

# UOB Investment Insights

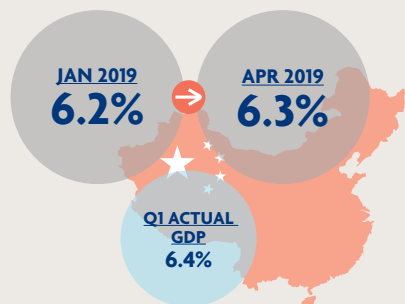
## Market Powerbar

### April 2019 Highlights

#### Topic 1: China's GDP growth started to stabilise in Q1

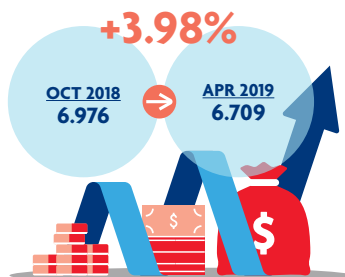
APR 2019  
9

The International Monetary Fund (IMF) upgraded China's full year growth forecast in its latest World Economic Outlook.



#### Key indicators of China's growing economy

- Strengthening of Chinese Yuan against the US Dollar
- Improvement of China's economic data



Caixin and Markit manufacturing Purchasing Managers Index

MAR 2019  
**50.8<sup>1</sup>**

FEB 2019  
49.9

Trade Surplus  
MAR 2019  
**USD32.65 bn**

FEB 2019  
USD4.08 bn

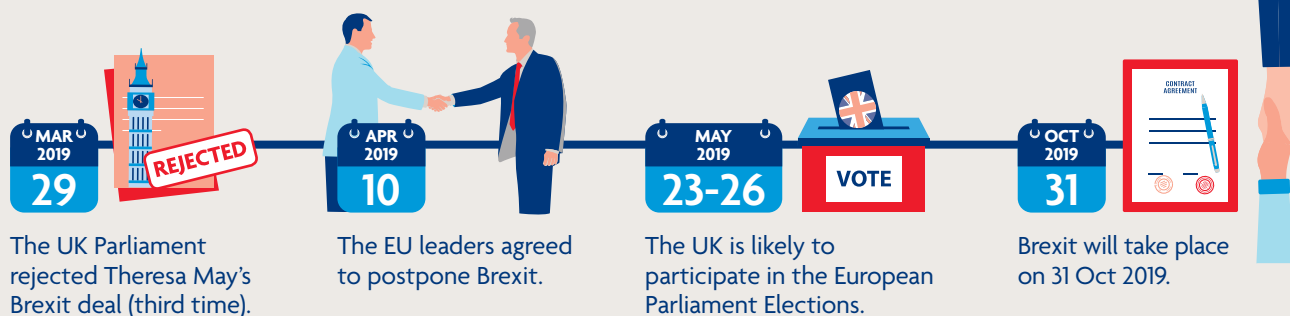
<sup>1</sup> >50 is expansionary  
Source: Bloomberg

#### Views & implications

- The improvement of China's economic data could further boost global investor sentiments which may benefit the Chinese equities.
- IMF's GDP growth forecast could lift the global growth outlook as China is the second largest economy in the world and accounted for 18.7%<sup>^</sup> of global GDP in 2018.

<sup>^</sup> Source: World Economic Outlook, April 2019

#### Topic 2: Brexit postponed till 31 October 2019



#### Views & implications

- The Brexit delay opens up the possibility of a leadership change or a general election in UK. However, the risk of contagion to other markets is low at this point. The US-China trade talks are more likely to impact market sentiment.
- Investors can focus on Global Quality Equities that have superior return-on-equity, stable year-on-year earnings growth and low financial leverage to avoid downside risk in the European markets.

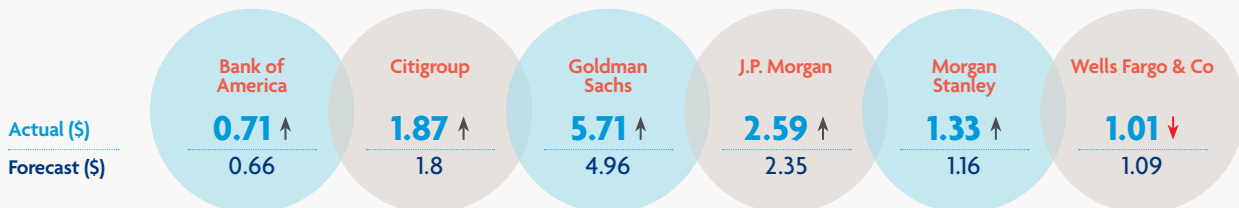
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April 2019 Highlights

### Topic 3: US Banks demonstrate healthy earnings in Q1

#### Q1 Earnings per share (USD)



Source: Bloomberg

#### Views & implications

- A number of US banks reported strong earnings in Q1, boosted by net interest income from consumers. Overall, the sector is forecast to post 3% earnings growth.
- The Fed is likely at the end of their rate hike cycle. This could limit interest income growth but is supportive to loans growth. A dovish Fed will also support asset prices in the equity and fixed income markets, helping to boost US banks' trading revenue.

### Key Events in May



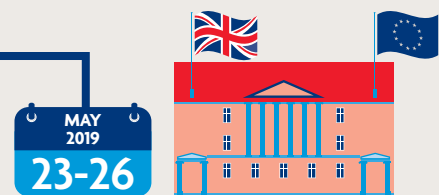
#### FOMC rate announcement

- The Fed did not raise rates on 1 May, and is not expected to raise or cut rates for the remainder of 2019.



#### Deadline for Trump's response to additional tariffs

- President Donald Trump will decide whether to impose additional tariffs on imported vehicles and vehicle parts.
- Exceptions will likely be granted for countries that have recently renegotiated trade deals with the US: Mexico, Canada, South Korea and Japan.



#### European Parliament Elections

- If the UK reaches a Brexit deal before this date, they will not participate in the elections.
- The results will be closely watched for any gains by populist parties, which have recently gained traction in Germany, France and Italy; and may resurface concerns over a potential EU breakup.



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