

MONTHLY BULLETIN

August 2024



Monthly Perspective

"You make the most of your money in a bear market, you just don't realise it at the time"
– Shelby Cullom Davis

US equities started strong in early July, with the S&P 500 benefiting from Fed Chairman Powell's comments supporting the rate cut narrative, reaching a new record high by mid-month on softer US CPI data. In total, seven new record highs were created in the S&P 500 in July. Historically, July has been one of the strongest months for the U.S. stock market. However, starting from July 17, the market turned. Political uncertainties, triggered by President Biden stepping down from the re-election bid and mixed earnings from Big Tech companies, led to a big-cap sell-off. Alphabet and Microsoft's earnings failed to convince Wall Street that AI is paying off yet. We observed a reallocation to small caps from large caps, with some buying and bottom fishing supporting the market at month-end. The S&P 500 managed to close positively at 1.13%, while the Nasdaq closed lower. Overall sentiment in the last week of July suggests trouble, especially as August is historically a sideways month.

After several months of steep uptrends in US equities, it is normal to expect a short-term correction, and August could finally be the month for a decent pull-back. Based on the fast and furious uptrend, a correction of 10%-15% could be expected and should be viewed as an opportunity to pick quality companies, especially when the Fed still has the option to cut rates to rescue the US market.

In the Asia Pacific region, the markets in Japan, South Korea, and Taiwan have been closely tracking the US market. Any correction in US stocks could likely lead to sell-offs in these "affiliated" markets. Chinese stocks continue to underperform as sentiment is affected by foreign outflows. Warren Buffett's sale of BYD shares, despite the company's good news, is a bad signal for the market. This clearly points to a US/China trade war problem. Chinese stocks, especially those with businesses outside of China, will be prime targets for US administration containment, fairly or unfairly. Trade bullying is likely to deter the growth of strong Chinese companies in the near future until China can decouple from US control. Australia and New Zealand may face challenges as commodity prices weaken, but I expect prices not to stay weak for long as global consumption remains strong. I anticipate more volatility in ASEAN countries as the US market pulls back, viewing this as an opportunity to pick up quality companies if the reshuffle happens. I expect risks in August but equally anticipate more opportunities.



From the News Desk to the Investment Team

- US June Nonfarm Payroll 206k vs exp 190k, last of 272k adjusted down to 216k; Unemployment Rate 4.1% vs last 4.0% - 5th Jul
- New UK PM Starmer begins 'rebuild' after landslide election win – 6th Jul
- Private credit funds with no skin in the game is a worry – 7th Jul
- Hedge flow hedge funds buy commodity stocks at fastest pace in 5 month, says Goldman – 8th Jul
- American's reckless borrowing is a danger to its economy, and the world – 9th Jul
- Porsche AG reports sharp fall in China deliveries – 9th Jul
- China's passenger car exports up 28% in June – 10th Jul
- US Fed Powell cites slowing job market in signal rate cuts may be coming – 10th Jul
- China Jun CPI 0.2% vs exp 0.4% - 10th Jul
- US CPI y/y 3.0% vs exp 3.1% - 11th Jul
- Biden mistakenly introduces Zelenskyy as Putin at NATO summit – 12th Jul
- China Exports y/y 8.6% vs last 7.6% while Imports -2.3% vs last 1.8% - 12th Jul
- China Q2 GDP y/y 4.7% vs exp 5.1%, last 5.3% - 15th Jul
- European companies cut jobs as economy sputters – 16th Jul
- Malaysia will be Asia's third largest data center market, after Japan and India – 16th Jul
- Singapore GDP up 2.7% in Q1 2024 – 17th Jul
- US floats tougher trade rules to rein in China chip industry – 17th Jul
- ECB keeps interest rate at 3.75% - 18th Jul
- Joe Biden drops re-election bid and endorses Harris as nominee – 21st Jul
- Global IT outage could take weeks to resolve, expert warns – 21st Jul
- US Q2 GDP 2.8% vs exp 2.0% - 25th Jul



Market Overview

Market Watch

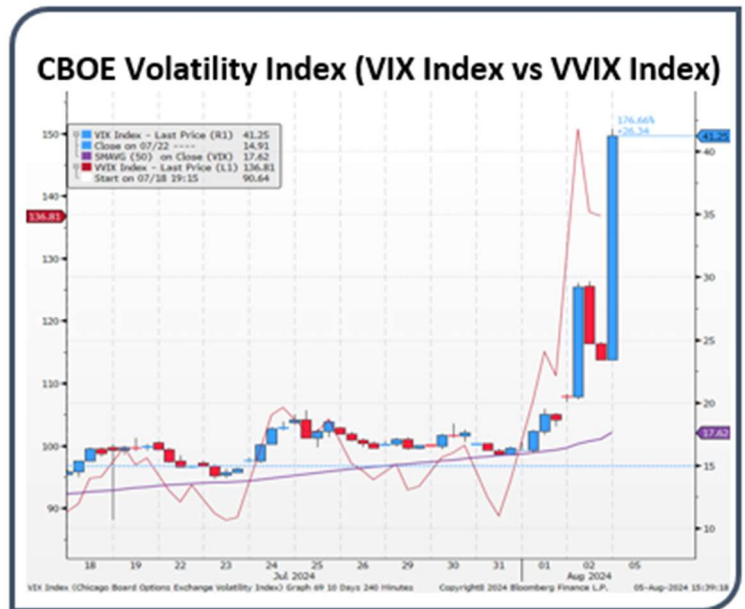
Equity Market Indexes	31-Jul-24	MTD ▲	YTD ▲
MSCI Global Index	814.16	1.51%	11.99%
S&P500	5,522.30	1.13%	15.78%
S&P500 ex Magnificent 7	116.00	2.89%	10.38%
Nasdaq	17,599.40	-0.75%	17.24%
Mega Cap Tech	267.95	-1.40%	40.74%
Japan TOPIX	2,794.26	-0.55%	18.08%
MSCI Taiwan	898.65	-3.70%	30.87%
MSCI Korea	879.43	-0.46%	5.86%
MSCI Australia	1,624.13	3.98%	6.73%
Hang Seng Index	17,344.60	-2.11%	1.74%
China CSI 300 Index	3,442.08	-0.57%	0.32%
MSCI Singapore	1,487.48	1.64%	11.39%
iEdge Singapore REIT	1,030.89	5.32%	-9.48%
MSCI India	3,026.89	4.30%	21.68%
MSCI Thailand	448.66	2.79%	-5.14%
MSCI Emerging Markets	1,084.77	-0.14%	5.96%
S&P APAC REIT USD	1,143.99	6.00%	-1.60%
Fixed Income			
US 2 year Treasuries	4.26 %	-10.43%	0.18%
US 10 year Treasuries	4.03 %	-8.34%	3.88%
BBG US Agg.Corp Spread	3,281.77	2.38%	1.89%
BBG US HY Corp Spread	2,593.51	1.94%	4.58%
Currencies			
US Dollar Index	104.10	-1.67%	2.73%
EUR	1.0826	1.05%	-1.93%
GBP	1.2856	1.67%	0.98%
AUD	0.6542	-1.92%	-3.96%
NZD	0.5951	-2.31%	-5.82%
JPY	149.98	6.78%	-6.34%
SGD	1.3360	1.47%	-1.19%
CNY (HK)	7.2270	0.99%	-1.42%
KRW	1,371.20	0.39%	-6.45%
TWD	32.84	-1.25%	-6.95%
THB	35.650	2.87%	-4.42%
BRL	5.6505	-1.01%	-12.69%
Commodities			
WTI Oil	77.91	-4.45%	8.74%
Gold	2,447.60	5.19%	18.64%
Silver	29.01	-0.47%	21.90%
Baltic Dry Index	1,708.00	-16.68%	-18.43%





Chart of the Month

Volatility surged in July due to a series of unexpected events, including an assassination attempt on former President Donald Trump, current President Biden stepping down from re-election, and a global tech outage caused by CrowdStrike, which disrupted industries such as airlines, hospitals, and financial institutions. The political uncertainty from these events is likely to remain a focal point for the rest of the year. Meanwhile, investors are closely watching the earnings season to determine if stocks can continue their upward trend.



A key indicator of stock-market volatility has reached levels that historically signal a near-term bottom for the S&P 500. As global equities decline, investors are increasingly buying options to protect against further selloffs, especially after weaker-than-expected job growth on Friday heightened concerns that the Federal Reserve may be delaying necessary interest rate cuts. This uncertainty is reflected in the inversion of futures on the Cboe Volatility Index (VIX), indicating that immediate concerns are outweighing future risks..



New Dimensions Capital

National Parent's Day

Few people know that National Parent's Day is observed on the fourth Sunday in July. Made official by the United Nations, it has been honored in the United States since 1994. Similar to Mother's or Father's Day in Asia, it is a day to celebrate and honor all parents for their vital role in their children's lives and their efforts in strengthening family bonds. In 2024, it falls on July 28. Parents' unconditional love and sacrifices for their children are immeasurable, making it the perfect time for children to show their gratitude.

Beyond spending quality time with my parents, one of the greatest lessons they have imparted is financial wisdom. Witnessing my dad's journey from riches to bankruptcy and his gradual rebuilding of our family home taught me the importance of careful financial planning. From budgeting for food, mortgages, and living expenses, my mom also emphasized the importance of saving for unforeseen circumstances. She always said, "The best time to start saving was 20 years ago; the second best time is now."

When I reached the age of investing, my mom would remind me, "You must be willing to put in the effort to learn the art of wealth accumulation because 'nothing comes free' and 'the horse will not grow fat without any night feeding of grasses.'" These words have always stayed with me.

A good financial education is as crucial as accumulating knowledge. Being equipped to handle the financial needs of a family ensures stability and peace in the face of life's challenges. At New Dimensions Capital, we strongly believe in wealth planning for today, for tomorrow, and for the next generation to come.

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