

MONTHLY BULLETIN

September 2024



Monthly Perspective

"My approach works not by making valid predictions but by allowing me to correct false ones" – George Soros

The tremors from the mid-July selloff reverberated through to the first week of August, as weaker US nonfarm payroll data ignited a wave of risk-averse trading. The Federal Reserve eventually stepped in to stabilize the markets, with both the Fed minutes and Chair Jerome Powell's speech at Jackson Hole signaling a potential rate cut on the horizon. As a result, speculation about a September Fed cut intensified, and this time, smaller-cap stocks experienced a notable rebound, outshining the usual "Magnificent 7" tech giants.

By the end of August, a positive revision to US GDP figures propelled the S&P 500 higher, though it remained well below its all-time peak. The below-the-expected earnings forecast from Nvidia and other Magnificent 7 stocks seemed to be a key factor, with the market continuing to test upsides but struggling to attract buyers beyond record levels.

In terms of monthly performance, the S&P 500 still recorded a solid increase of 2.28%, while the Nasdaq lagged slightly with a gain of just 0.65%. Small-cap stocks were notably active, with significant trading activity involving the Magnificent 7, which contributed 3.22% to the S&P 500's gains. Despite all the noise on small cap stocks, the tech giants continued to dominate investor attention.

Across the Asia-Pacific region, Japan's TOPIX index experienced a correction, influenced by a stronger yen, while South Korean stocks fell as tech suppliers were hit by Nvidia's lower-than-expected earnings forecast. In contrast, Hong Kong stocks saw a technical rebound, whereas Chinese equities stumbled due to insufficient government support to defend against foreigners sell-off pressure. Singaporean REITs drew some interest on hopes of a Fed rate cut, although the enthusiasm was limited to a few selected REITs rather than a broad sector-wide rally.

Gold maintained its upward momentum on the global stage, buoyed by strong demand from China and India and heightened geopolitical tensions in the Middle East, keeping prices steady around \$2,500. Silver, however, displayed more volatility, reflecting the fluctuations in market sentiment.

Learning from the reaction from the ground, the market is strongly expecting Fed to cut 25bps in September FOMC if the September employment data comes in within expectation and the bets grow to 50bps if September employment slow down further. And on the other hand, market is also expecting BOJ to hike rate which may cause JPY to strengthen further. Balancing between cautious optimism and strategic positioning will be crucial as the landscape continues to evolve.



From the News Desk to the Investment Team

- China Caixin Manufacturing PMI 49.8 vs expectation 51.5 – 1st Aug
- BOE cuts rates by 25bps to 5.00% - 1st Aug
- US July Nonfarm Payroll 114k vs exp 175k, unemployment rate 4.3% vs exp 4.1% – 2nd Aug
- UBS remain positive in commodities, raise precious metals sector to overweight – 11th Aug
- ECB to cut rate six times by end of 2025, survey shows – 12th Aug
- US PPI (y/y) 2.2% vs exp 2.3%, last 2.7% - 13th Aug
- RBNZ cuts rates by 25bps to 5.25% - 14th Aug
- Eurozone Q2 GDP y/y 0.6% vs exp 0.6%, last 0.6% - 14th Aug
- Japan Q2 GDP 3.1% annualized vs exp 2.1% - 14th Aug
- China Industrial Production y/y 5.1% vs exp 5.2%, last 5.3% - 15th Aug
- FOMC minutes point to 'likely' rate cut coming in September – 16th Aug
- Kamala Harris accepts Democrats nomination – 24th Aug
- Fed Powell says 'time has come' for Fed to cut interest rates – 24th Aug
- US industry seeks easing of steep Biden-Harris's China tariff hikes – 27th Aug
- MSCI cuts China stocks again in global indices rebalance – 27th Aug
- Germany Q2 GDP y/y 0.0% vs expectation -0.1%, previous -0.1% - 27th Aug
- New York family office seeks private infrastructure investment – 28th Aug
- Australia Monthly Consumer Price Index y/y 3.5% vs exp 3.4% - 28th Aug
- A trade war between EU and China would be disaster for Europe – 29th Aug
- US GDP growth for Q2 revised higher to 3.0% vs expected 2.8% - 29th Aug
- Singapore prime rents decline 4.8% y/y in Q2 – 30th Aug



Market Overview

Market Watch

Equity Market Indexes	30-Aug-24	MTD ▲	YTD ▲
MSCI Global Index	833.68	2.40%	14.67%
S&P500	5,648.40	2.28%	18.42%
S&P500 ex Magnificent 7	119.73	3.22%	13.93%
Nasdaq	17,713.62	0.65%	18.00%
Mega Cap Tech	269.40	0.54%	41.51%
Japan TOPIX	2,712.63	-2.92%	14.63%
MSCI Taiwan	902.81	0.46%	31.48%
MSCI Korea	834.40	-5.12%	0.44%
MSCI Australia	1,622.38	-0.11%	6.61%
Hang Seng Index	17,989.07	3.72%	5.52%
China CSI 300 Index	3,321.43	-3.51%	-3.20%
MSCI Singapore	1,498.38	0.73%	12.21%
iEdge Singapore REIT	1,078.75	4.64%	-5.28%
MSCI India	3,058.99	1.06%	22.97%
MSCI Thailand	462.33	3.05%	-2.25%
MSCI Emerging Markets	1,099.92	1.40%	7.44%
S&P APAC REIT USD	1,216.94	6.38%	4.68%
Fixed Income			
US 2 year Treasuries	3.92 %	-8.01%	-7.84%
US 10 year Treasuries	3.90 %	-3.13%	0.63%
BBG US Agg.Corp Spread	3,333.38	1.57%	3.49%
BBG US HY Corp Spread	2,635.81	1.63%	6.28%
Currencies			
US Dollar Index	101.70	-2.30%	0.36%
EUR	1.1048	2.05%	0.08%
GBP	1.3127	2.11%	3.11%
AUD	0.6765	3.41%	-0.69%
NZD	0.6249	5.01%	-1.11%
JPY	146.17	2.54%	-3.64%
SGD	1.3067	2.19%	1.03%
CNY (HK)	7.0900	1.90%	0.50%
KRW	1,337.80	2.44%	-3.86%
TWD	32.84	-1.25%	-6.95%
THB	33.860	5.02%	0.82%
BRL	5.6068	0.77%	-11.82%
Commodities			
WTI Oil	73.55	-5.60%	2.65%
Gold	2,503.39	2.28%	21.35%
Silver	28.86	-0.49%	21.30%
Baltic Dry Index	1,814.00	6.21%	-13.37%



Chart of the Month



A comparison of market capitalization from 2005 to 2024 reveals that U.S. tech giants, Apple and Microsoft, have outgrown the full market capitalizations of entire countries, such as the UK and Germany. This demonstrates the dominant role these companies now play in global markets and their outsized influence on the economy.

Key Insights:

- **Tech Dominance:** Apple and Microsoft's immense growth reflects global reliance on technology, positioning these companies as leaders in both innovation and market performance.
- **Resilience:** Despite economic downturns, these companies have remained robust, underlining the value of investing in market leaders that consistently adapt and innovate.
- **U.S. Outperformance:** U.S. markets, driven by tech stocks, have consistently outperformed global peers. However, this concentration presents risks if any major tech stock falters.

Investment Lessons:

- **Bet on Innovation:** Companies leading in innovation, like Apple and Microsoft, have delivered significant long-term gains.
- **Diversification:** While U.S. tech stocks have performed well, broad diversification across sectors and geographies helps mitigate risk.
- **Long-Term Patience:** The impressive growth of these companies unfolded over two decades, reinforcing the importance of long-term investing.

- Focus on Secular Trends: Digital transformation and tech innovation were key drivers of growth. Identifying similar trends can yield future opportunities. Inversion of futures on the Cboe Volatility Index (VIX), indicating that immediate concerns are outweighing future risks..

Conclusion:

The rise of Apple and Microsoft highlights the importance of recognizing industry leaders, maintaining patience, and balancing exposure through diversification. While tech dominance continues to shape markets, broad investment strategies remain essential for managing risk.



New Dimensions Capital

National Day

In August, Singapore celebrated its 59th National Day, with over 27,000 people gathering at the Padang for a spectacular parade, undeterred by the rain and humidity. This spirit of resilience and unity mirrors Singapore's first National Day parade in 1966, when the event pressed on despite the rain, symbolizing the country's determination and solidarity as a young nation.



Drawing inspiration from Prime Minister Lee Kuan Yew's 1966 National Day message, three core principles have shaped the foundation of our financial services philosophy:

- Resilience and Progress
Just as Singapore's community continues to forge ahead with fresh achievements, we remain committed to helping our clients navigate challenges and seek new financial opportunities. Our approach is rooted in the belief that resilience is essential to long-term success, both for our clients and our firm.

- **Mutual Cooperation**
Singapore's success has always been built on cooperation for mutual benefit, and this is central to how we work with clients. By fostering collaborative relationships and aligning our strategies with their goals, we create tailored financial solutions that benefit all parties.
- **A Forward-Looking Mindset**
As PM Lee Kuan Yew emphasized in 1966, we must never take the future for granted. In financial services, this means continuously innovating and adapting to evolving market conditions to ensure that we safeguard and grow our clients' wealth for future generations.

The determination seen in the 1966 and 2024 parades serves as a reminder that persistence, cooperation, and foresight are vital to achieving success. Just as the National Day celebrations unite the country, these principles unite our team in our commitment to serve and guide our clients toward their financial goals with excellence.

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