A Dovish Policy Tilt

CIO Investment Viewpoints 2Q 2024

UOB Private Bank

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CIO Thoughts

CIO Thoughts – 2Q 2024

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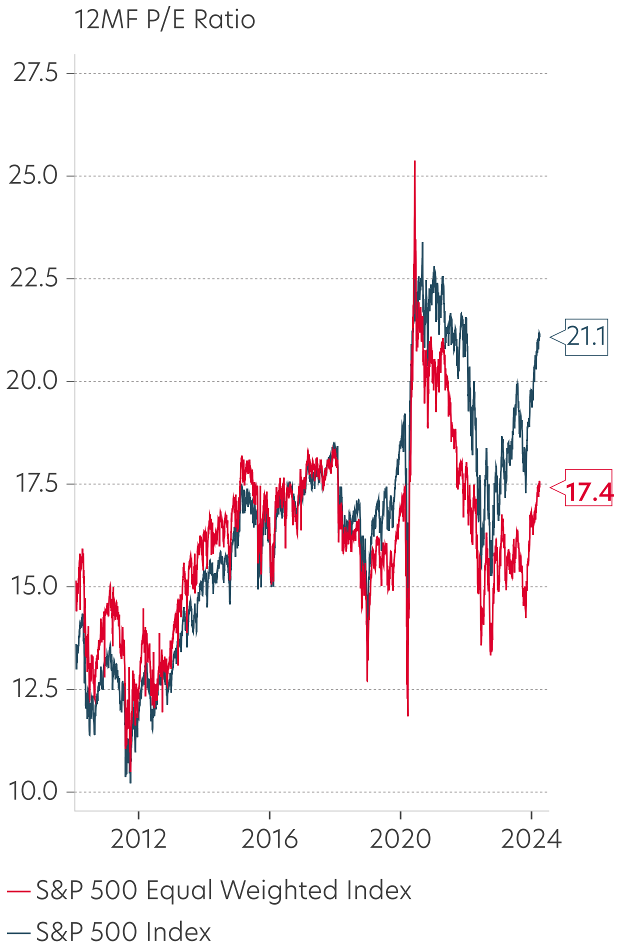
The Fed wants to ease

The year started with strong gains in most asset classes. In the recent FOMC meeting, the Fed confirmed its intent to cut interest rates, most likely starting from the June meeting. Importantly, Fed Chair Powell also lowered the bar to ease by raising its GDP forecast for end-2024 to 2.1% and the core PCE Price index to 2.4%. The Fed's long-run policy rate remains unchanged at 2.5%.

The US economy has stayed resilient with the housing market showing signs of a recovery despite high mortgage rates. The other interest rate-sensitive sectors such as the autos are modestly affected. With strong corporate earnings, the equity market will likely stay supported even though market valuations have trended above historical averages. However, excluding the effects of mega-cap stocks, as proxied by the S&P 500 equal-weighted index, the US equity market is valued at 17.4x 12-month forward earnings; this is in line with its long-term history **(Fig. 1)**.

Whilst the "Magnificent 7" names have been driving much of the outperformance since 2023, most of the gains can be attributed to higher earnings. As we expect market gains to broaden out, we recommend investors to diversify outside of the mega-caps for better upside potential. Artificial Intelligence (AI) has been the principal market driver for the technology sector, with Nvidia now valued over USD 2tn. Looking ahead, the economic benefits of AI will broaden out from semiconductors to infrastructure companies including cloud service providers. AI will bring forth innovation and productivity growth for the broader economy.

Figure 1: US market outside of the mega-caps looks reasonably priced



Source: Bloomberg, UOB Private Bank

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BOJ's dovish policy adjustments

For the US market, we recommend that investors build some exposure in the more value-oriented sectors such as energy and financials. These cyclical sectors are expected to benefit from a rebound in the manufacturing activity.

Meanwhile, the Bank of Japan (BOJ) has finally ended its unconventional policy of 17 years by hiking its policy rate to 10bp and officially ending the yield curve control (YCC). Despite the surprise move, BOJ's communication was carefully crafted to avoid unwanted rates and FX volatility, thereby culminating in further JPY weakness **(Fig. 2)**.

The policy set-up remains supportive for Japan's equity prices as inflation will spur a new cycle of lending and investments in the coming years. Improving corporate governance should also pose as a tailwind for stocks. We maintain our positive view and recommend investors to keep the JPY unhedged in the event of a sudden shift in monetary policy. Meanwhile, South Korean equities could also benefit from a Japan-styled "value-up" initiative by reducing its material valuation discount.

Figure 2: Further yen depreciation after BOJ's meeting

Source: Bloomberg, UOB Private Bank

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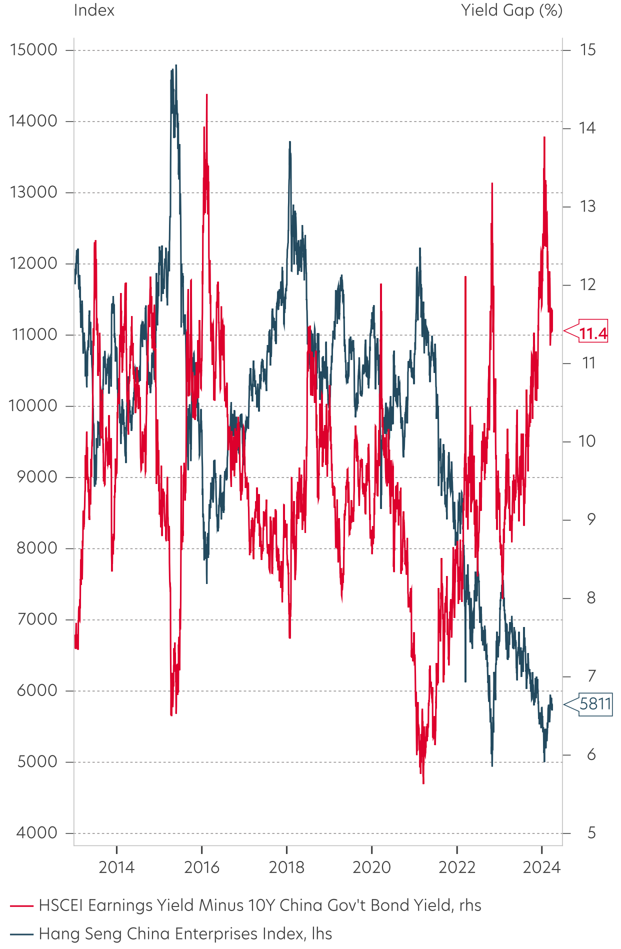
China: More stimulus needed

While Chinese equities have rebounded 16% from their recent lows, further gains are likely to be capped without more material stimulus or measures to resolve the liquidity crisis in the real estate sector. Direct measures to support consumption also remain absent. Having said that, the external sector should stabilise alongside the global manufacturing rebound.

The recently announced government spending on infrastructure will also provide some fiscal support. With the Chinese equity market trading at depressed valuations, downside risk from current levels is likely limited **(Fig. 3)**. Meanwhile, some upside potential remains as the government could step up its policy action. Overall, we view that the 5,000 level on the HSCEI acts as a key confidence barometer that the Chinese government would like to hold.

Figure 3: Yield gap is at historic high - attractive risk-reward but catalyst needed



Source: Bloomberg, UOB Private Bank

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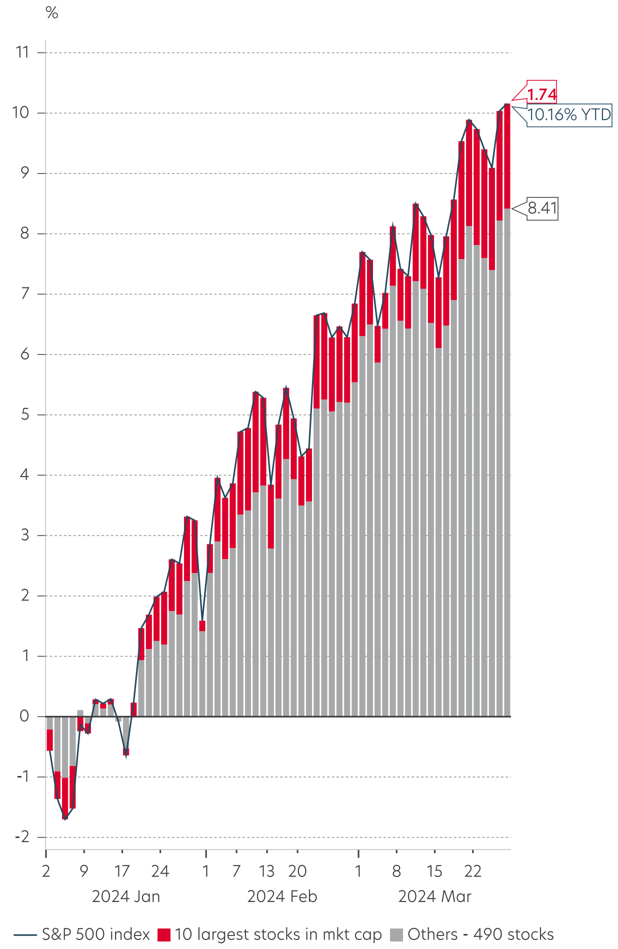
Asset allocation

Against a benign macro backdrop, we recommend an increase in the allocation to equities given falling inflation and supportive growth. While the broad US equities are overbought and no longer cheap by historical standards, they are more reasonable outside of the top mega-caps. We would recommend clients to take some profit and switch into the more value-oriented sectors, equal-weighted indices as well as small and mid-cap sectors which will benefit from declining policy rates **(Fig. 4)**.

Regionally, we have increased allocation to emerging Asian equities, funded out of a reduction in the relative weight of US equities. In emerging Asia, China remains a tactical trade. We stay constructive in most ex-China economies such as South Korea, India and the ASEAN region. We maintain an overweight on Japan's equities while Europe's equity exposure has been upgraded to neutral.

The relative shift from fixed income does not reflect a bearish view but better short-term opportunities in selected sectors within equities. We continue to advocate an allocation to fixed income which will also benefit from the tailwind of falling rates. To date, emerging market bonds have outperformed treasuries. Credits have outperformed government bonds while high-yield debt has outperformed investment-grade bonds. We maintain a positive view on alternative assets given their diversification benefits and returns potential under current macro conditions.

Figure 4: The US market breadth has been broadening



Source: Bloomberg, UOB Private Bank, S&P Global

Summary & Asset Allocation

Asset Class Summary - 2Q 2024

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Asset Classes	U/W	N	O/W	Comments
Equities		○ →	●	**Upgrade to Overweight from Neutral against a backdrop of falling inflation and supportive growth.**
United States	● ←	○		*Downgrade to Underweight from Neutral. More volatility ahead. Switch into value-oriented sectors from overbought mega-cap names.*
Europe	○ →	●		*Upgrade to Neutral from Underweight. China's bottoming manufacturing PMI bodes well for European industrial exports.*
Japan			●	*Remain Overweight. Equities should stay supported on earnings growth, corporate reforms and BOJ dovish policy adjustments.*
EM Asia		●		*Remain Neutral. China is a tactical trade; more opportunities can be found in South Korea, India and the ASEAN region.*
Fixed Income		● ←	○	**Downgrade to Neutral from Overweight; there are better near-term opportunities in Equities.**
DM IG			●	*Remain Overweight. Credit spreads will likely grind tighter against a benign macro backdrop.*
DM HY	●			*Remain Underweight. Defaults are set to pose fat tail risks. Stay cautious of asymmetric risk-reward.*
EM IG			●	*Remain Overweight. Defensive attributes can continue to drive yields lower.*
EM HY		●		*Remain Neutral. Selectivity and diversification remain key.*
Alternatives			●	**Remain Overweight; stay constructive in selected private markets and commodities.**
Hedge Funds			●	*Remain Overweight. Selected hedge funds have demonstrated their ability to outperform the public markets even in volatile times.*
Private Markets		●		*Remain Neutral. Selected private market funds can hold up well and offer diversification benefits given lower correlation risks.*
Crude Oil			●	*Remain Overweight. Crude oil prices can remain firm on sustained OPEC+ production cuts.*
Base Metals		●		*Remain Neutral. Moderately bullish on Copper amidst a bottoming global mfg. PMI. Remain cautious on Iron Ore.*
Precious Metals		●		*Remain Neutral. Potential for further gains in Gold but it appears overbought in the near term.*
Money Market	●			**Remain Underweight; a benign global macro backdrop is supportive of risk assets.**

Note: The asset class summary above is based on a "Balanced" risk profile (See next page).
Note: In the headers, "U/W" represents "Underweight", "N" represents "Neutral", and "O/W" represents "Overweight".
Note: Each black dot indicates current quarter's position. If any, each empty dot indicates previous quarter's position.

Asset Allocation - 2Q 2024

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Asset Classes	Very Conservative			Conservative			Balanced			Growth			Aggressive			Comments
	Now	VS	Chg.	Now	VS	Chg.	Now	VS	Chg.	Now	VS	Chg.	Now	VS	Chg.	
Equities				30.0%		5.0%	50.0%		5.0%	70.0%		10.0%	80.0%			
United States				*16.5%*		*1.5%*	*27.5%*		*0.5%*	*38.5%*		*2.5%*	*44.0%*		*-4.0%*	
Europe				*4.5%*		*0.8%*	*7.5%*		*0.8%*	*10.5%*		*1.5%*	*12.0%*			
Japan				*4.5%*		*0.8%*	*7.5%*		*0.8%*	*10.5%*		*1.5%*	*12.0%*			
EM (Asia)				*4.5%*		*2.0%*	*7.5%*		*3.0%*	*10.5%*		*4.5%*	*12.0%*		*4.0%*	
Fixed Income	90.0%			60.0%			35.0%		-5.0%	10.0%		-10.0%				Avg. duration:
DM IG	*45.0%*			*27.0%*			*15.8%*		*-2.3%*	*4.5%*		*-4.5%*				5 to 8 years
DM HY				*3.0%*			*1.8%*		*-0.3%*	*0.5%*		*-0.5%*				
EM IG	*45.0%*			*24.0%*			*14.0%*		*-2.0%*	*4.0%*		*-4.0%*				
EM HY				*6.0%*			*3.5%*		*-0.5%*	*1.0%*		*-1.0%*				
Alternatives				10.0%			15.0%			20.0%			20.0%			
Money Market	10.0%			0.0%		-5.0%	0.0%			0.0%			0.0%			

Note: "Chg." means changes in asset allocation relative to last quarter. If any, these changes will be reflected accordingly (plus weighting in green, minus weighting in red).
Note: Figures might not add up due to rounding off to 1 decimal place.

Our View of the World

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Economy

- In March, Fed Chair Powell lowered the bar to ease by **raising its GDP forecast for end-2024 to 2.1%** and the core PCE Price index to 2.4%.
- While services sector growth is expected to slow, **an imminent rebound in global manufacturing activity** can help offset the drags and set the global economy up for a **Goldilocks scenario**.
- A **benign economic backdrop of continued disinflation and supportive growth** is constructive for risk assets.

Prices

- We continue to expect **US headline inflation to trend lower** due to base effects and falling shelter inflation.
- Despite a recent uptick in US “supercore” inflation, Fed Chair Powell reiterated **price pressures will still ease**, and lower rates will likely be apt at some point in 2024.
- **Brent crude oil has been trading higher** amid sustained OPEC+ production cuts. A geopolitical risk premium is warranted given the ongoing tensions in Ukraine and Gaza. We reiterate our **modestly bullish view for Brent crude to edge higher to USD 90/bbl by 4Q24**.

Monetary Policies

- In the latest FOMC meeting, the Federal Reserve kept rates on hold at 5.25%-5.50% and **held to their median projection of 3 rate cuts in 2024**. The Fed’s long-run policy rate is unchanged at 2.5%. Other major central banks are likely to follow suit at different paces.
- **The Bank of Japan (BOJ) removed its negative interest rate policy**, marking its first policy rate hike in 17 years.
- Emerging markets can benefit from the **imminent rate-cut cycle of central banks in the developed markets**.

Asset Allocation

- We revise our asset allocation for **Equities to an Overweight, funded out of Fixed Income**. For the **US, diversify out of the mega-cap names** into more value-oriented sectors; they may offer better risk-reward.
- Within **emerging Asia**, we **reiterate preference for equities in South Korea, India and ASEAN** region.
- Fixed income, specifically the **investment-grade credits, still act as effective portfolio stabilisers**. We remain **overweight on Alternatives, which generally have lower correlation** to the public markets.

Macro Trends

Macro Trends – US economy

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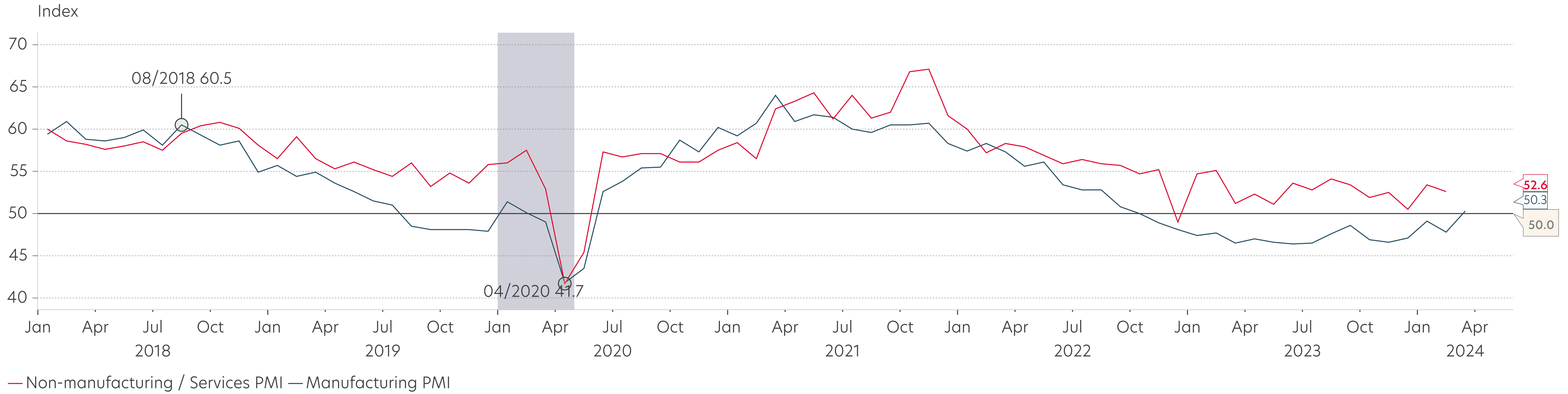
Bright spots in US economy

Even though 4Q GDP growth was revised slightly lower to 3.2% q/q SAAR, the US economy expanded above projections, thanks to resilient consumption, net exports and government spending. Notably, infrastructure investments anchored more than 50% of business spending contribution to GDP growth in 2023, boosted by tax breaks, semiconductor investments (CHIPS Act) and reshoring efforts.

In Mar 2023, US manufacturing also grew for the first time in 1.5 years as production rebounded sharply and new orders increased with the ISM PMI increasing to 50.3, the highest and first reading above 50 since Sep 2022, from 47.8 in February.

US ISM PMI: Overall



Source: Macrobond, UOB Private Bank, Institute for Supply Management (ISM), U.S. Bureau of Labor Stistics (BLS)

Macro Trends – US Monetary

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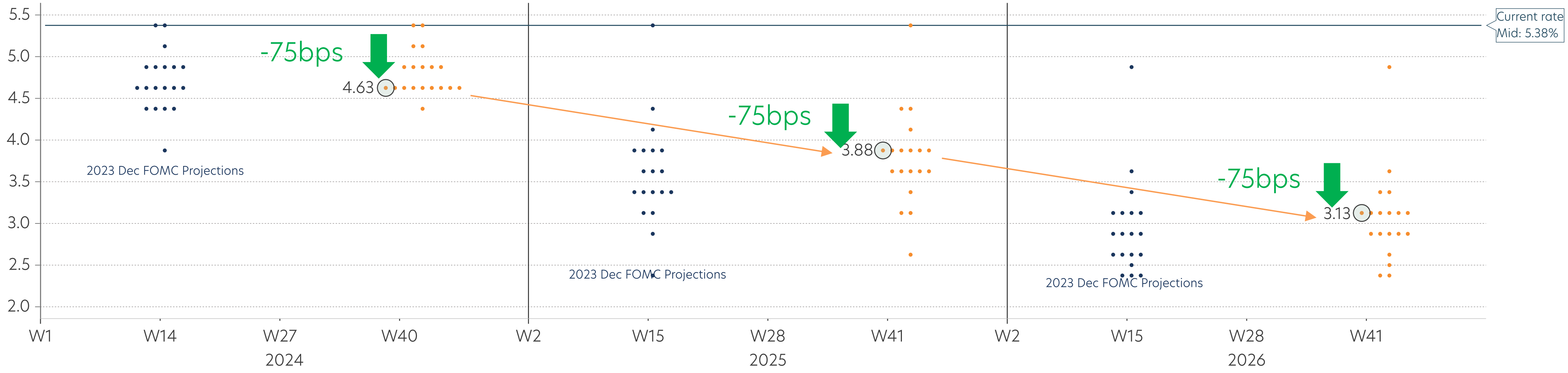
Rate cut expectations still intact

The Fed in its 19/20 Mar 2024 Federal Open Market Committee (FOMC) meeting, unanimously agreed to keep the target range of its Fed Funds Target Rate (FFTR) unchanged at 5.25%-5.50%. This was widely expected and marked the fifth consecutive pause.

Importantly, the latest Mar Dotplot showed that the median projection was unchanged at three 25-bps rate cuts for 2024 but the expectations for rate cuts in 2025 has been slightly curbed to three 25-bps rate cuts (versus four cuts as projected in the Dec 2023 Dotplot).

FOMC Dot Plot

Actuals - Last Vote: 21/03/2024



Source: Macrobond, UOB Private Bank, Federal Reserve

Macro Trends – US Fiscal

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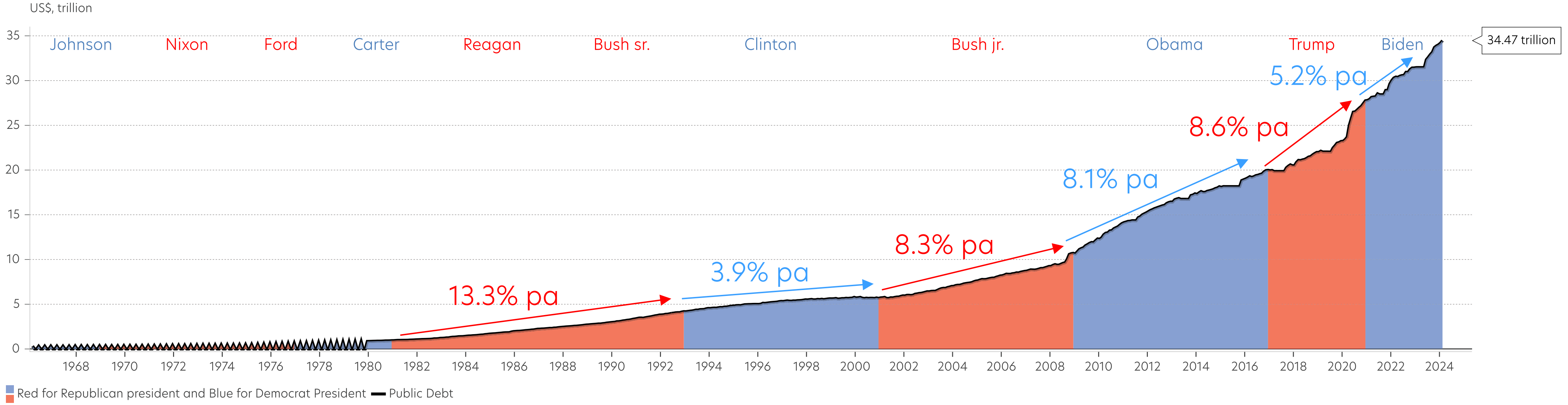
A Trump presidency will kick the debt can further and harder

The US averted a government shutdown in 1Q 2024 by kicking the can down the road, without a durable solution to the funding issue. The threat of a partial shutdown seems less likely now with the expected stopgap funding bills passed when required. The possibility of Donald Trump returning as President cannot be ignored.

Under Trump's term as president, US government debt rose 8.6% pa, only rivaled by the Reagan/Bush Senior presidency when debt rose 13.3% pa. Meanwhile, while Trump may harden his stance against China, he could also likely be very vocal about current elevated interest rates and pressure the Fed to lower rates further in 2025.

Total US Public Debt



Source: Macrobond, UOB Private Bank, U.S. Department of Treasury, Macrobond Financial AB

S&P 500 Annual Sector Performance Ranking

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2018	2019	2020	2021	2022	2023	2024 so far	+/- YTD perf
Health Care 4.7 %	Information Technology 48 %	Information Technology 42 %	Energy 48 %	Energy 59 %	Information Technology 56 %	Comm. Services 16 %	↑
Utilities 0.46 %	Comm. Services 31 %	Consumer Discretionary 32 %	Real Estate 42 %	Utilities -1.4 %	Comm. Services 54 %	Energy 13 %	↑
Consumer Discretionary -0.49 %	Financials 29 %	Comm. Services 22 %	Information Technology 33 %	Consumer Staples -3.2 %	Consumer Discretionary 41 %	Information Technology 12 %	↑
Information Technology -1.6 %	Industrials 27 %	Materials 18 %	Financials 33 %	Health Care -3.6 %	Industrials 16 %	Financials 12 %	↑
Real Estate -5.6 %	Consumer Discretionary 26 %	Health Care 11 %	Materials 25 %	Industrials -7.1 %	Materials 10 %	Industrials 11 %	↑
Consumer Staples -11 %	Real Estate 25 %	Industrials 9 %	Health Care 24 %	Financials -12 %	Financials 9.9 %	Materials 8.4 %	↑
Financials -15 %	Consumer Staples 24 %	Consumer Staples 7.6 %	Consumer Discretionary 24 %	Materials -14 %	Real Estate 8.3 %	Health Care 8.4 %	↑
Industrials -15 %	Utilities 22 %	Utilities -2.8 %	Comm. Services 21 %	Real Estate -28 %	Health Care 0.3 %	Consumer Staples 6.8 %	↑
Comm. Services -16 %	Materials 22 %	Financials -4.1 %	Industrials 19 %	Information Technology -29 %	Consumer Staples -2.2 %	Consumer Discretionary 4.8 %	↑
Materials -16 %	Health Care 19 %	Real Estate -5.2 %	Consumer Staples 16 %	Consumer Discretionary -38 %	Energy -4.8 %	Utilities 3.6 %	↑
Energy -20 %	Energy 7.6 %	Energy -37 %	Utilities 14 %	Comm. Services -40 %	Utilities -10 %	Real Estate -1.4 %	↓

Source: Macrobond, UOB Private Bank (as of 31 Mar 2024)

Diversify Out of “Magnificent 7”

From a thematic perspective, the Artificial Intelligence (AI) trade shows no signs of abating, especially with its poster child, Nvidia, punching new highs. Concerns are brewing over the high concentration and stretched valuations of the mega-cap names. On this note, **the US equity rally is likely to broaden out of the semiconductor players into infrastructure companies such as cloud service providers.**

There will be new product innovation as well as higher productive efficiencies for the broad economy at large. **Within the US equities, investors should consider switching out of the “Magnificent 7” into more value-oriented sectors.** Small- and mid-cap sectors could also benefit from declining interest rates.

Macro Trends – China

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National People's Congress 2024 – Key Highlights

GDP Target: about 5% (same as 2023)

Budget deficit: 3% of GDP (was 3.8% in 2023)

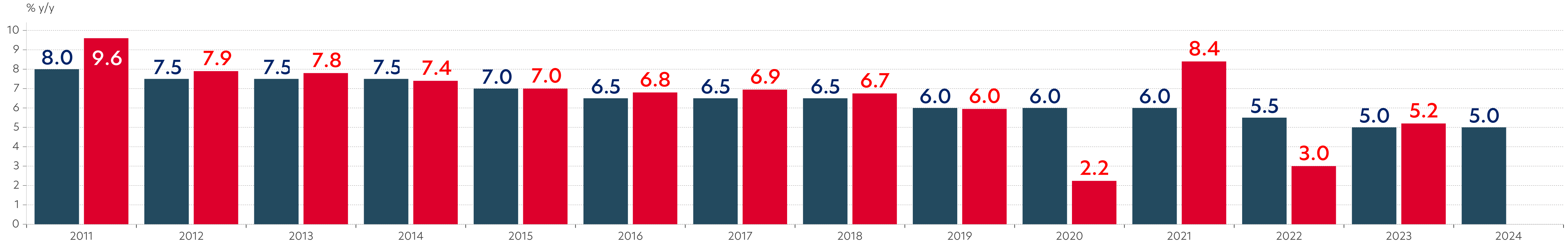
Funding: Issue 1 trillion yuan (US$139b) special ultra-long term treasury bonds (not in Budget)

Defense: spending will rise 7.2% (same as 2023) to 1.6 trillion yuan (US$222b)

Development plans: self-sufficiency in technology (quantum computing, big data, AI)

Policies: supporting childbirth & detailed plans supporting elderly population

China: Annual Target GDP Growth, Lower Range and Real GDP Growth



■ China State Council, Target GDP Growth, Lower Range, Estimate, Change Y/Y ■ Gross Domestic Product, National, Total (at Constant Price, 2015), Constant Prices, Aggregate, CNY

Source: Macrobond, UOB Private Bank, China National Development & Reform Commission (NDRC), China National Bureau of Statistics (NBS)

Macro Trends – China

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Hot off our economists' desks:

The Economy

- 4Q23 GDP growth in line with expectations at 5.2% y/y.
- Full 2023 real GDP grew 5.2%.
- Growth target for 2024 is set at 5%.
- UOB 2024 real GDP growth forecast at 4.5%.
- Consumption continued to be key growth driver over past three years.
- Latest CPI print was the first positive growth since Sep 2023.
- Inflation target remains unchanged at 3.0%.

Monetary Policy

- Feb 24 lowering of 5Y loan prime rate by a record 25bps to 3.95% was to stabilise China's housing market.
- Together with a 50bps RRR reduction, it reflects urgency to frontload stimulus measures to stave weak confidence.

Macro Trends - Japan

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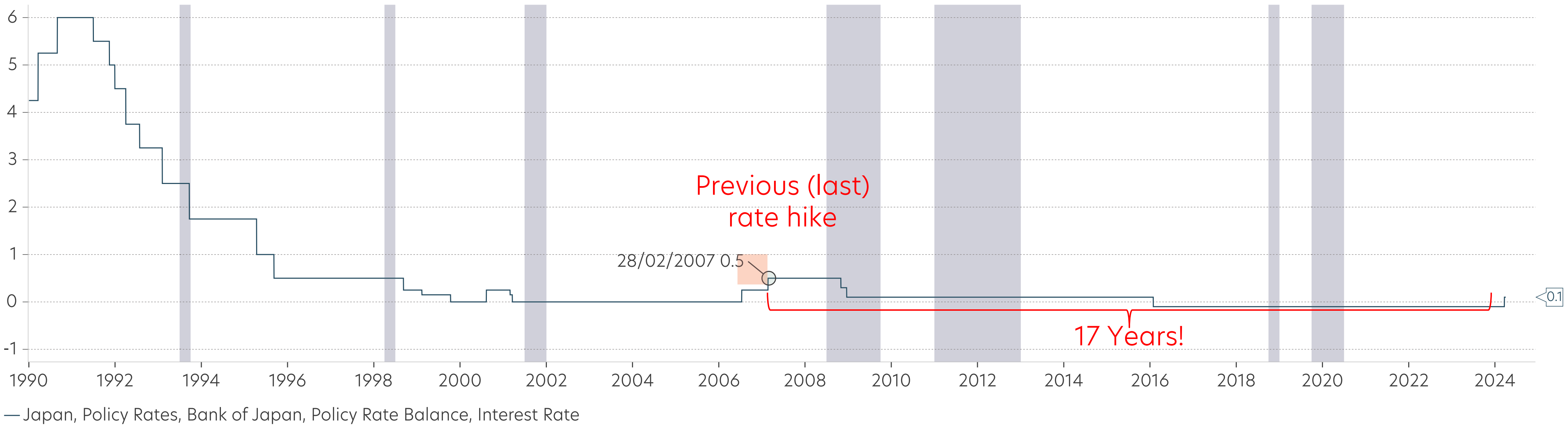
Hikes policy rates first time in 17 years

On 19 Mar 2024, the Bank of Japan exited its negative interest rate policy, raising rates to 0.0 to 0.1% range. The central bank also abolished the yield curve control (YCC) and discontinued all its purchases of ETFs and REITs. JGB purchases are expected to persist at current pace (~JPY70 tn/year).

Despite policy adjustment, the overall BOJ's dovish policy bias remains and does not point to subsequent policy tightening in the near term. This is consistent with BOJ's explicit indication that it "anticipates that accommodative financial conditions will be maintained for the time being".

Bank of Japan Policy Rate



Source: Macrobond, UOB Private Bank, Bank of Japan (BOJ), Japanese Statistics Bureau, Ministry of Internal Affairs & Communications

Macro Trends - Japan

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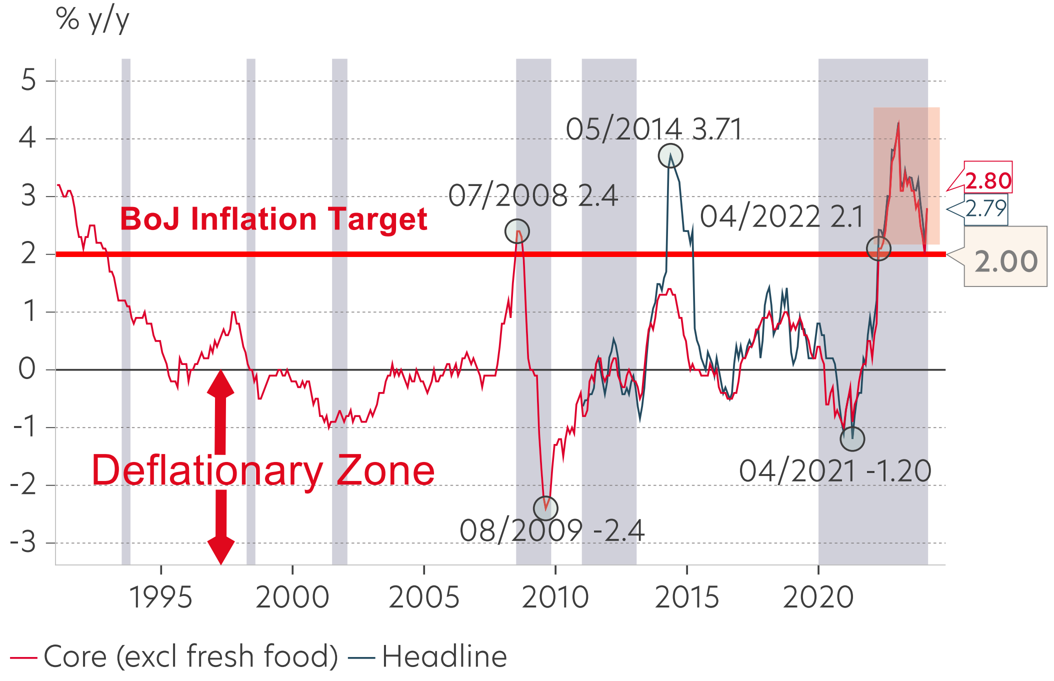
Core inflation above 2% target since April 2022

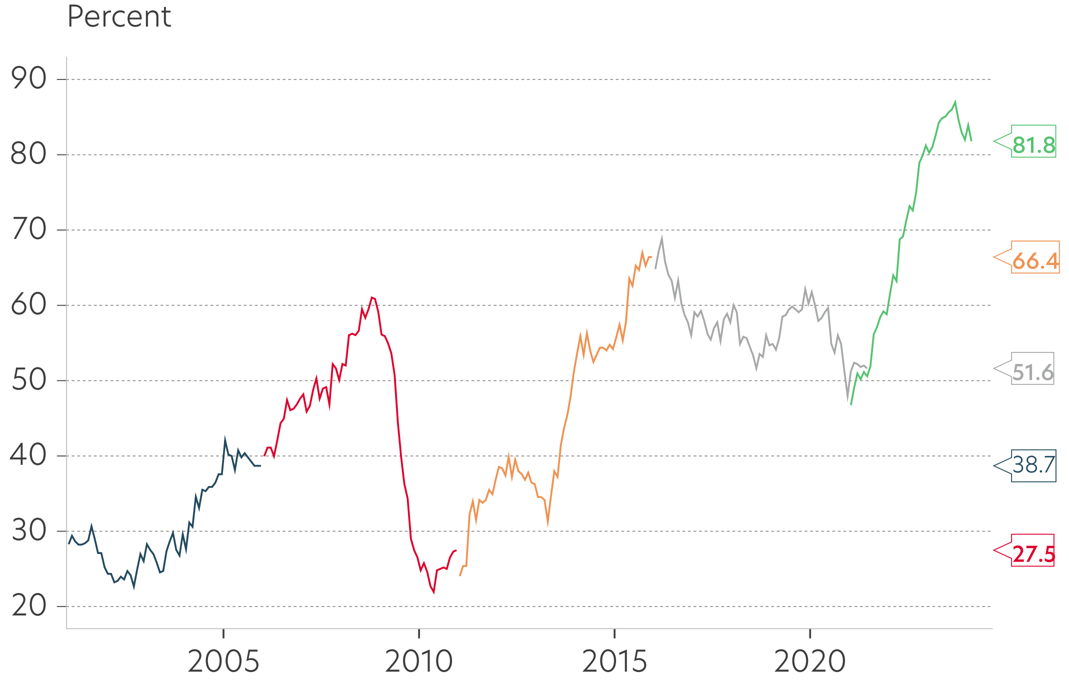
Both headline and core inflation had been consistently higher since early 2022. Moreover, inflation pressures are not concentrated on selected segments of the average Japanese consumer basket, but quite fully diffused across many segments. BOJ Governor Ueda commented that **there is room for the central bank to hike rates should inflation overshoot their expectations**.

Japan's Headline & Core Inflation



Source: Macrobond, UOB Private Bank, Japanese Statistics Bureau, Ministry of Internal Affairs & Communications

Japan: Share of items in CPI Index seeing price increases



Source: Macrobond, UOB Private Bank, Bank of Japan (BOJ)

Macro Trends - Japan

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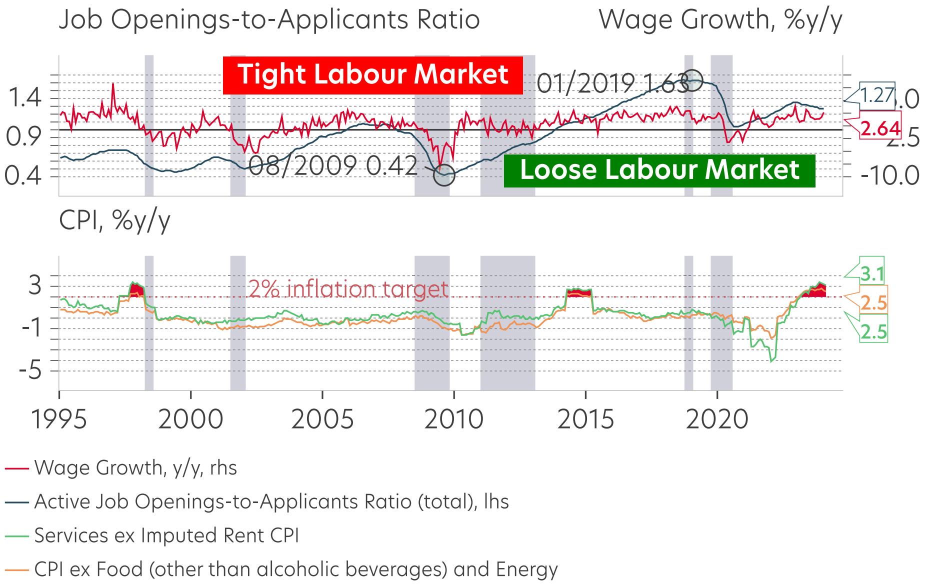
Biggest pay hike since 2013

Wages in Japan have been rising gradually over the past two years while labour market is getting increasingly tight. With a tighter labour market, workers will have higher bargaining power for wages and are more likely to switch jobs.

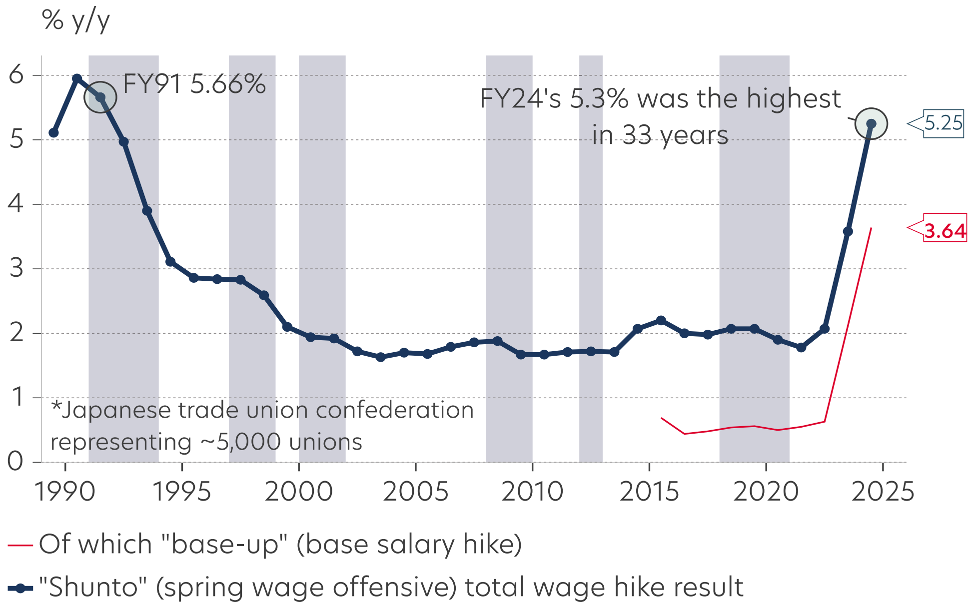
The recent Shunto wage negotiation showed meaningful **wage growth acceleration at 5.3%**, an increment from 3.8% in March 2023. This is the biggest pay rise since 2013. Some market participants argued Japan could be in for a wage-price spiral following the wage hike. Yet, negotiated wage has never been a good predictor of the actual nominal wage growth.

Positive Wage and Consumer inflation



Source: Macrobond, UOB Private Bank, Japanese Ministry of Health, Labour & Welfare, Japanese Cabinet Office (CAO), Japanese Statistics Bureau, Ministry of Internal Affairs & Communications

Japan's Rengo* data on wage hikes



Source: Macrobond, UOB Private Bank, Japanese Trade Union Confederation (RENGO)

Global Asset Class Performance – Risk-taking prevails

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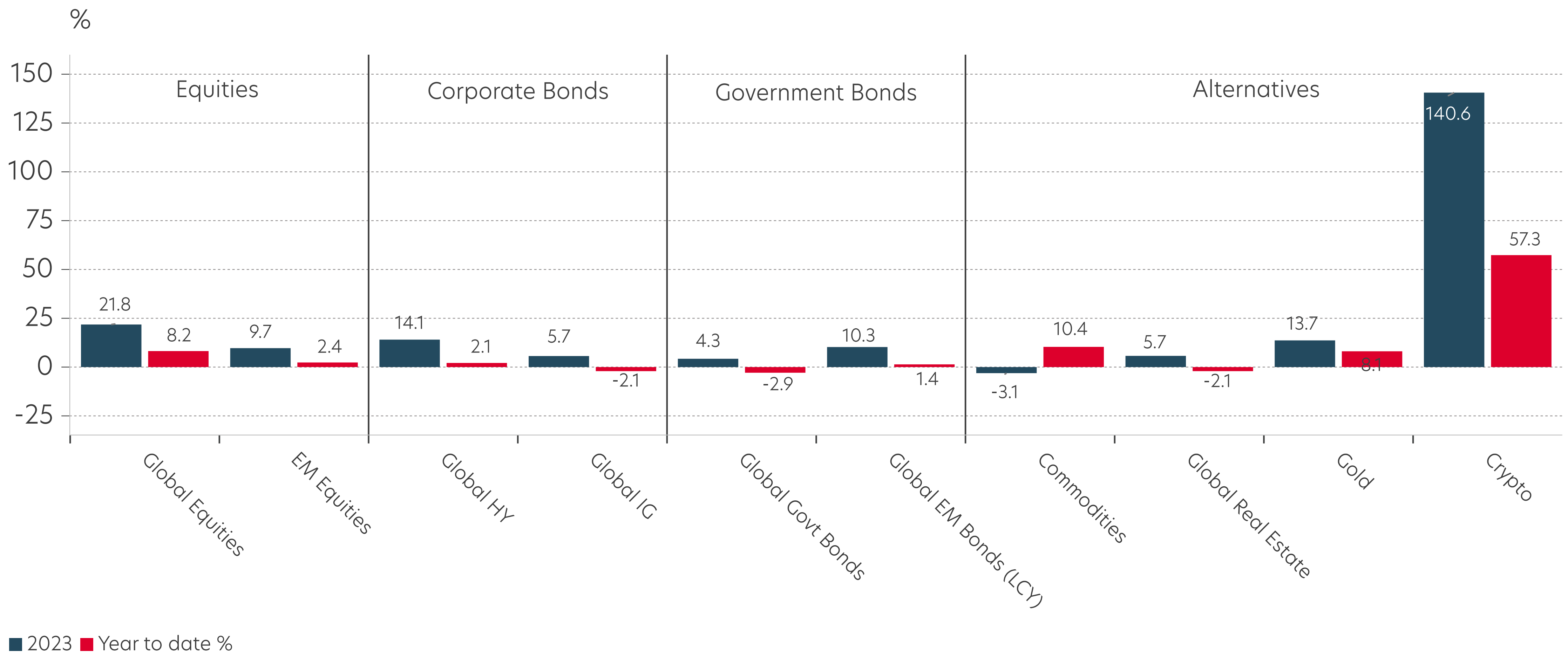

Source: Macrobond, UOB Private Bank (Data as of 31 March 2024)

Macro Trends – Manufacturing PMIs are recovering

S&P Global - Purchasing Managers' Index (PMI)

	PMI Composite	PMI Manufacturing	PMI Services
India	61.3	59.2	60.3
Brazil	55.1	54.1	54.6
Ireland	54.4	52.2	54.4
Spain	53.9	51.5	54.7
Emerging Markets	53.4	51.4	53.7
United Kingdom	52.9	49.9	53.4
China	52.5	50.9	52.5
Australia	52.4	46.8	53.5
Japan	52.3	48.2	54.9
United States	52.2	52.5	51.7
World	52.1	50.3	52.4
Developed Markets	51.4	49.3	51.8
Italy	51.1	48.7	52.2
Euro Area	49.9	45.7	51.1
EU	49.2	46.5	50.2
France	47.7	45.8	47.8
Germany	47.4	41.6	49.8

Source: Macrobond, UOB Private Bank, S&P Global

Equities

- United States
- Europe
- Japan
- Emerging Asia

Equities 2Q 2024 Outlook – United States | Underweight [⬇]

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Cyclical bull market intact but more volatility ahead

MSCI USA (+10.0% in USD terms) outperformed all other regional markets except Japan year-to-date (as of 31 Mar 2024). This came on the back of a better-than-expected goldilocks outcome fast becoming the market consensus and the halo effect Generative AI has on many US stocks. Equity positioning has steadily risen alongside crowding into the Momentum factor, culminating in market dislocations across global equities over the past year. Notably, US "Magnificent 7" continued to drive a disproportionate share of returns amidst sustained positive earnings revisions whilst the small-cap names lagged.

On economy, data point to resilient US growth, continued disinflation and a bottoming manufacturing PMI. Despite a recent uptick US "supercore" inflation, Fed Chair Powell reiterated that price pressures will continue to ease, and lower rates will likely be appropriate at some point in 2024. He also clarified that expected policy easing will not be affected by a strong labour market going forward.

Importantly, the Fed has lowered the bar for its planned policy easing by lifting both inflation and GDP projections for 2024. All these point to a dovish Fed policy tilt. Finally, the business cycle outlook remains supportive albeit moderate headwinds including fading fiscal thrust and diminishing savings could limit growth.

Equity Performances

Source: Macrobond, UOB Private Bank

Equities 2Q 2024 Outlook – United States | Underweight [🡇]

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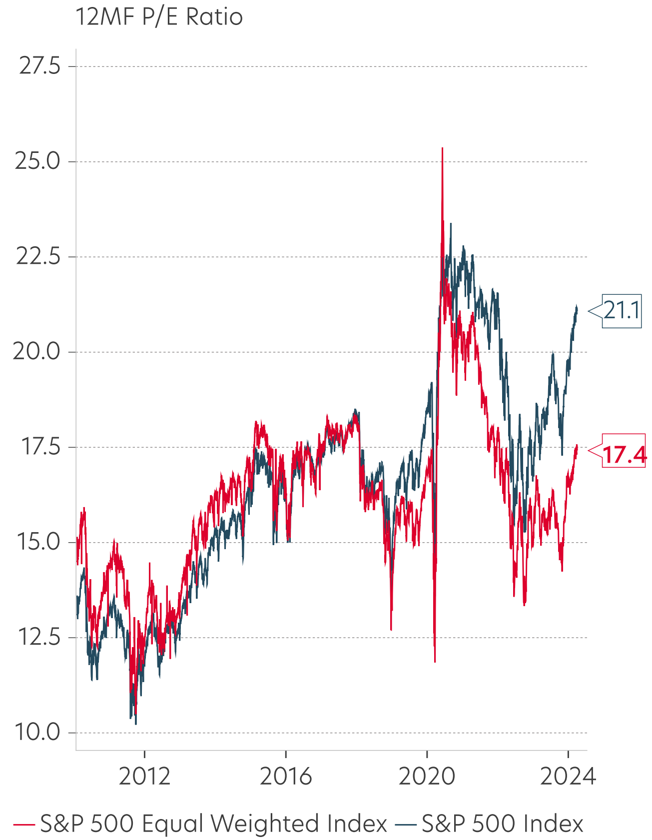
Cyclical bull market intact but more volatility ahead

On markets, investor complacency can be observed from several indicators; this could persist as long as the odds of strong inflation or recession stay low. Following an overextended equity rally, the uptrend could enter a more volatile phase with increased sensitivity to the macro outlook. Fed rate cuts without an economic or financial crisis would spur the next up-leg in risk assets, including a potential mania in mega-cap stocks. A caveat would be the Fed could use its massive room for maneuvre to drag its heels on rate cuts. Overall, the cyclical bull market is still intact, but the risk of near-term correction has risen.

Given that higher volatility can be expected in the near term, investors could look to buy on pullbacks or engage defensively via structured products. Diversification is key. As the US market breadth broadens, investors may consider opportunities outside of the "Magnificent 7" **(Fig. 1)**, for instance, in value-oriented sectors including Energy and Financials. Small- and mid-cap sectors can also benefit from declining rates. Prudent investors should take some profits.

Overall, **we downgrade US equities to Underweight from Neutral.**

Figure 1: US market outside of the mega-caps looks reasonably priced



Source: Bloomberg, UOB Private Bank

Equities 2Q 2024 Outlook – Europe | Neutral [=]

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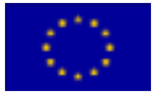
Staying selective while awaiting an uplift from China

MSCI Europe (+4.6% in USD terms) continued to trail behind the US and Japan year-to-date (as of 31 Mar 2024). Valuation re-rating more than offset the slight downward earnings revisions as well as EUR depreciation against the USD, culminating in the single-digit positive USD returns. Rising expectations for policy rate cuts from the Fed and ECB have bolstered risk sentiments. Having said that, selectivity is warranted given weak external demand amid tepid Chinese consumption recovery.

On economy, the two largest EU economies, Germany and France, continued to contract in March. In contrast, EU peripherals including Spain have been growing at a solid pace relative to expectations. Broadly, services drove private-sector activity higher but the gauge for manufacturers fell and surprised on the downside. With Germany likely entering recession after a 4Q23 contraction on manufacturing drags, Europe's industrial sector could still be a weak spot.

Having said that, China's latest manufacturing PMI in March has emerged from the contractionary zone, surprising on the upside. Europe's underlying price pressures have also been declining alongside slowing wage growth. As the threat to inflation expectations recedes, the European Central Bank (ECB) could start easing at mid-year.



Equity Performances

Source: Macrobond, UOB Private Bank

Equities 2Q 2024 Outlook - Europe | Neutral [=]

Click here for content page

Staying selective while awaiting an uplift from China

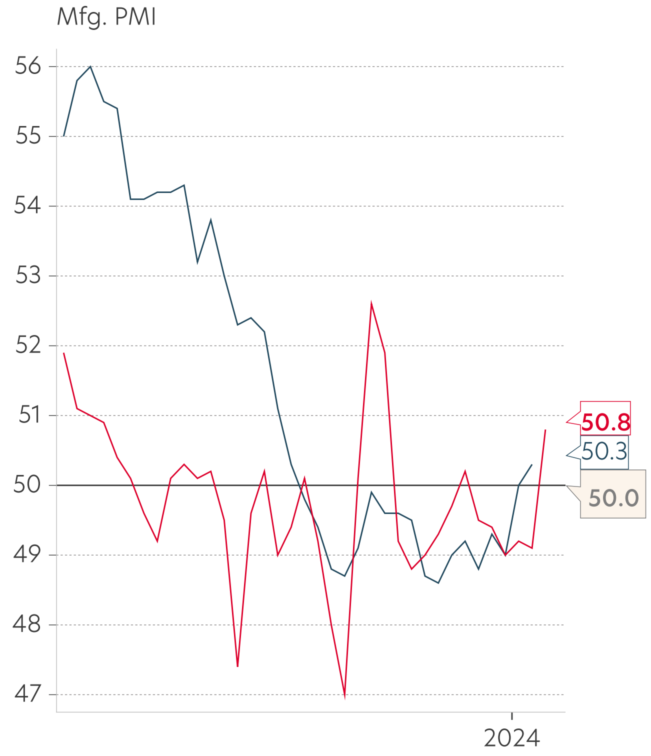
On markets, MSCI Europe has trailed behind regional DM peers given its relatively sizeable underweight on the Tech sector (which has outperformed) in 1Q24. With Industrials comprising the largest part (i.e., ~17.5%) of the MSCI Europe equity basket, this relative underperformance could start to reverse when Europe's industrial exports strengthen on a sustained pick-up from China's manufacturing activity.

Looking ahead, there remain pockets of opportunities in MSCI Europe; selected stocks riding on the macro theme of rising military defense expenditure or the structural theme of renewables transition could still perform well. Finally, the slump in commercial real estate and rising energy prices will be key risks to watch.

Taken together, selectivity still needs to be emphasised amid rising rate-cut expectations. We remain on watch for a sustained Chinese manufacturing rebound **(Fig. 1)** which would bode well for European industrial exporters at large. Quality large-cap names as well as dividend stocks with a solid track record of stable payout remain favoured as core holdings.

Overall, **we upgrade Europe's equities to Neutral from Underweight.**

Figure 1: A rebound in global manufacturing activity is in sight



Source: Bloomberg, JP Morgan, UOB Private Bank

Equities 2Q 2024 Outlook – Japan | Overweight [↑]

Click here for content page

Equity rally can persist amid cautious BOJ moves

MSCI Japan (+10.2% in USD terms) outperformed all other regional markets (as of 31 Mar 2024) despite a weak yen. Within equities, our sole overweight call on Japan has panned out well. Investors continued to reprice the potential for a major and transformative economic shift as inflation takes hold following long periods of deflation. Markets remained optimistic that higher wage growth will promote a healthy level of inflation and spur higher consumption. With momentum and earnings per share (EPS) upgrades supporting bullish sentiments, any near-term pullbacks are expected to be short-lived.

On economy, the core CPI inflation has begun to roll over with the yen consolidating near 150 against the US dollar. To this end, Japan's inflation trajectory mainly reflects its currency situation. Some market participants argued Japan could be in for a wage-price spiral following a strong increase in negotiated wage of late. However, negotiated wage has never been a good predictor of the actual nominal wage growth. This is because most of the small and medium-sized enterprises usually do not engage in wage raises advocated by the labour unions.

Separately, Bank of Japan's (BOJ) removal of negative interest-rate policy and the suspension of yield curve control (YCC) can be seen as dovish policy adjustments; the cautious moves are unlikely to upset Japan's strong equity rally and resilient economic performance.

Equity Performances

Source: Macrobond, UOB Private Bank

Equities 2Q 2024 Outlook – Japan | Overweight [↑]

Click here for content page

Equity rally can persist amid cautious BOJ moves

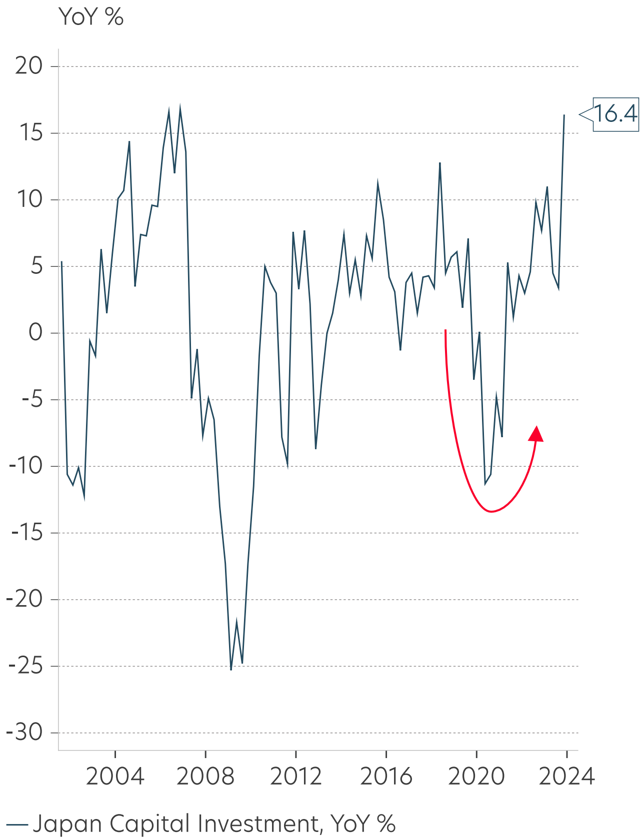
On markets, Japan's easy money and weak currency continued to boost nominal corporate earnings. The reversal in price expectations encourages capital investments and leverage given still-negative real interest rates **(Fig. 1)**. Meanwhile, earnings momentum remained favorable.

While MSCI Japan now trades at a more demanding valuation (i.e., 17x 12MF P/E) relative to history, the rerating is well-sustained amidst robust foreign inflows. Continued corporate governance reforms are expected to support improvement in shareholder returns. Beyond any technical pullbacks, the outlook for Japan's equities remains ebullient.

Against this backdrop, investors should consider keeping the yen unhedged in Japanese equity portfolios to defend against any abrupt shifts in BOJ's monetary policy. Investors can gain defensive exposure via structured products, with quality companies leveraged to domestic consumption recovery, corporate reforms and AI/tech manufacturing as underlying securities.

Overall, **we remain Overweight on Japan's equities.**

Figure 1: Rising capital investments bode well for furture growth and earnings



Source: Bloomberg, UOB Private Bank

Equities 2Q 2024 Outlook – Emerging Asia | Neutral [=]

Click here for content page

Catalyst needed amid limited downside risks

MSCI Asia ex-Japan (+2.0% in USD terms) clocked a slight positive returns year-to-date, dragged by MSCI China (-2.3% in USD terms) which began the year with a sharp correction (as of 31 Mar 2024). Sentiments towards China have stayed pessimistic; the latest fund managers' surveys suggest shorting China is still one of the most popular trades. Looking ahead, a decisive technical breakthrough backed by strong Chinese government stimulus support will likely be required for capital flows to return, and to propel the Chinese equity rally beyond a "dead cat bounce". Having said that, the downside potential is likely to be limited from current levels.

On economy, latest indicators point to China's intention to "meander through", which means to maintain economic resilience without much policy support. China's 2024 government budget suggests a modest increase in fiscal thrust relative to last year, while financial conditions have eased since the start of the year.

Looking ahead, China's economy could stay sluggish for a while amid fragile domestic confidence and continued property woes. On a more positive note, Chinese manufacturing exports are recovering while the broad deflationary pressure has eased. Excavator sales also point to warming construction activity.

Equity Performances

USD Price Return Index (rebased start of 2024 = 100)

Source: Macrobond, UOB Private Bank

Equities 2Q 2024 Outlook – Emerging Asia | Neutral [=]

Click here for content page

Catalyst needed amid limited downside risks

On markets, Chinese equities are still hovering at an undershoot extreme with practically no multiple expansion. The discount between China and their global as well as EM peers remains at record levels. Looking ahead, any positive catalyst could drive Chinese equities higher given depressed expectations.

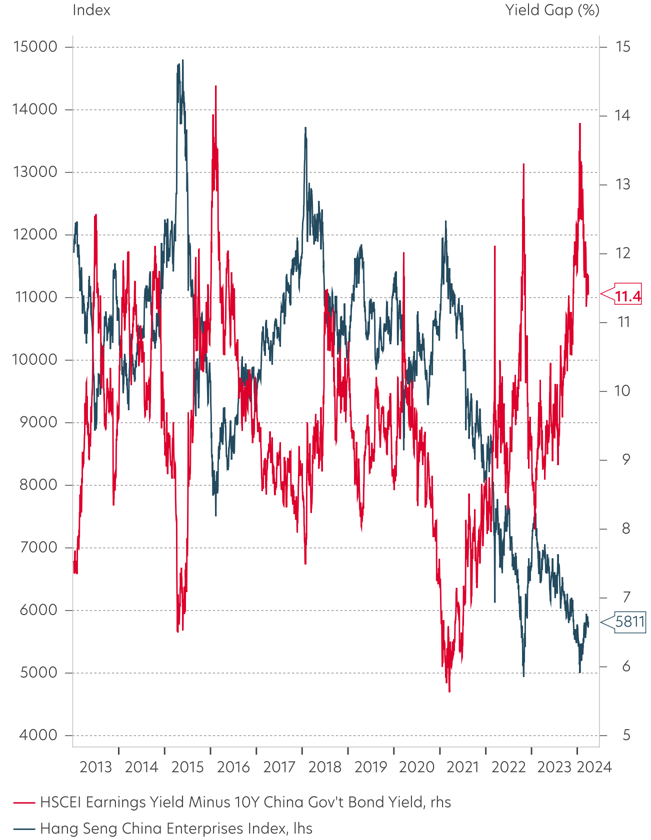
Notably, the government's attempt to boost foreign business confidence via the "Invest In China" campaign could pave the way for structural reforms. While the effectiveness of the campaign remains to be seen, the top leadership in China has at least recognised the importance of privately owned sectors as well as foreign businesses in driving the country's economic development.

Against this backdrop, the odds of a sustained Chinese equity valuation rerating remain small despite an improvement in China's economic outlook. With a view that the downside potential for Chinese stocks is limited **(Fig. 1)**, investors can consider engaging defensively via structured products.

Across emerging Asia, China remains a tactical trade. We reiterate preference for stocks in South Korea, India and ASEAN region; investors can gain exposure to them via diversified vehicles like funds.

Overall, **we remain Neutral on EM Asia's equities.**

Figure 1: Yield gap is at historic high - attractive risk-reward but catalyst needed



Source: Bloomberg, UOB Private Bank

Fixed Income

- DM IG
- DM HY
- EM Asia IG
- EM Asia HY

FI 2Q 2024 Outlook – DM Investment Grade, O/W [↑]

Click here for content page

Spreads to grind tighter against a benign macro backdrop

DM Investment Grade (IG) proxied by US Corporate IG (Bloomberg US Corporate Bond Index) delivered a -0.4% total return year-to-date (in USD terms, as of 31 Mar 2024).

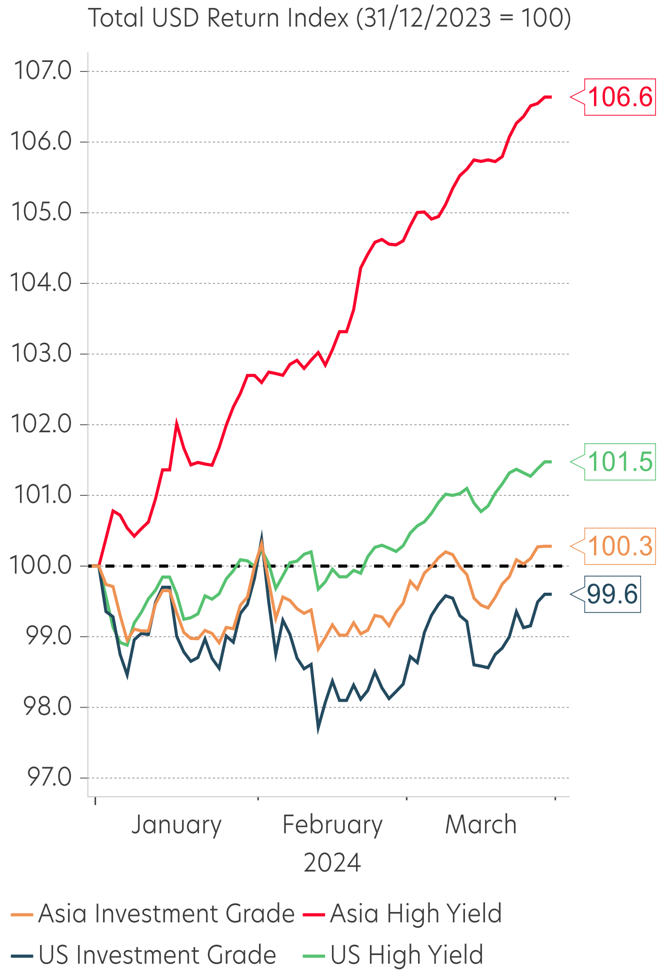
This was driven by a pair of offsetting effects: modest credit spread tightening (~9bps year-to-date) and negative US treasury (UST) returns. Notably, UST yields climbed, and UST curve steepened on the back of US economic resilience.

The concoction of resilient US economic growth, Fed rate-cut expectations, looser financial conditions, and relentless US equity markets renders it a conducive environment for credit spreads to tighten. As such, credit spreads for high-quality issuers will likely stay supported; if not, credit spreads should grind tighter in the absence of material rates move.

Current credit valuations may appear stretched but all-in-yields remain attractive from a historical perspective. As such, any excess returns for the rest of 2024 will likely be driven by credit selection; the avoidance of adverse credit events will prove paramount. We continue to advocate a bottom-up approach in selecting fundamentally-robust credits to secure income over a longer horizon.

Overall, **we remain Overweight on DM USD IG.**

Fixed Income Year-to-date Performances



Source: Macrobond, UOB Private Bank

FI 2Q 2024 Outlook – DM High Yield, U/W [⬇]

[Click here for content page](#)

Potential spread widening amid rising default rates

DM High Yield (HY) outperformed its IG counterpart as US Corporate HY (Bloomberg US Corporate High Yield Index) returned +1.5% year-to-date (in USD terms, as of 31 Mar 2024). Default rates are projected to inch higher but have thus far been relatively manageable and pose no systematic risk.

Against this backdrop, HY credit spreads outperformed by tightening ~18bps year-to-date, and continue to be a source of excess return via elevated credit carry (301bps average OAS on index level).

The credit spread compression between IG and HY as well as rising tail risks from an acceleration in defaults lead us to be cautious of the asymmetric risk-reward **(Fig. 1)**.

Therefore, **we remain Underweight on DM USD HY.**

Figure 1: Asymmetric risk-reward following material spread tightening in High Yield

Source: Macrobond, UOB Private Bank

FI 2Q 2024 Outlook – EM Investment Grade, O/W [↑]

Click here for content page

Defensive attributes can continue to drive yields lower

EM Asia Investment Grade (IG) delivered a +0.3% total return year-to-date (in USD terms, as of 31 Mar 2024) at the index level (Bloomberg EM Asia USD Credit High Grade Index). IG credit spreads were ~17bps tighter year-to-date and notably touched historical tights of 91bps on 27 Mar 2024.

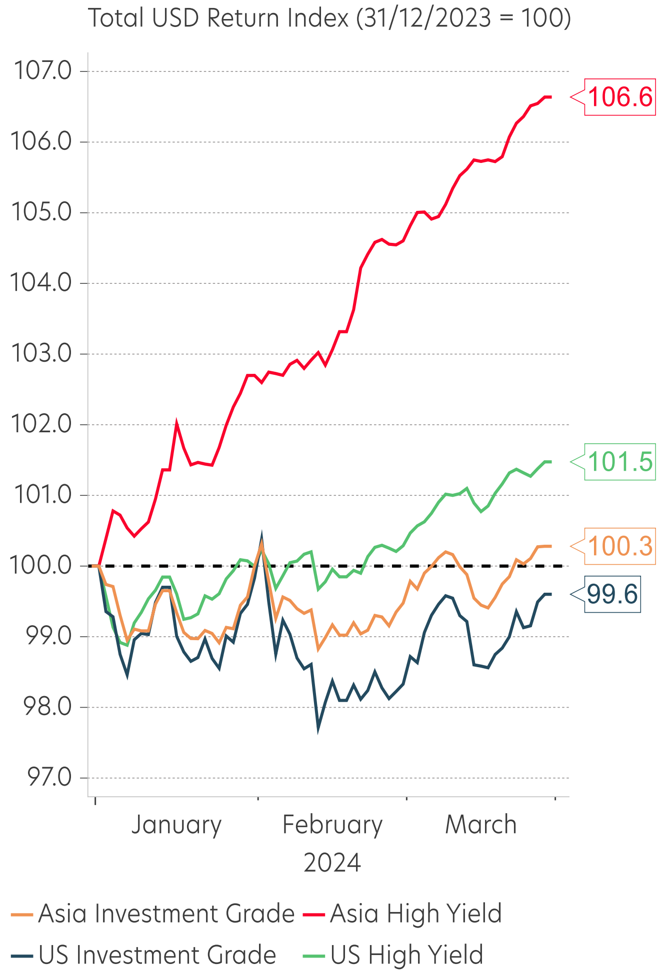
Against a supportive macro backdrop, favorable demand-supply dynamics, and lower volatility (relative to the US and global credits), EM Asia IG remains an effective portfolio stabiliser during events of market dislocations.

Our preference within EM Asia IG are Asia (incl. Japan and Korea) financials, select Asia-focused insurers, quasi-sovereigns/strategic state-owned enterprises, and TMT.

Taking a diversified approach to duration risk management by targeting an average modified duration of 5 to 8 years will provide investors with the opportunity to lock in yields over a longer horizon. US Treasury (UST) returns, led by the Fed's pace and magnitude of easing, will be an important contributor to total returns through 2024.

We continue to advocate buying on dips and **reiterate our Overweight on EM Asia IG**.

Fixed Income Year-to-date Performances



Source: Macrobond, UOB Private Bank

FI 2Q 2024 Outlook - EM High Yield, Neutral [=]

Click here for content page

Selectivity and diversification remain key

EM Asia High Yield (HY) was a standout performer as the EM Asia HY index (Bloomberg Asia USD High Yield Bond Index) delivered +6.6% total returns year-to-date (in USD terms, as of 31 Mar 2024).

While the removal of defaulted China property developer contributed to base effects, it was the combination of recovery from Macau gaming sector and several special situations events (i.e., Vedanta, Sri Lanka, Pakistan, and select China/HK developers) that drove returns.

Going forward, we remain cautious on China property sector due to lacking sector policy initiatives. Additionally, positive restructuring outcomes in this space are becoming increasingly difficult to manifest as outright liquidation possibilities have been gaining traction (i.e., Evergrande and Country Garden).

We emphasise selectivity **(Fig. 1)** and favor select ASEAN infrastructure, Indonesia utility and Indonesia property developers.

Overall, **we remain Neutral on EM Asia HY.**

Figure 1: Emphasize selectivity after material spread tightening

Source: Macrobond, UOB Private Bank

Commodities

- Crude Oil
- Base Metals
- Precious Metals

Commodities 2Q 2024 Outlook – Crude Oil, O/W [↑]

Click here for content page

Firm crude prices on sustained OPEC+ output cuts

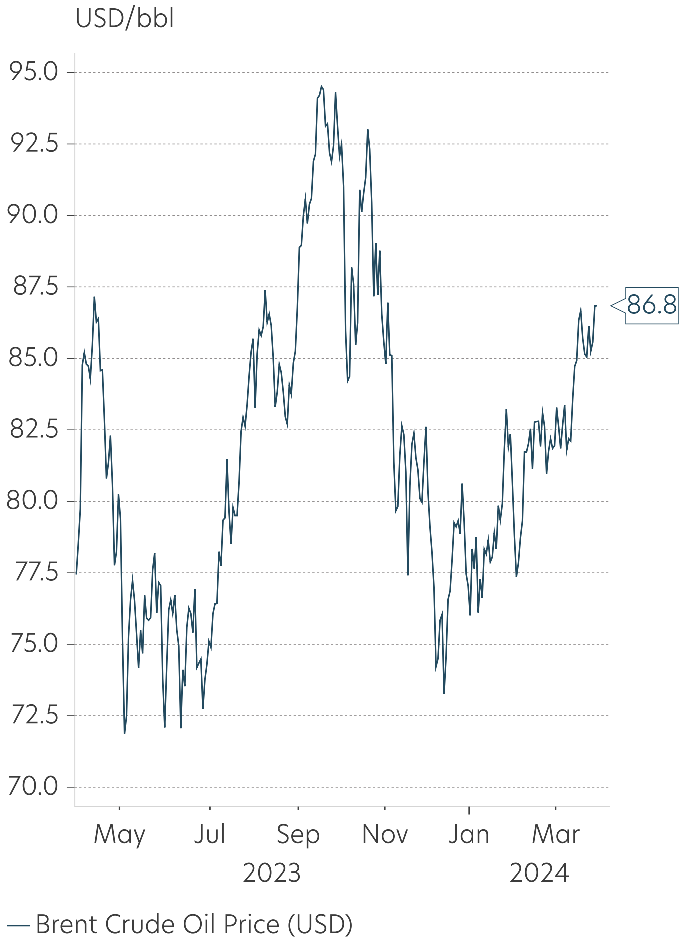
Brent crude price has strengthened past USD 85/bbl as extended OPEC+ output cuts **(Fig. 1)** more than offset the impact of increased flows from outside the cartel e.g., US oil suppliers. Notably, US oil exports have risen as Western nations started imposing sanctions on Russia in the wake of its invasion of Ukraine in 2022.

Meanwhile, surprise strength in European oil demand and a rebound in Chinese manufacturing activity has boosted risk sentiments against a backdrop of continued disinflation and imminent interest rate declines in major central banks. Coupled with a geopolitical risk premium associated with conflicts in Ukraine and Gaza, Brent prices can stay well-supported and edge higher to USD 90/bbl. by 4Q 2024.

On the supply side, the OPEC+ members have agreed to extend their production cuts of 2.2m bbl./day into 2Q 2024, led by Saudi Arabia's voluntary 1m bbl./day of reductions which would last till the end of June.

While there remains skepticism around the ability and willingness of selected members (e.g., Iraq and UAE) in adhering to their output-cut commitments, the prospect of OPEC+ staying the course looks bright.

Figure 1: Firm crude prices amid sustained OPEC+ production cuts



Source: Macrobond, UOB Private Bank, Intercontinental Exchange (ICE)

Commodities 2Q 2024 Outlook – Crude Oil, O/W [↑]

Click here for content page

Firm crude prices on sustained OPEC+ output cuts

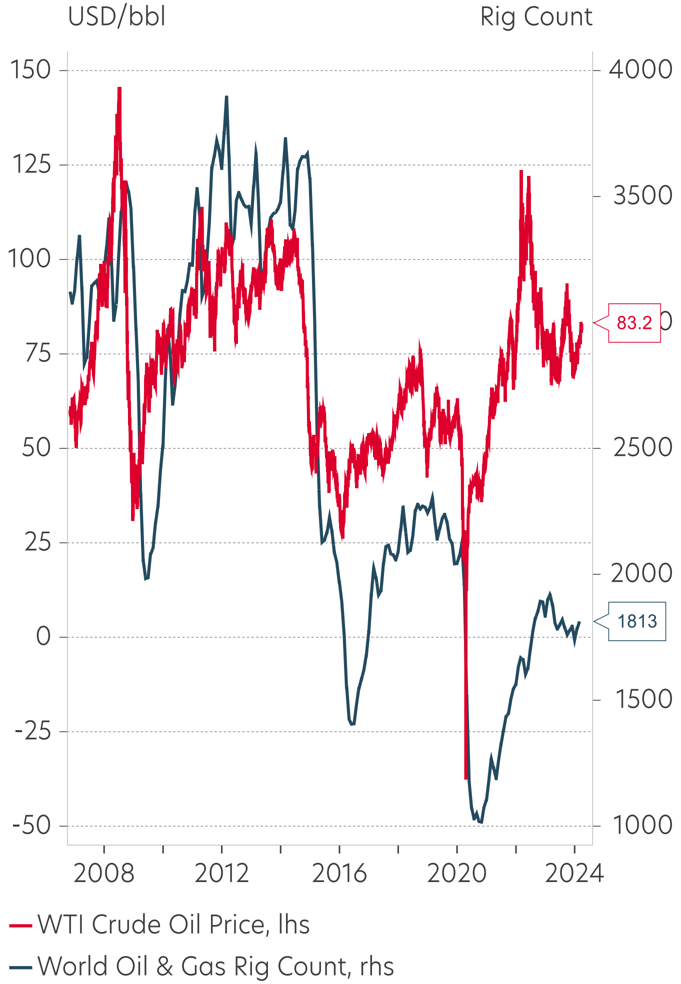
Moreover, ongoing attacks by Ukraine on Russia's energy infrastructure and a falling US oil and gas rig count **(Fig. 2)** have contributed to tightening crude supplies. Together with the slowing growth of US crude and gasoline inventories, the global oil market could be set for a slight deficit through 2024.

On the demand side, the overall petroleum demand is expected to increase albeit the key market players cannot agree on the figures. The International Energy Agency (IEA) forecast a restrained 1.1m bbl./day while the OPEC forecast a 2.25m bbl./day, reflecting to a significant difference in views.

While a global growth slowdown, higher productive efficiencies and surging use of electric vehicles (EVs) could lower oil use, an upside surprise to Chinese manufacturing PMI in March, US economic resilience and robust European demand point to upside risks in crude demand going forward. According to the IEA, oil demand growth will be more heavily skewed towards non-OECD countries as China's dominance fades.

The fundamental outlook for Brent crude is modestly bullish. This is underpinned by expectations for OPEC+ to sustain their production cuts through 2024, as well as geopolitical risks due to conflicts in Ukraine and Gaza. Finally, the odds of Trump's win in the upcoming US Presidential Elections 2024 are rising; this generally bodes well for Brent prices, as we could see more oil and gas pipelines as well as regulations and incentives supporting fossil fuel consumption. **We remain Overweight on Brent crude.**

Figure 2: Rig count has flattened



Source: Macrobond, UOB Private Bank, Baker Hughes

Commodities 2Q 2024 Outlook – Base Metals, Neutral [=]

Click here for content page

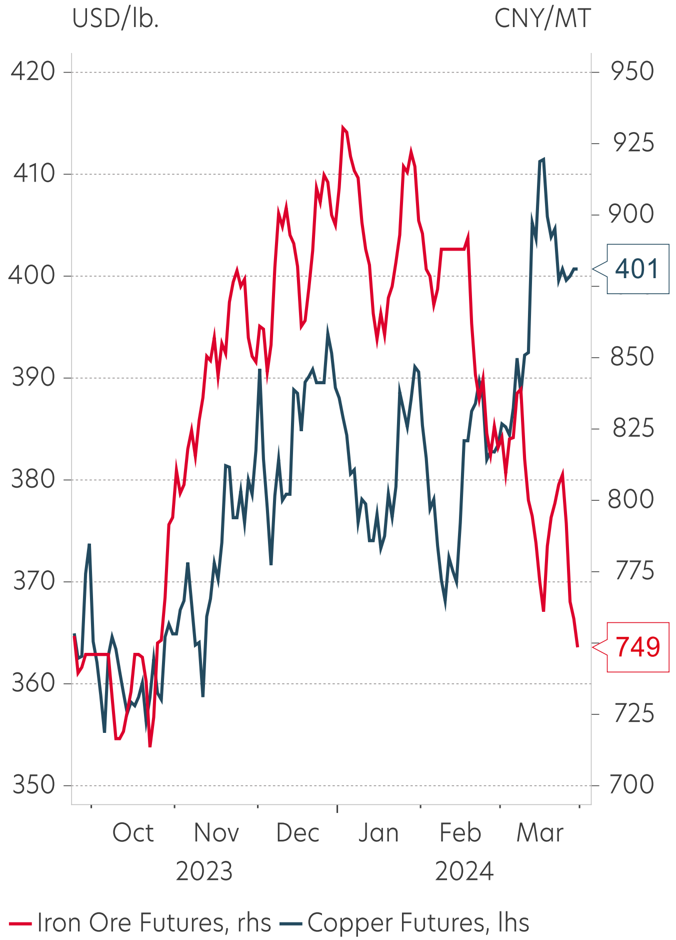
Moderately bullish on Copper, cautious on Iron Ore

Iron Ore and Copper prices have diverged since the start of the year, with Copper outperforming Iron Ore massively **(Fig. 1)**. Iron ore prices have tumbled from a combination of fundamental and sentiment factors in dominant importer China. This phenomenon could persist in the near term, especially if China's property woes last through 2024 and keep a lid on demand. Meanwhile, a bottoming US ISM manufacturing PMI and supply threats have culminated in firm Copper prices.

On **Iron Ore**, China's strong appetite for imported iron ores moderated in March as China's real estate sectors remained under pressure. Hopes of a meaningful revival in construction activity faded as investors view that China's years-long real estate slump could last for some time, thus capping iron ore and steel demand. Meanwhile, iron ore stockpiles have been building up at the Chinese ports as loss-making steel manufacturers are buying less of their key inputs. It is worth noting that China accounts for more than 70% of global seaborne iron ore import purchases.

Finally, sentiments have turned pessimistic as the Chinese government offered few new measures that would boost infrastructure or other construction-intensive sectors since the latest National People's Congress in Beijing. This added to investor expectations that 2023's year-end rally in iron ore prices **(Fig. 1)** may have been a false dawn. The Chinese government needs to step up its fiscal policy support meaningfully to arrest the downward spiral in iron ore prices, led by lackluster end-demand and a confidence hit. Overall, **we are cautious on Iron Ore.**

Figure 1: Stark performance divergence in the Base metals



Source: Bloomberg, UOB Private Bank

Commodities 2Q 2024 Outlook – Base Metals, Neutral [=]

Click here for content page

Moderately bullish on Copper, cautious on Iron Ore

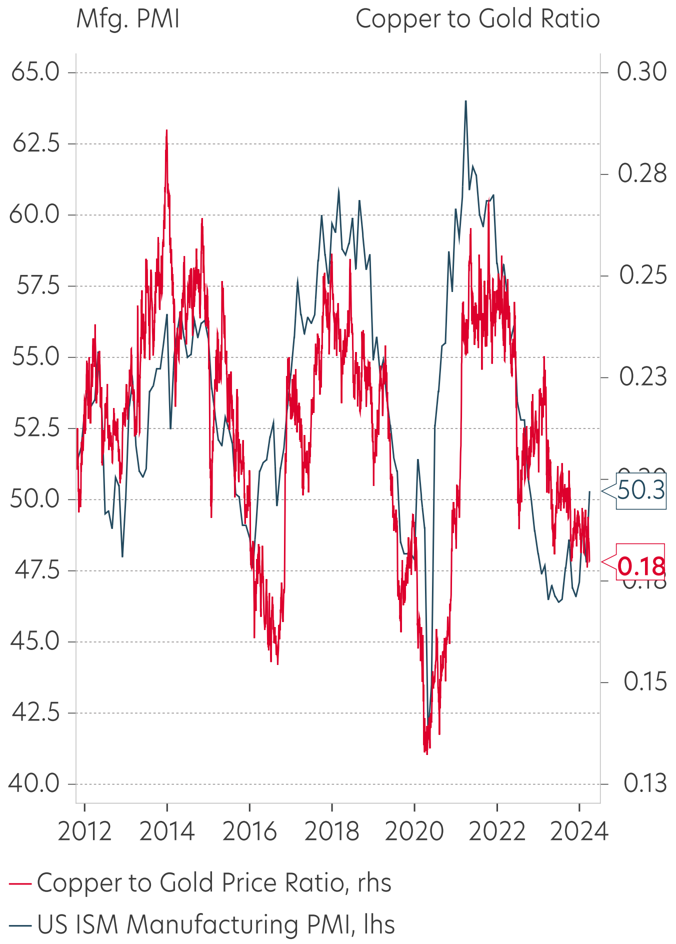
On **Copper**, the industrial conditions in Europe and the US were soft but are looking to improve from here. Headwinds in the traditional industrial space have likely peaked, as suggested by bottoming global manufacturing PMIs of late. On this note, a rising US ISM manufacturing PMI typically bodes well for Copper relative to Gold **(Fig. 2)**.

Meanwhile, there is growing optimism around copper usage in India, where rising investments have pushed the country to be the fastest-growing major economy. While the electric vehicle (EV) sales have slowed down, efforts directed at electrification and decarbonisation should persist in the structural renewables transition. In this regard, Copper remains a critical component.

Finally, Copper's latest rally year-to-date has been primarily driven by an unexpected tightening in global mine supplies. The shutdown of a giant mine in Panama last year, as well as growing concerns around output in Zambia due to a power crisis, can in large part explain the firm upward momentum in Copper prices. Overall, **we are moderately bullish on Copper**.

Taken together, **we remain Neutral on Base Metals.**

Figure 2: Rising mfg. PMI constructive for Copper vs. Gold



Source: Macrobond, UOB Private Bank

Commodities 2Q 2024 Outlook – Precious Metals, Neutral [=]

Click here for content page

Potential for further gains in Gold but overbought near term

Gold's recent rally to above USD 2,200/oz came on the back of imminent policy rate cuts by the Federal Reserve. Specifically, robust central bank demand from China and other emerging market peers as well as elevated tensions in Ukraine and the Middle East have contributed to its strong upward price momentum.

While Gold looks overbought in the short term, the broad uptrend is expected to stay intact. Due to a structural shift in central bank reserves towards Gold from the US Treasuries, Gold's price trend has also diverged from the US real yields trend **(Fig. 1)**.

At this juncture, it is essential to point out that our neutral new on Gold is juxtaposed against our neutral view on Base Metals. We continue to advocate including Gold as a stabiliser in the overall portfolio construction, and express optimism in Gold's longer-term performance.

Having said that, we expect Copper prices to hold up well in view of bottoming global manufacturing PMIs, thus delivering comparable performance relative to Gold prices.

Looking ahead, we expect global central banks and consumers alike to continue stocking up Gold amid rising geopolitical tensions. Beyond any technical pullbacks, Gold can stay well-supported.

We remain Neutral on Precious Metals (Gold).

Figure 1: Divergence in real rates and Gold price trend

Source: Bloomberg, UOB Private Bank

FX

- USD
- CNY
- JPY
- EUR
- AUD
- SGD

FX Views – USD

Click here for content page

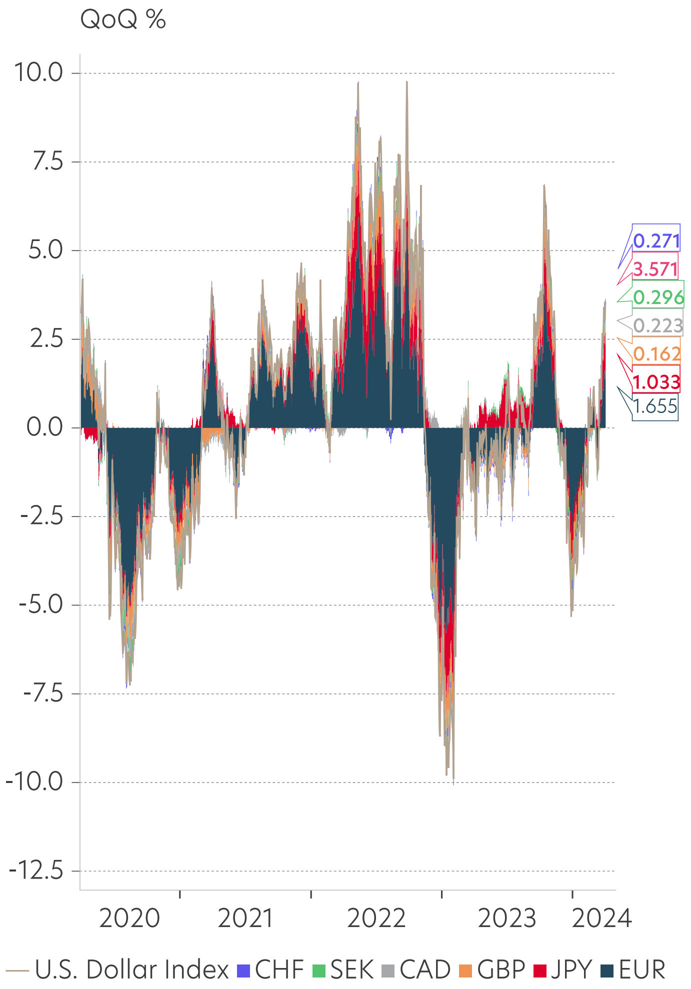
USD to trend lower amid imminent Fed rate cuts

USD: [3-6m:↓ 6-12m:↓] The Fed held its policy rates steady at 5.25%%-5.50% in its March 2024 Federal Open Market Committee (FOMC) meeting. The closely watched March Dotplot showed that medium projection is unchanged at 3 25bps rate cuts for 2024 though the number of cuts for 2025 has been reduced to 3 (from 4). A day post the meeting, futures markets are pricing in at 72.1% probability of a cut in June FOMC (from 57% on 19 March), consistent with a soft-landing scenario.

Our UOB economists maintain the view that USD is likely to weaken in 2Q24, therefore the rebound in the US Dollar Index (DXY) hitting 105 could be the peak. The key driver of USD weakness going forward will be the narrowing yield advantage of the USD relative to its developed markets peers as the Fed embarks on its rate cutting cycle.

We are Underweight on the USD on both the 3- to 6-month basis, and 6- to 12-month horizon.

Contributions to the US Dollar Index (DXY)



Source: Bloomberg, Macrobond, UOB Private Bank

FX Views – CNY

Click here for content page

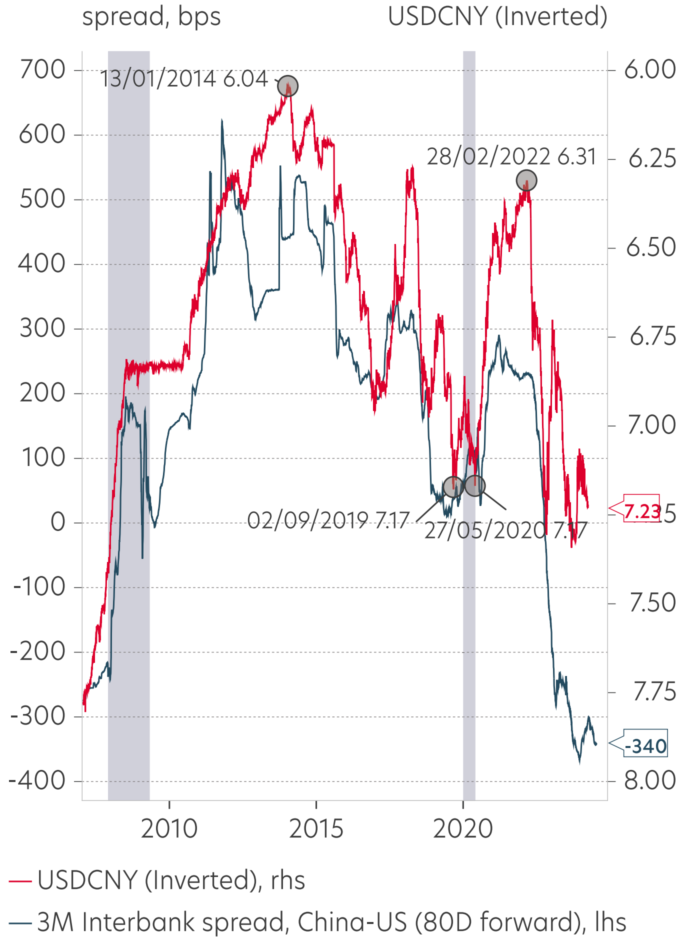
CNY to strengthen as yield gap with USD expected to close

CNY: [3-6m:↑ 6-12m:↑] The CNY has stabilised year-to-date, partly on the back of stronger stimulus measures including a 50-bps cut to banks' RRR and 25 bps cut to 5Y LPR in Feb, as well as equity markets rebound before the Lunar New Year. China has also set an ambitious growth target of "around 5%" this year, fueling expectations of further stimulus measures. That said, China's economy remains shrouded in meaningful uncertainty in the near-term.

With the Fed widely expected to begin cutting rates in June, we believe this will potentially trigger a normalisation of the US-China rate differentials. Our latest USD/CNY forecasts remain as 7.10 in 2Q24, 7.00 in 3Q24, 6.90 in 4Q24 and 6.80 in 1Q25.

We are Overweight on the CNY on both the 3- to 6-month basis and 6- to 12-month horizon.

Further narrowing of US-CN spreads expected



Source: Macrobond, UOB Private Bank

FX Views – JPY

Click here for content page

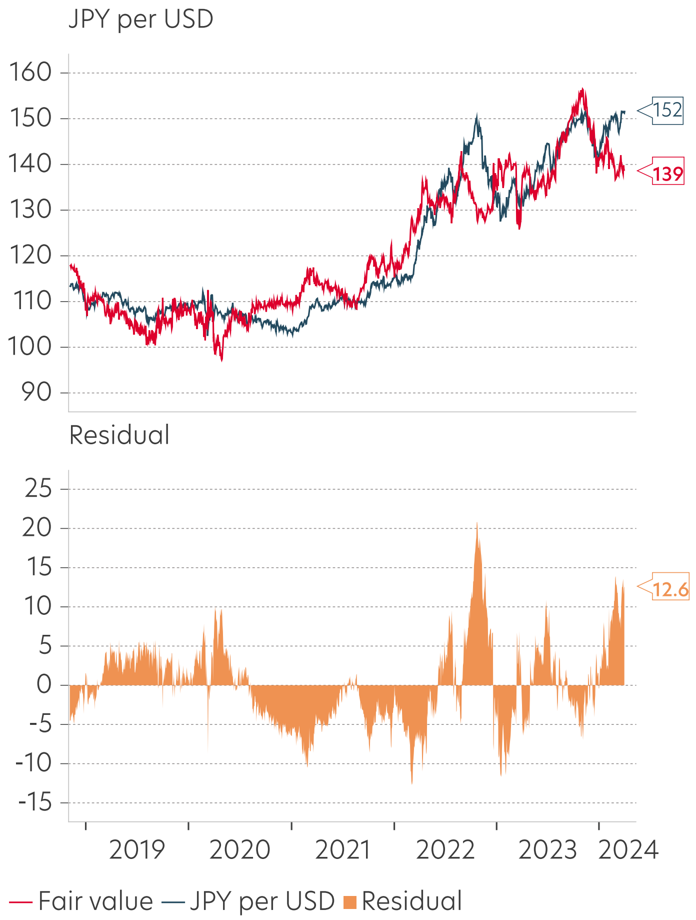
Potential for JPY to appreciate on BOJ policy normalisation

JPY: [3-6m:↑ 6-12m:↑] Bank of Japan (BOJ) Governor Ueda removed the negative interest rate policy (NIRP) and hiked policy rate to 0.0-0.1% for the first time in 17 years. In the immediate market reaction, USDJPY traded higher towards the recent highs of 151. This marginal hike could be a "one-and-done" deal in the medium term as there was no indication of multiple hikes in an extended cycle.

As this rate lift-off juxtaposes against a Fed that is widely expected to start rate cuts in June, there could be renewed weakness in USDJPY albeit our expectations for the trajectory of subsequent JPY appreciation have been shifted. Our updated USDJPY forecasts are 146 in 2Q24, 144 in 3Q24, 142 in 4Q24 and 140 in 1Q25.

We are Overweight on the JPY on both the 3- to 6-month basis and 6- to 12-month horizon.

JPY fair valuation model



Source: UOB Private Bank, Macrobond Financial AB, Citi, OECD (Organisation for Economic Co-operation & Development)
Model uses Terms of Trade, Earnings Yield, GDP nowcast, 10y2y spread as independent variables

FX Views – EUR

Click here for content page

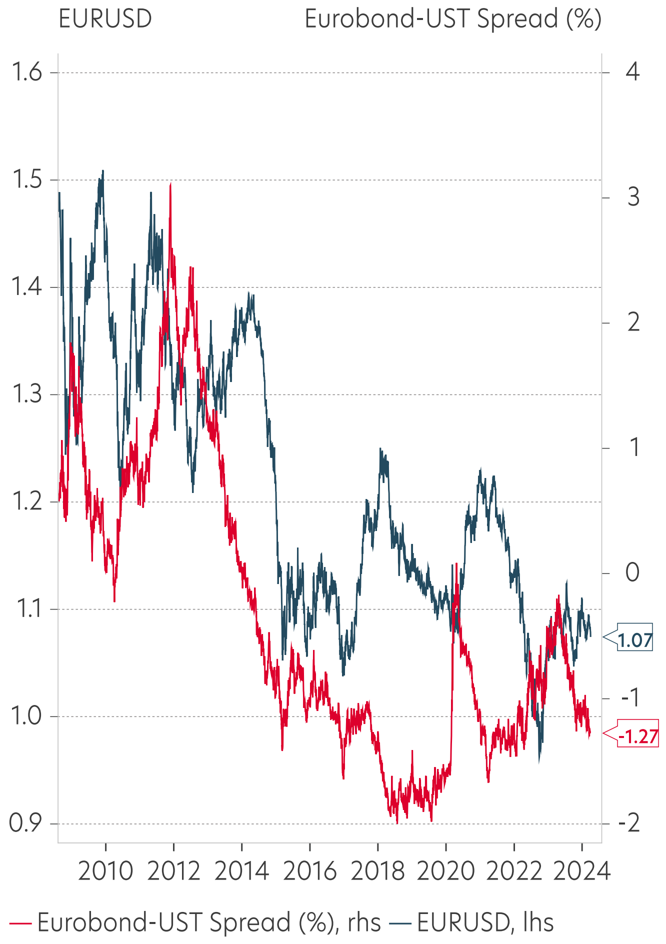
EUR to strengthen as yield gap with USD closes

EUR: [3-6m:= 6-12m:↑] As consensus had expected, the European Central Bank (ECB) kept the three key interest rates unchanged at the March meeting. Notably in the accompanying press release, inflation has been revised downwards for 2024, primarily due to lower energy prices. UOB economists are calling for the first rate cut to be on the 18 Jul meeting, following our expectations of a Fed hike in June. Thereafter, we expect a 4 25bps cuts by the end of 2024.

With that, we have moderated our bullish EUR/USD view. Our updated EUR/USD forecasts now stand at 1.10 in 2Q24, 1.11 in 3Q24, 1.12 in 4Q24 and 1.13 in 1Q25.

Against this backdrop, **we are Neutral on the EUR on the 3- to 6-month basis and Overweight for 6- to 12-month horizon.**

Closing of Eurozone-US yield gap to support EUR strength in 2024



Source: Macrobond, UOB Private Bank

FX Views - AUD

Click here for content page

AUD to be boosted by stronger CNY and renewed USD weakness

AUD: [3-6m:= 6-12m:↑] As concerns over China's economy grew, the AUD/USD dipped to 0.65 from 0.68 between January and February this year. That said, we believe that more policy support will come through from the Chinese authorities to rejuvenate the economy, hence boosting the CNY and therefore the proxy AUD.

Renewed USD weakness as the Fed embarks on its rate cut cycle in 2024 points to scope for further AUD upside as well. While short-term volatility may persist, we maintain the view of a higher AUD/USD for the rest of 2024.

Our UOB economists forecast the AUD to reach 0.67/USD in 2Q24, and onward to 0.69/USD in 4Q24.

We are Neutral on the AUD on a 3- to 6-month basis, but Overweight over a 6- to 12-month horizon.

Stronger AUD expected from positive Chinese spillovers

Source: Macrobond, UOB Private Bank, Macrobond Financial AB

FX Views – SGD

Click here for content page

SGD to appreciate modestly in 2024

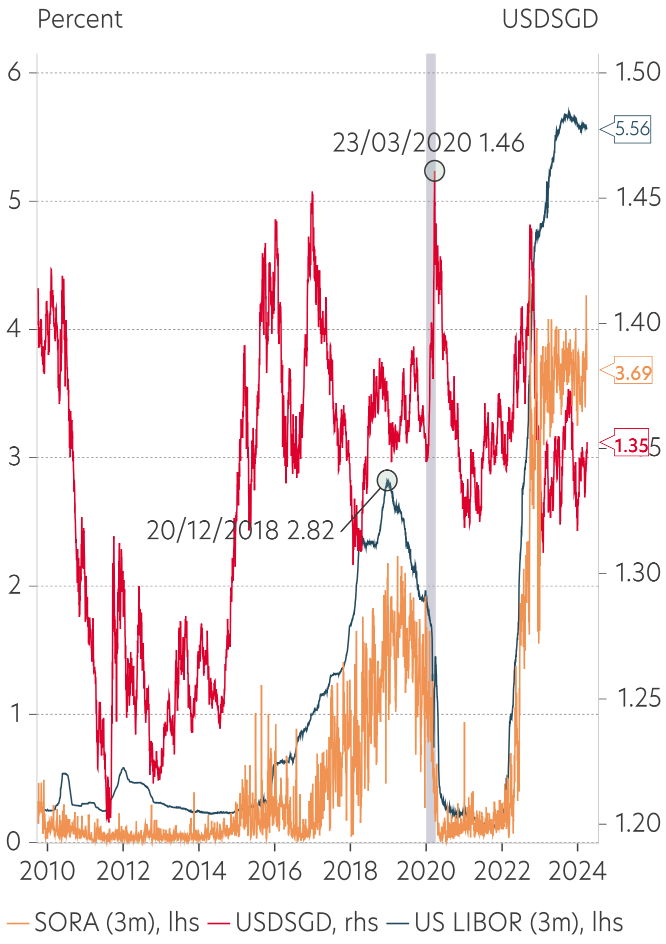
SGD: [3-6m:= 6-12m:↑] Alongside a broad-based Asia FX recovery, our economists expect the SGD to strengthen further against the USD. That said, we believe that the period of its outperformance may be near its end. We expect the MAS to start monetary policy normalisation in the upcoming April 2024 MPS via a slight slope reduction by 0.59% to an estimated 1.0% p.a. This will give room for the S$NEER to normalise lower after a strong performance over the past two years.

As the US economic strength fades and Fed rate cuts come into focus, it is likely that USDSGD has peaked at 1.3764 in early Oct 2023.

Our UOB economists expect the SGD to reach 1.33/USD in 2Q24, onward to 1.32/USD in 3Q24 and 1.31 in 4Q24.

We are Neutral on the SGD on a 3- to 6-month basis, but Overweight over a 6- to 12-month horizon.

Further strengthening in SGD expected



Source: Macrobond, UOB Private Bank, Association of Banks in Singapore, Intercontinental Exchange (ICE), Monetary Authority of Singapore, Macrobond Financial AB, Federal Reserve Bank of New York, Federal Reserve

FX Views – 6 Currency Price Charts

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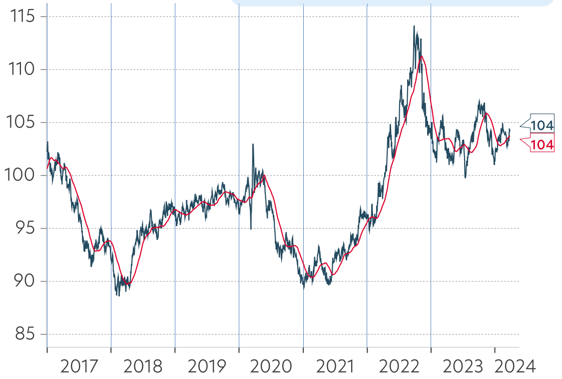
USD Index (DXY)

3-6m:↓ 6-12m:↓



— 50dma — DXY

Source: Macrobond, UOB Private Bank, Macrobond Financial AB, Intercontinental Exchange (ICE)

CNY

3-6m:↑ 6-12m:↑

— 50dma — USDCNY

Source: Macrobond, UOB Private Bank, Macrobond Financial AB

JPY

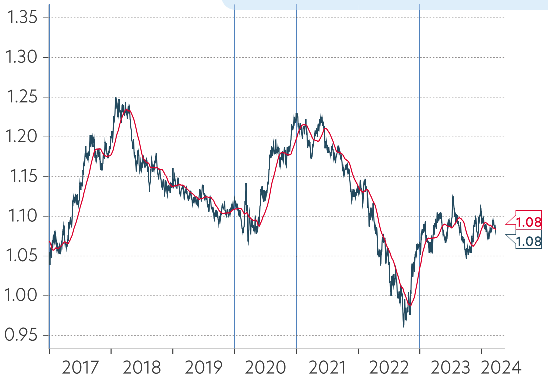
3-6m:↑ 6-12m:↑

— 50dma — USDJPY

Source: Macrobond, UOB Private Bank, Macrobond Financial AB

EUR

3-6m:= 6-12m:↑

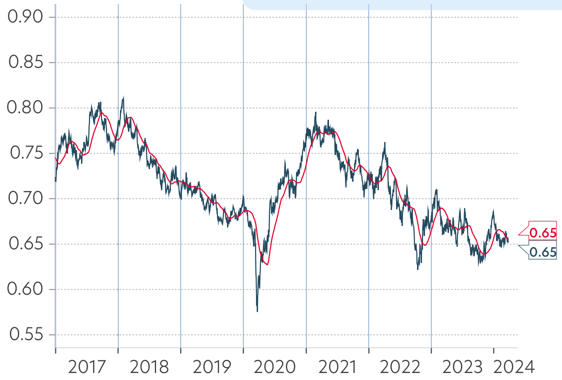


— 50dma — EURUSD

Source: Macrobond, UOB Private Bank, Macrobond Financial AB, Intercontinental Exchange (ICE)

AUD

3-6m:= 6-12m:↑

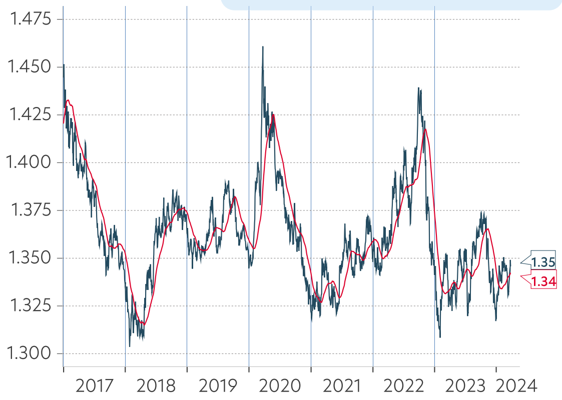


— 50dma — AUDUSD

Source: Macrobond, UOB Private Bank, Macrobond Financial AB, Intercontinental Exchange (ICE)

SGD

3-6m:= 6-12m:↑



— 50dma — USDSGD

Source: Macrobond, UOB Private Bank, Macrobond Financial AB

FX Performances versus the USD

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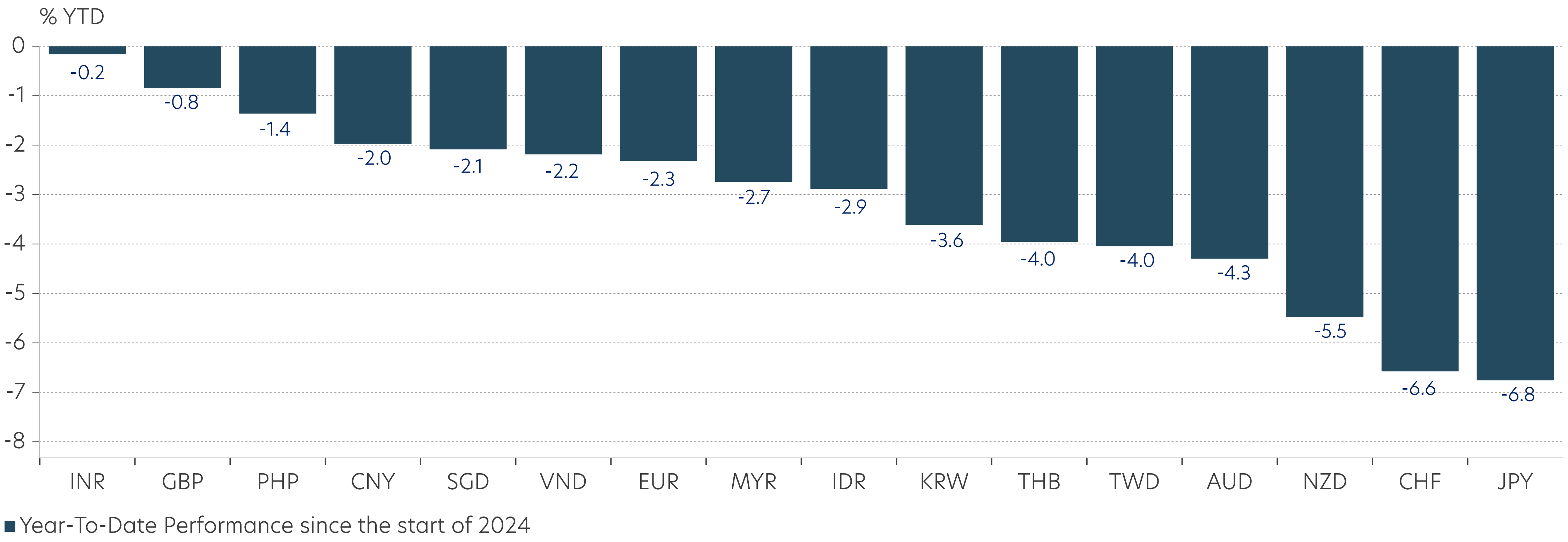
Performance of Selected Currencies Against USD (2024)



Source: Macrobond, UOB Private Bank, Macrobond Financial AB, Intercontinental Exchange (ICE)

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