Manulife
Investment Management

# Investment Insights
2Q 2024

## Bite-Size Macro

- The US released a series of robust economic data, including impressive job numbers and blowout GDP print, bolstering market sentiment
- This wave of optimism fuelled a remarkable start for global equity markets in 2024, with all three major US stock indices reaching record-breaking new highs. NVIDIA's stellar earnings results triggered a rally in global tech stocks in February
- However, the strong labour market conditions and persistent inflation shifted market expectations on the timing and magnitude of US rate cuts, leading to a selloff in global bond markets in Q1 2024
- Oil prices spiked to around $90 due to supply concerns and tensions in the Middle East
- Gold prices surged to new highs, climbing 8.2% YTD March driven by its safe haven appeal & prospects of interest rate cuts
- UK economy slipped into a technical recession after posting 2 consecutive quarters of negative GDP growth in 2H 2023
- China sets a GDP growth target of "around 5%" for 2024. Chinese government plans to extend support for struggling local governments

  PBoC cut its 5-year loan prime rate by 25bps from 4.20% to 3.95% to further support the struggling Chinese property sector

## Bite Size Malaysia

- GDP expanded at a slower pace of 3% in Q4 2023 due to declining exports, contributing to an overall annual GDP expansion of 3.7% for 2023
- GDP growth is expected to improve to 4% - 5% in 2024 driven by recovery in exports and resilient domestic expenditure
- Headline inflation remains well under 2% for YoY January and February, inflation expected to remain modest in 2024, reflecting stable cost and demand conditions
- BNM kept interest rates unchanged at 3.00% in Q1, implied future decisions would remain data-dependent
- BNM is committed to maintaining the strength of the MYR and stands ready to intervene in response to its recent weakness against the USD

## Outlook & Strategy

- Malaysia's equity market started 2024 strong, finishing as one of the best performing market in the region in Q1. Our focus remains on attractively-valued dividend-yielding stocks with strong fundamentals and sound ESG practices
- Positive medium-term outlook for the local bond market, bolstered by expectations of rate cuts and monetary easing in major economies, especially in 2H 2024. Short-term volatility in MGS may arise from movements in the UST and global/regional risk sentiment changes

## BOLO: Be On The Lookout

- MYR's weakness
- Malaysia's 2024 targeted subsidy rollout
- US labour market & inflation
- China's economic data releases
- Russia-Ukraine, Russia-Ukraine, US-China, Israel-Hamas geopolitical developments

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