

MONTHLY BULLETIN

July 2024



Monthly Perspective

"History shows us, over and over, that bull markets can go well beyond rational valuation levels as long as the outlook for future earnings is positive" – Peter Bernstein.

In June, US equities maintained their positive streak, closing out a strong first half of the year. The S&P 500 posted a 3.47% gain for the month, and the Nasdaq surged by 5.96%, despite the Fed keeping interest rates unchanged and the rising risk of no rate cuts in 2024. The Dow Jones Industrial Average edged up by 1.2%, with large caps outperforming, as evidenced by the Russell 1000 Index's 3.3% gain versus the Russell 2000 Index's 0.9% decline. The S&P 500 market cap increased by \$1.546 trillion in June alone, even as trading volume was 4% lower year-on-year. Wall Street seems immune to Fed policy, while high Fed fund rates seem to impact emerging markets more. Another interesting observation is by stripping the 'Magnificent Seven' stocks out of the S&P 500, the gains in June will reduce to 0.99%, raising questions about the sustainability of further rallies.

In the corporate sector, the S&P 500's Q1 2024 earnings were largely positive, with 77.0% of companies beating operating earnings estimates and 58.7% exceeding sales expectations. The outlook for Q2 2024 is optimistic, with earnings expected to increase by 6.6% over Q1 2024 and 6.1% over Q2 2023, potentially setting a new operating earnings record.

Notable corporate performers in the first half of 2024 included Super Micro Computer (SMCI), up 187%, NVIDIA (NVDA), up 150%, and Carnival (CCL), which surged 24% in June alone. Conversely, laggards included Walgreens Boots Alliance (WBA), down 54%, Lululemon Athletica (LULU), down 42%, and Intel (INTC), down 38%.

In the Asia-Pacific region, US-friendly countries such as Japan, Taiwan, and South Korea continue to

attract the bulk of foreign inflows, as evidenced by significant year-to-date gains in the first half of the year. Meanwhile, US-unfriendly nations like China and Hong Kong struggle with internal and external challenges despite numerous supportive measures from China. The rest of Asia is mired in mixed trading amid weak local currencies and a lack of substantial foreign inflows. India offers attractive returns, but participation in its local stock market remains challenging for foreign investors.

June set a positive momentum for July, which is historically one of the best-performing months of the year for the stock market. Let's see how Wall Street positions AI for more gains.



From the News Desk to the Investment Team

- Nvidia announces next-generation Rubin AI platform for 2026 – 2nd Jun
- China's spacecraft takes off from moon with first samples from lunar far side – 3rd Jun
- Chinese businesses target Vietnam and Mexico as trade tensions with US rise – 3rd Jun
- Airbus CEO blame US for trade war rather than China in old Boeing flare-up – 4th Jun
- Thai stocks hit by stubbornly high rates – 7th Jun
- US pushes for \$50 billion loan to Ukraine using frozen Russian assets – 10th Jun
- Japan Q1 GDP revised up marginally to annualized 1.8% contraction – 10th Jun
- Mark Zandi of Moody's sees US financial system shaking as economic data get weird – 11th Jun
- UK monthly GDP is estimated to have no growth in April 2024 verses +0.4% in March – 12th Jun
- UK weaponizing judicial influence against Hong Kong and China – 12th Jun
- EU tariffs on China EVs to reach as high as 48% with new levies – 13th Jun
- US tops China as ASEANs largest export destination – 13th Jun
- Thailand willing to join BRICS as soon as possible, says top diplomat – 13th Jun
- US pressures allies Japan, Netherlands to curb China's AI chip progress – 19th Jun
- Fed Kashkari says inflation target may take two years to reach – 20th Jun
- Japan Business activity falls in June – 21st Jun
- Annual US deficit is likely to hit \$1.9 trillion for 2024, latest estimate from CBO – 22nd Jun
- China to create fund to rescue financial companies – 24th Jun
- Latest polling shows UK Labour likely to win landslide at next week's election – 27th Jun
- India market regulator warns of rising risks from derivatives trading frenzy – 27th Jun
- Calls for Biden to stand aside grow after shaky debate performance against Trump – 28th Jun



Market Overview

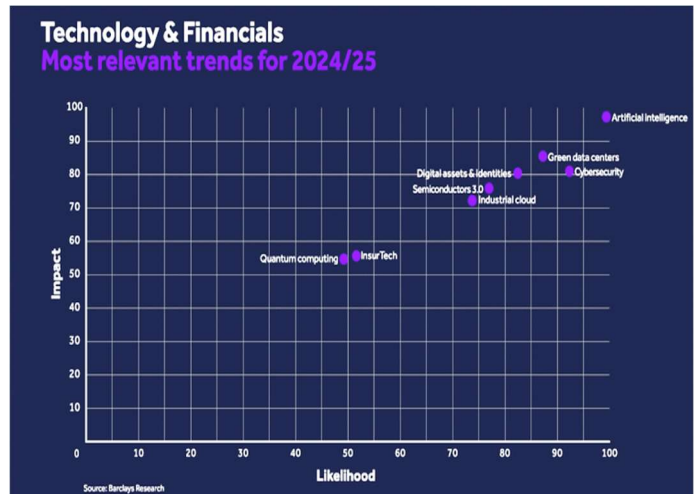
Market Watch

Equity Market Indexes	28-Jun-24	MTD ▲	YTD ▲
MSCI Global Index	802.01	2.10%	10.32%
S&P500	5,460.48	3.47%	14.48%
S&P500 ex Magnificent 7	112.74	0.99%	7.28%
Nasdaq	17,732.60	5.96%	18.13%
Mega Cap Tech	271.75	11.11%	42.74%
Japan TOPIX	2,809.63	1.34%	18.73%
MSCI Taiwan	933.22	11.70%	35.91%
MSCI Korea	883.48	7.88%	6.34%
MSCI Australia	1,561.97	1.44%	2.65%
Hang Seng Index	17,718.61	-2.00%	3.94%
China CSI 300 Index	3,461.66	-3.30%	0.89%
MSCI Singapore	1,463.46	1.11%	9.59%
iEdge Singapore REIT	999.06	-0.44%	-12.28%
MSCI India	2,902.08	6.76%	16.67%
MSCI Thailand	436.50	-2.26%	-7.71%
MSCI Emerging Markets	1,086.25	3.55%	6.11%
S&P APAC REIT USD	1,079.21	-1.29%	-7.17%
Fixed Income			
US 2 year Treasuries	4.75 %	-2.45%	11.85%
US 10 year Treasuries	4.40 %	-2.28%	13.33%
BBG US Agg.Corp Spread	3,205.37	0.64%	-0.49%
BBG US HY Corp Spread	2,544.05	0.94%	2.58%
Currencies			
US Dollar Index	104.67	-1.46%	3.29%
EUR	1.0713	-1.24%	-2.95%
GBP	1.2645	-0.76%	-0.68%
AUD	0.6670	0.26%	-2.08%
NZD	0.6092	-0.83%	-3.59%
JPY	160.88	-2.27%	-14.07%
SGD	1.3560	-0.36%	-2.70%
CNY (HK)	7.2993	-0.50%	-2.43%
KRW	1,376.50	0.61%	-6.86%
TWD	32.44	-0.07%	-5.63%
THB	36.702	0.23%	-7.50%
BRL	5.5940	-6.63%	-11.57%
Commodities			
WTI Oil	81.54	5.91%	13.80%
Gold	2,326.75	-0.02%	12.79%
Silver	29.14	-4.16%	22.47%
Baltic Dry Index	2,050.00	12.95%	-2.10%



Chart of the Month

The power of AI continues to drive the S&P 500 and Nasdaq to record highs as Wall Street expands the hype surrounding AI. Barclays Research has provided an intriguing trend forecast for 2024/25, highlighting the immediate impact of AI. As shown in the right-hand chart, following the Artificial Intelligence trend, the next areas likely to be targeted by Wall Street's AI enthusiasts include Green Data Centers, Cybersecurity, Semiconductors, Industrial Cloud, InsurTech, and Quantum Computing..



New Dimensions Capital

Capitalizing on school holiday travel trends

In June, the mid-year school holiday becomes an important break for our colleagues in NDC with school-aged children. This holiday stretches for about four weeks and marks the peak season for Singaporeans to visit popular tourist attractions. One notable trend during this holiday is the significant number of people traveling abroad, which led me to explore more data on travel patterns.

According to data provided by the Association of Asia Pacific Airlines (AAPA), June saw Asia-Pacific carriers fly 23.2 million international passengers, compared to 8.9 million a year earlier. Travelers are back with a vengeance, with passenger load factors across the region climbing 3.6 percentage points to 82.2%. In the first half of the year, the number of international passengers carried by Asian airlines quadrupled to a combined total of 120 million, driven by an upsurge in leisure and business travel.

Seeing is believing, and I believe investors can prudently add selective Asian airlines and travel-related stocks back into their portfolios, especially with COVID-19 largely behind us. If you are interested in discussing the allocation and selection in detail, NDC would be happy to arrange an in-depth meeting with you.

Holidays are always beautiful, and they can be even more so when we make some financial gains from them.

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