info Tech	-0.2	3.2	11.6
Materials	1.3	5.0	-0.1
Comms Services	-0.6	-0.2	7.8
Utilities	2.9	4.6	-0.4
Real Estate	1.1	3.7	-0.6

Volatility	Level	Level 1 Week	31/12/23
VIX	14.7	13.1	12.4

Gov't 10-year bonds	Yield	Change (bps) w/w	m/m	YTD
Australia	3.98	-16	-12	2
China	2.31	-8	-14	-26
Germany	2.26	-15	-10	25
India	7.07	-3	-1	-10
Indonesia	6.68	7	8	18
Japan	0.73	2	2	11
Korea	3.32	-16	-9	13
Singapore	2.98	-12	3	27
Thailand	2.51	-7	-5	-18
UK	4.06	-13	3	53
U.S.	4.08	-10	-7	20

Credit markets				
Global Agg	3.70	-7	-4	19
Global IG	4.88	-8	-5	20
Global HY	8.23	-6	-9	3
EMD ($US)	7.90	-10	-28	4
EMD (LCL)	3.86	-4	-10	-23

Currencies	Level	Change (%) w/w	m/m	YTD
Australia	0.6640	1.6	2.4	-2.7
China	7.1920	0.1	0.1	-1.4
Euro	1.0960	1.1	1.8	-0.8
India	82.79	0.1	0.2	0.5
Indonesia	15,590	0.7	0.3	-1.2
Japan	147.06	2.1	1.6	-4.1
Korea	1319.85	0.9	0.6	-2.4
Malaysia	4.6850	1.3	1.8	-1.9
Philippines	55.59	0.8	0.6	-0.4
Swiss	0.8754	1.1	-0.1	-3.9
Taiwan	31.44	0.6	-0.3	-2.4
Thailand	35.42	1.5	1.1	-3.6
UK	1.2881	1.8	2.2	1.0

Commodities				
DJ/UBS Commodity Index	98.00	0.8	1.0	-0.7
Crude Oil (WTI, $/bbl)	78.87	-2.5	2.9	9.7
Gold ($/troy oz)	2,171	5.9	7.0	4.5
Silver ($/troy oz)	24.50	7.8	9.6	3.0
Copper ($/ton)	8,553	1.9	4.3	0.9

Source: FactSet, J.P. Morgan Asset Management. Data reflect most recently available as of 06/03/24.

All returns in local currency unless stated otherwise. Currencies' return are based on foreign currencies per U.S. dollar. An appreciation of the foreign currency against the U.S. dollar would be positive and a depreciation of the foreign currency against the U.S. dollar would be negative.

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