SIGNIA INVEST

SIGNIA INVEST VIEWPOINTS

FROM THE CHIEF INVESTMENT OFFICER

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Reaching the Powell High Plains

"If it moves, tax it. If it keeps moving, regulate it. If it stops moving, subsidize it." ***Ronald Reagan***

SUMMARY

- This year's sharp rebound in growth stocks was an aberration within a trend of slowing growth.
- Stimulative effects post the March banking crisis are waning, giving way to the tightening forces of dollar, oil, bond yields and QT.
- As expected, a bear-steepening of the yield curve is underway which is likely to be followed by rate cuts next year.
- Leading indicators consistently suggest a recession within six to twelve months.
- Broader equity valuations are beginning to look increasingly attractive while bonds are close to a generational buying opportunity.

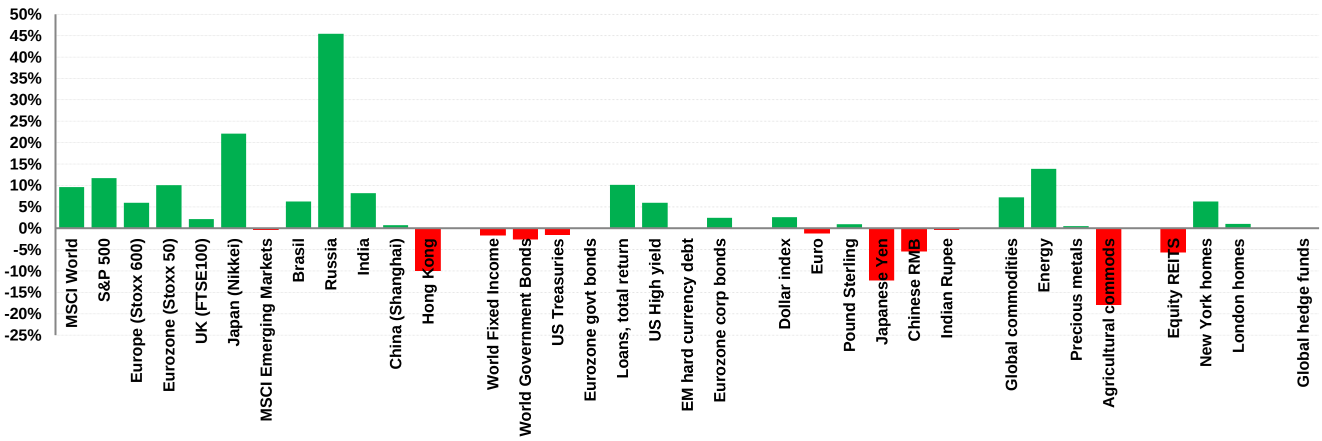
September of this year marked the 25th anniversary of the blowup and liquidation of Long-Term Capital Management (LTCM), which in 1998 went under with total losses amounting to USD4.6bn after several of its strategies in the highly levered fund (up to 250x) came under severe pressure. The incident which caused no external damage is a great example of the non-linear character of losses when investment strategies go awry.

It is also quite remarkable how similar the market environments were then to now:

Russia was in a major (financial) crisis – having caused the implosion of LTCM in the first place; the Fed put a hold on interest rates for around three years after almost doubling them in 1994; there was a large UAW autoworker strike in the summer of 1998; House Republicans wanted to impeach a President (Clinton at the time); the unemployment rate was near its lowest point in the cycle at just over 4% and tech stocks were all the rage.

History sometimes rhymes *and* repeats.

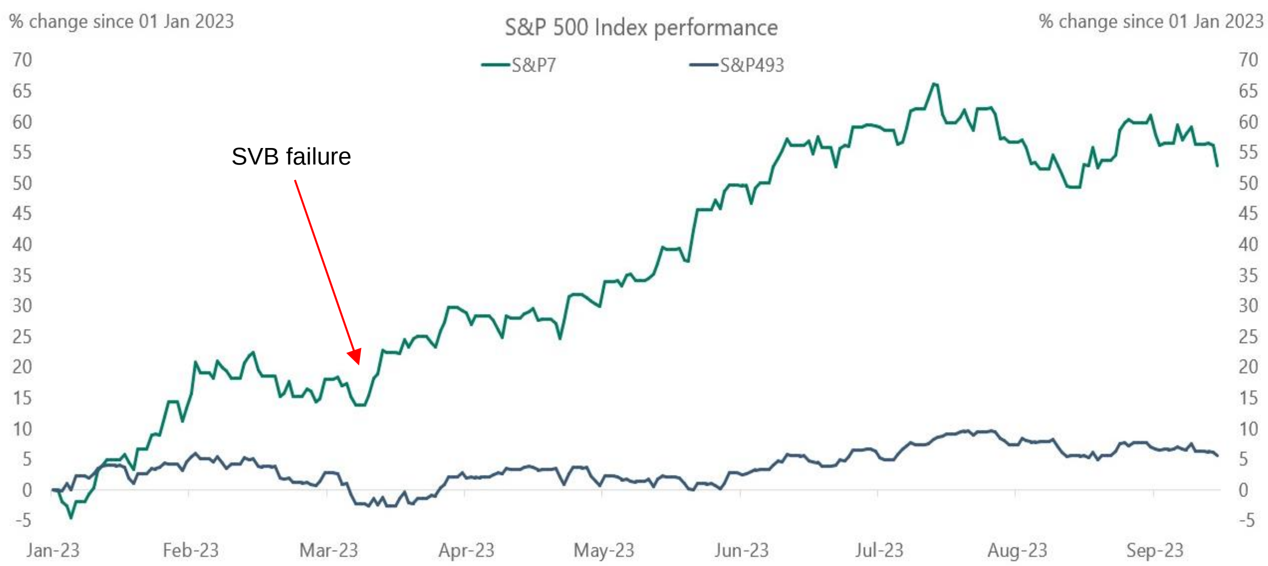
Exhibit 1: Performance of different asset classes in 2023



Sources: Bloomberg Finance L.P., Arbion Ltd., prices as of 29th September 2023, Midjourney

And then there is another striking commonality with 1998: In 2023, we witnessed the narrowest performance of stocks since that year. In other words, the vast majority of market performance can be explained by a handful of names only. In the first nine months of 2023, more than two thirds of the move in the S&P500 was generated by the performance of the top ten stocks only.

Exhibit 2: Performance of the top 7 (S&P7) and remaining 493 (S&P493) names, year-to-date 2023



Source(s): Apollo, Arbion Ltd.

Narrowing it down further, the top seven names generated a performance of more than 50% whilst the rest barely had positive performance so far this year.

Similar to the late 1990s, it is growth stocks that we find in the group of top performers, not necessarily because their fundamentals are suddenly inflecting strongly to the upside but because investors simply buy what worked in the past and "the story" is usually more exciting. There is also the view that growth stocks are fundamentally less susceptible to the gyrations in the real economy.

Exhibit 3: 84% of S&P500 index performance came from the top ten stocks this year to the end of September (lhs) and performance of market cap and equal-weighted indices following episodes of highly concentrated market performance (rhs)

Company	Performance	% of index move
NVIDIA Corp	197.8%	19.0%
Apple Inc	32.3%	16.7%
Microsoft Corp	32.6%	15.5%
Meta Platforms I	149.5%	10.7%
Amazon.com In	51.3%	10.2%
Tesla Inc	103.1%	9.1%
Alphabet Inc	48.3%	6.8%
Alphabet Inc	48.0%	6.0%
Eli Lilly & Co	51.2%	3.7%
Broadcom Inc	51.5%	3.2%
Adobe Inc	13.4%	2.1%
Average/total	58.1%	83.9%

Date	S&P500 concentration (HHI)*	6-month HHI change	6m forward perf SPX-SPW	12m forward perf SPX-SPW	6m forward perf SPX	12m forward perf SPX
Aug-20	164.2	54	-11.7%	-11.5%	9.7%	31.1%
Nov-21	161.8	33	-6.5%	-7.9%	-8.9%	-9.2%
Nov-08	99.7	23.5	-11.8%	-15.2%	4.0%	25.4%
Jun-69	185.2	22.9	-1.3%	3.3%	-4.1%	-22.8%
Mar-00	123	22.5	-8.5%	-24.8%	-3.6%	-21.7%
Jun-73	186.7	20.6	-5.0%	-1.1%	-4.8%	-14.5%
Sep-69	188.4	19.4	-0.7%	2.3%	-2.0%	-6.1%
Mar-68	187.3	16.3	-5.0%	-4.9%	15.5%	15.1%
Median	174.7	22.7	-5.8%	-6.4%	-2.8%	-7.7%
Jun-23	172.7	50.2				

* Herfindahl-Hirschman Index

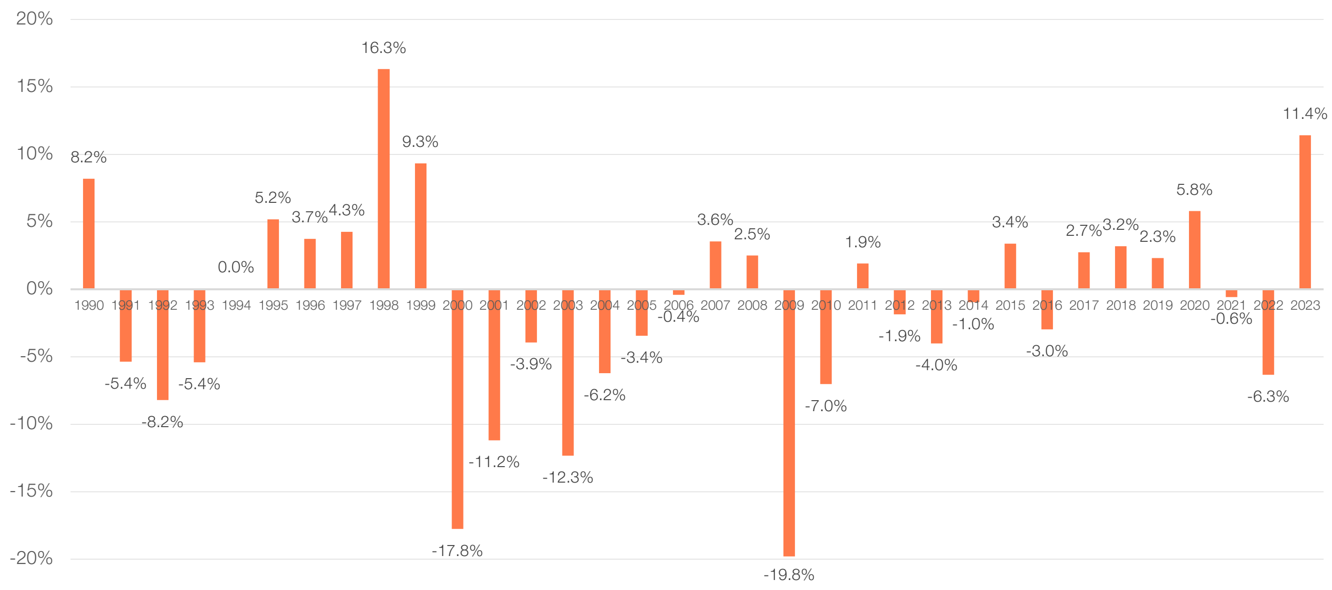
Source(s): Bloomberg Finance L.P., Arbion Ltd., JPM

That may be partially correct, but this does not entail immunity from valuation considerations.

It is important, however, to remember how episodes of very narrow performance leadership typically end. Reviewing the past decades of similar occurrences, one quickly finds that such periods are followed by significant underperformance of market-cap weighted compared to equal-weighted indices; in other words, the small group of top performing names started to underperform meaningfully. This does not mean that such names need to crash but rather generate very low returns for an extended period of time whilst other sectors are catching up.

This differential between these two groups can be tracked in the performance of indices that are either not market-capitalisation weighted (equal weight indices) or less exposed to tech stocks (Dow Jones). The best comparison is between the traditional S&P500 in market-cap weighted versus equal-weight terms.

Exhibit 4: Difference in annual performance between the market-cap weighted (SPX) and the equal-weighted S&P500 (SPW)



Source(s): Bloomberg Finance L.P., Arbion Ltd.

The difference in performance between the two indices is tracking at the highest level since 1998, at 11.4%. For context, the average annual performance difference between the market cap and equal-weighted S&P500 since 1990 was -1%.

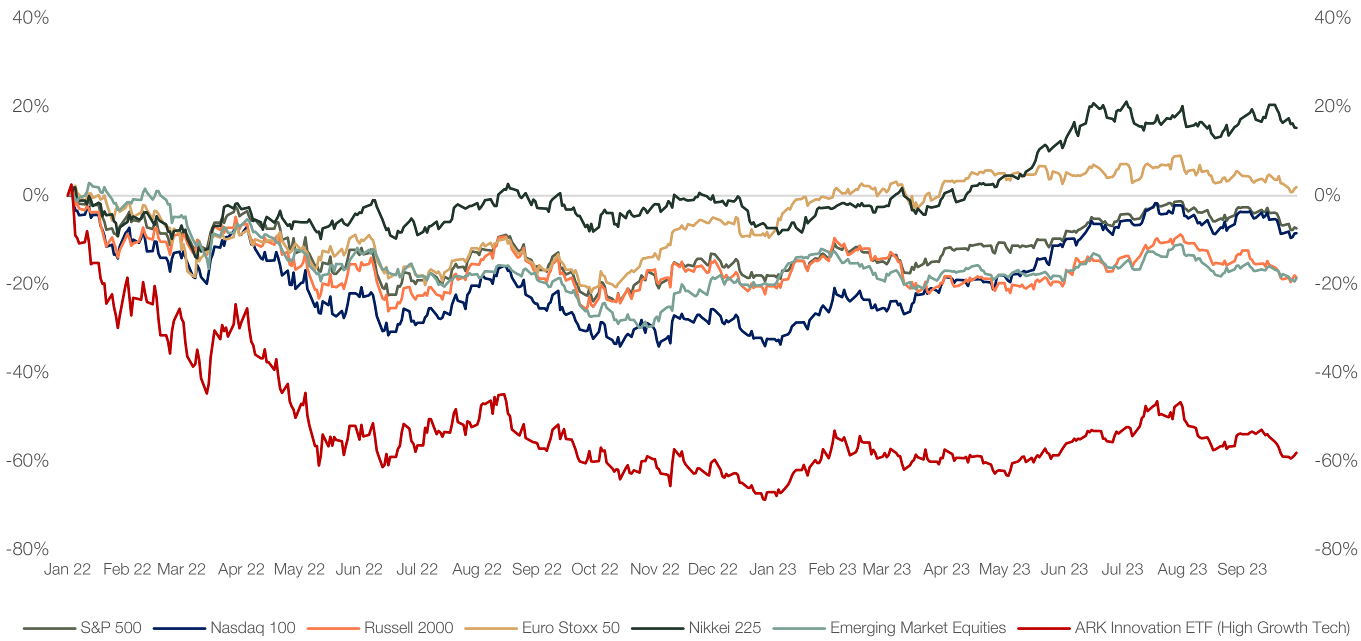
This observation alone does not necessarily entail an outperformance of the other 490 stocks in the index or, for that matter, the broader market. However, it points to an imbalance in the market that is very likely to correct itself in the future as these relationships have mean-reverting tendencies.

What is also clear is that the catalyst for this rally was the banking crisis in the first few weeks of March when Silicon Valley Bank collapsed and Credit Suisse was absorbed by UBS. What followed where liquidity injections into the financial system, supporting the belief that authorities would backstop another crisis, which triggered a risk-on rally. In addition, the emergence of the artificial intelligence (AI) theme helped to provide the fundamental alibi for many stocks to skyrocket in a short period of time.

As a result, since the 12th March, size and growth were the two equity factors that performed the best with dividends and value being amongst the worst performers.

However, it is important to review the context of the current environment and acknowledge that the banking crisis and subsequent liquidity-driven rally was probably just a temporary aberration from other stronger underlying developments.

Exhibit 5: Performance of major markets since 1st Jan 2022

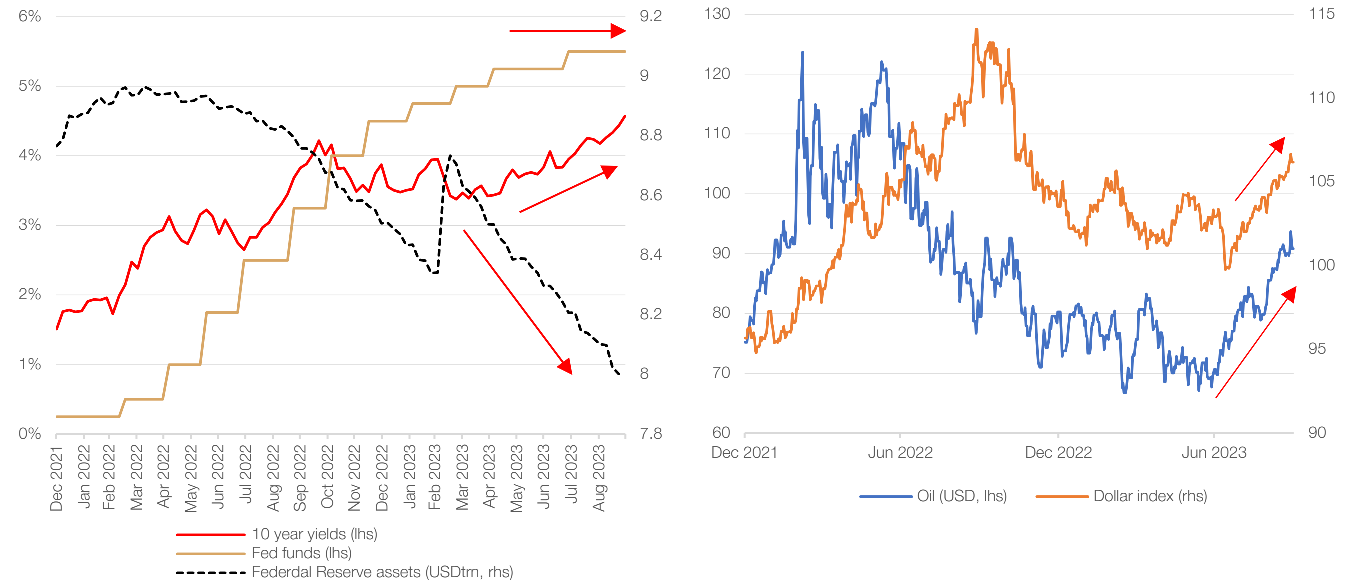


Source(s): Bloomberg Finance L.P., Arbion Ltd.

Most major markets are still underwater from their January 2022 levels. In particular, growth stocks but also emerging markets and small caps performed particularly poorly last year and have not fully recovered these losses yet. High-growth stocks are still more than 50% below their levels since the beginning of 2022, even the S&P500 has not fully regained previous levels. The only markets trading higher are Japan and Europe whereas the former avoided a major drawdown last year and largely traded sideways - the result of rising inflation, stable interest rates and a weakening yen.

The other markets have been under pressure from tightening monetary policies, waning stimulus, a recently strengthening dollar and the continued upward path in oil prices.

Exhibit 6: Four tightening forces at work: 10-year bond yields, declining central bank assets (lhs) and rising dollar and oil prices (rhs)

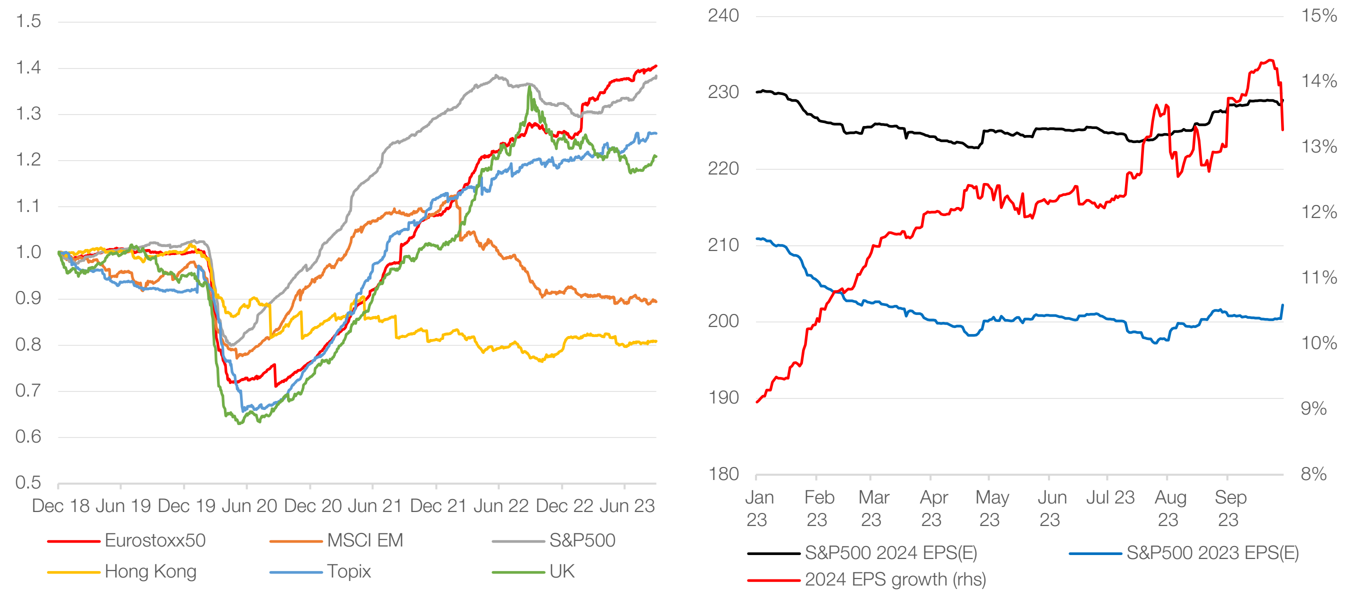


Source(s): Bloomberg Finance L.P., Arbion Ltd.

These trends further intensified shortly after the resolution of the banking crisis, but the market chose to ignore them until recently when further concerns over the health of the economy bubbled back to the surface.

The combination of tightening financial conditions and uninspiring earnings growth has been creating a valuation risk factor at least for the more expensive end of the market. The major difference between the two is that rising yields push up discount factors which has an exponential effect on stock prices whilst the more linear earnings growth is only good as a one-off effect. Hence, we are watching the bear-steepening of the yield curve with some concern.

Exhibit 7: 12-month forward index earnings (normalized as of Jan 2019, lhs) and 2023 and 2024 index earnings progression (rhs)



Source(s): Bloomberg Finance L.P., Arbion Ltd.

Returning to earnings; as we enter Q3 reporting season, overall earnings progression has been somewhat underwhelming, with declining year-on-year profits per share in the US and receding momentum for next year. Furthermore, with more strains visible in the economy, we would also expect forward-looking statements to become more conservative and the number of profit warnings to rise.

The only sectors where third-quarter earnings (forecast) momentum has improved recently are consumer discretionary, energy, technology and communication stocks. All other sectors are facing negative forecast revision pressure, in particular industrial names.

Exhibit 8: US CPI and S&P500 quarterly sales growth, year-on-year

Source(s): Bloomberg Finance L.P., Arbion Ltd.

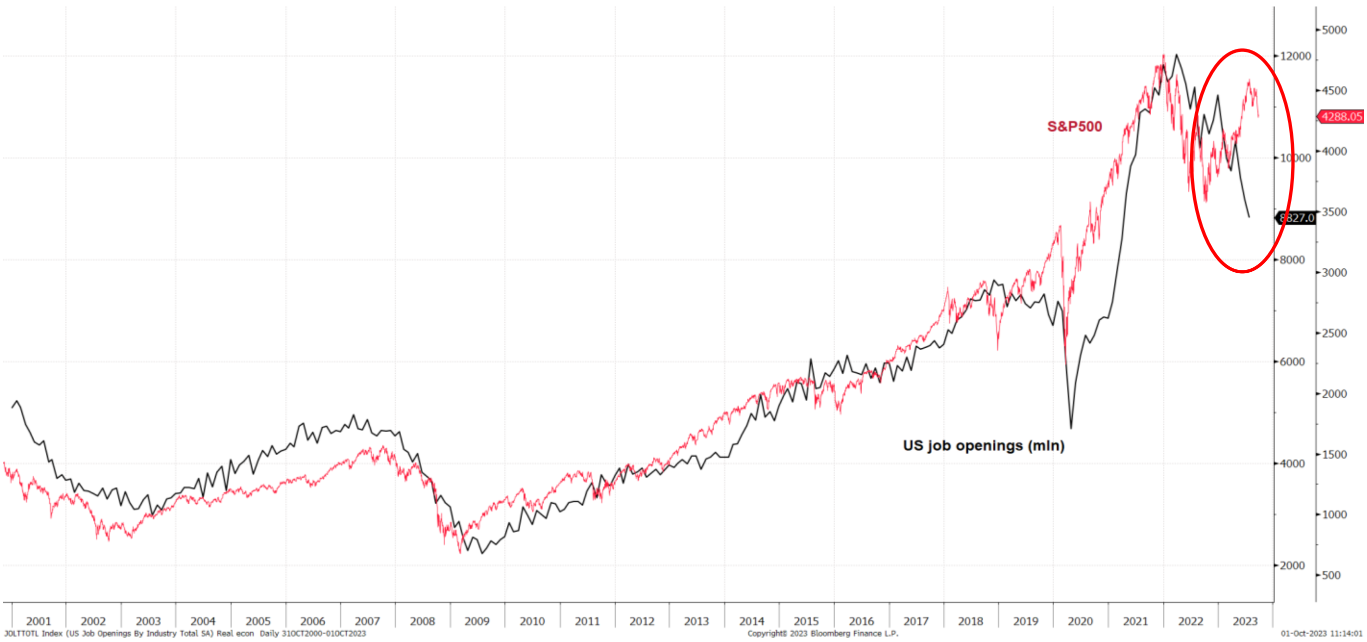
As the boost from inflation is receding, nominal earnings and revenue growth will come under more pressure going forward as inflation and revenue growth are closely correlated.

Earnings growth forecasts for next year appear to have increased; however, this is largely because earnings per share (EPS) forecast progression in 2023 has been lacklustre whilst 2024 EPS have not commenced their usual seasonal decline yet. Therefore, as always, we would not pay any attention to such consensus forecasts and rather watch short-term fundamental momentum.

Much depends on whether the current weaker macro-economic trends translate into a deeper recession and how this will affect central bank policies.

Leading indicators have been pointing to weakness since early last year and throughout 2023. Initially markets corrected accordingly but then rebounded following the banking crisis. However, the underlying weakening trends have not subsided and only grew stronger recently.

Exhibit 9: The real and the financial economy: S&P500 and US job openings since 2001



Source(s): Bloomberg Finance L.P., Arbion Ltd.

Payroll revisions (difference between first and third estimate) continue to disappoint on the downside with June putting in a new record with 104k jobs revised downwards from the initial announcement. Other related indicators also point to weakness; the quits rate and labour force participation rate are all consistent with less bargaining power for workers going forward which is likely to moderate wage growth.

Growth in the eurozone has almost come to a halt with quarter-on-quarter GDP growth at 0.1% in Q2, the same pace as Q1. Early indications for Q3 imply that growth might be outright negative as leading indicators are pointing downwards. The good news is that inflation is likely to fall further and swiftly, especially as input price inflation is decelerating quickly. Consequently, the rate hike cycle in the eurozone is also very likely over.

In the US, delinquency rates are rising and banks are tightening lending standards for consumer borrowing at a time when excess savings are almost gone and certainly so for the lower income households.

Industrial activity appears to be slowing down which can be seen in declining manufacturing PMI surveys while earnings revisions for the sector are also collapsing.

Finally, the sizeable boost from Biden's fiscal spending packages will top out over the next few months, removing another source of stimulus to the economy.

Taken together with rising yields, a strong dollar and a potential oil price shock, the macro risks are currently clearly tilted to the downside.

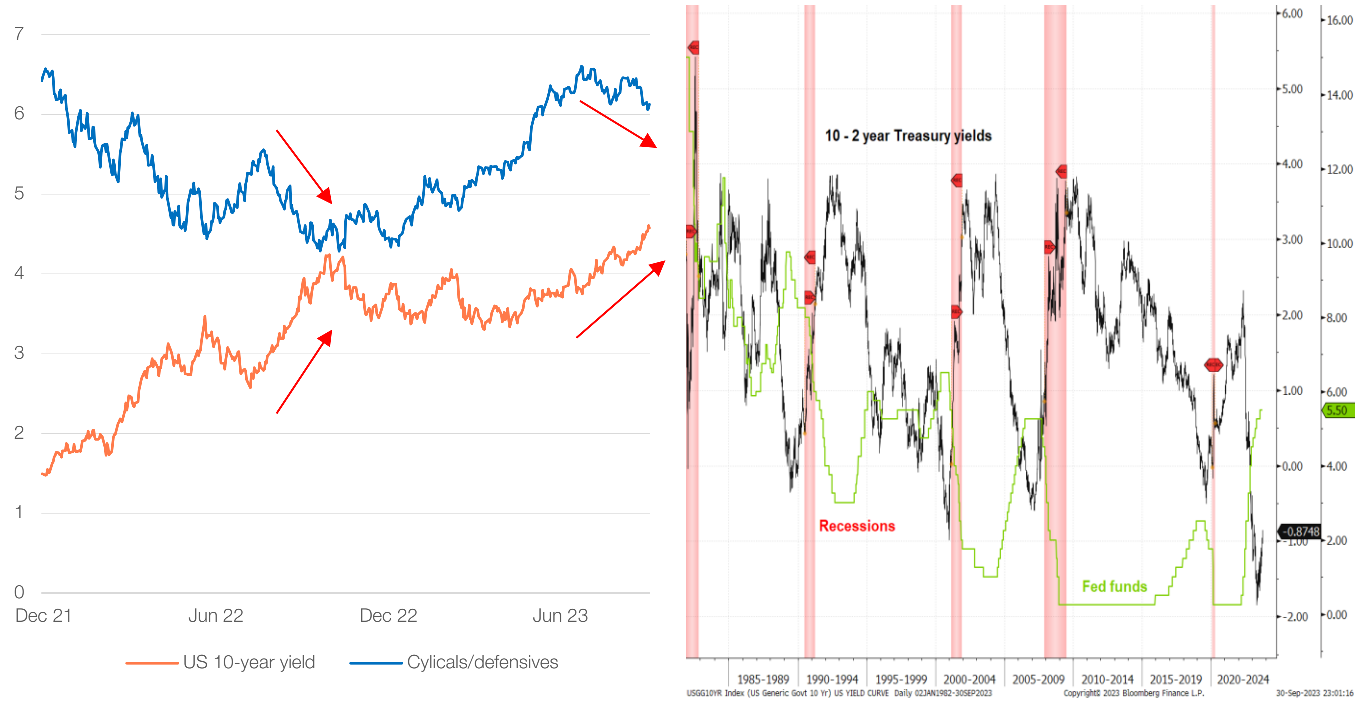
The most important development over the last few months has been the continued tightening of long-term yields. This is by no means a US phenomenon. We find 10-year yields near long-term records in Germany, Sweden, Italy, Australia and also in several emerging countries – even Chinese government bond yields are trading off their lows despite the current slowdown.

In the early stages of this tightening process, the market has interpreted rising yields as a sign of a recovering economy and a normalisation of the rates market compared to the regime of 'financial oppression' following the financial crisis. As a result, cyclical sectors have been outperforming defensive industries substantially since 2020 but have recently started to struggle somewhat as 10-year sovereign bond yields pushed higher.

Rising bond market yields at this stage in the cycle are somewhat unusual as, historically, they tended to rise when an economy comes out of a recession, not before. At current levels of unemployment, it is hard to imagine we are in the early stages of a new business cycle.

As long-bond yields have pushed higher relative to the short-end, a process called bear-steepening, we have also witnessed yield curve inversion to be reduced by half from approximately 187bps inverted to less than 90bps at the moment. The chart below illustrates that this process is likely to continue until the yield curve has reached a more typical shape.

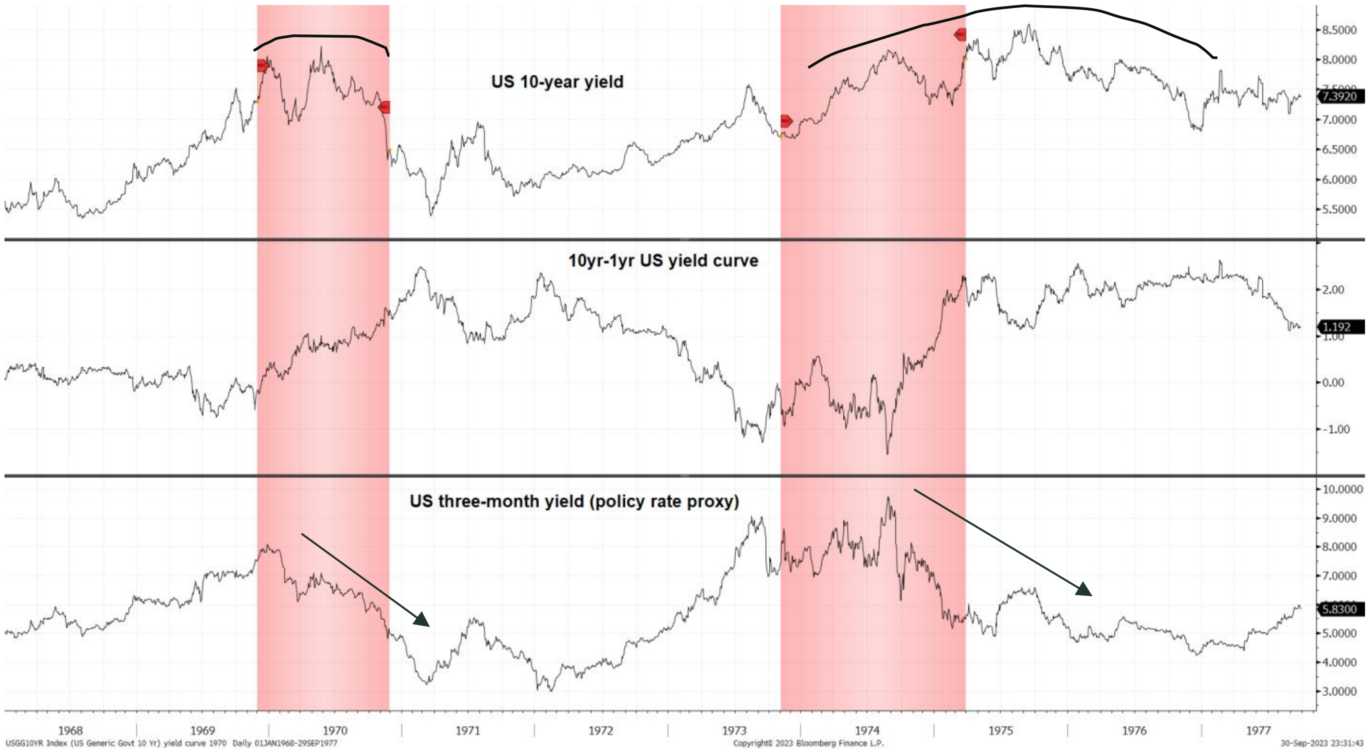
Exhibit 10: US 10-year bond yields and performance of cyclical versus defensive sectors (lhs) and the US 10-2 year yield curve (rhs)



Source(s): Bloomberg Finance L.P., Arbion Ltd.

Bear-steepening yield curves are somewhat of a rarity in markets as they only occur before recessions when curves are inverted and they also do not last very long. What does this mean?

Exhibit 11: The process of yield curve normalisation: The example of the 1970s



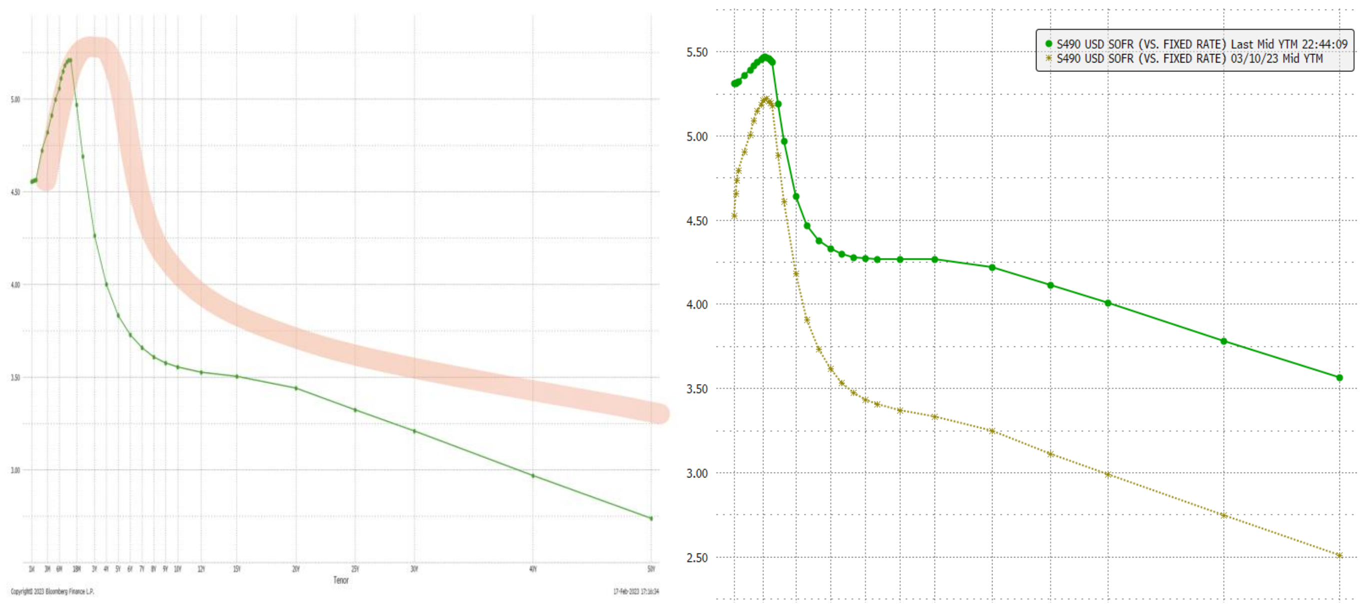
Source(s): Bloomberg Finance L.P., Arbion Ltd.

During the 1970s period of inflationary waves, the US entered a recession twice. Each time, before the recession, the yield curve inverted. Not long after, the inversion was reversed; initially driven by rising long-term (10-year) yields whilst policy rates did not move much. As the recession commenced, the central bank started cutting rates – early on in the 1970 recession and only towards the end of the 1974 recession. These rate cuts propelled the yield curve further back into positive (steeper) territory. 10-year yields topped out broadly during or shortly after these recessions – this is when curves reached their peaks for the cycle.

I would note that the interest rate scenario laid out at the beginning of this year in these Viewpoints has played out nearly perfectly. More than six months ago, the expectation was that long-term inflation potential had been underpriced as a result of extremely low inflation post the deflationary debt bust of 2008. This underpricing has been reflected in negative term premia which were bound to recover, leading to higher long-term yields, almost irrespective of what would happen on the front end.

At the same time, I found the market's expectation of a rate peak immediately followed by rate cuts somewhat unrealistic, considering that central bankers don't have the appetite to repeat the mistakes of the 1970s by loosening policy too early after an inflationary impulse. Therefore, it is much more likely that short-term interest rates will stay elevated for some time before a moderate rate-cut cycle will be initiated.

Exhibit 12: Arbion US yield curve forecast March 2023 (lhs) and current yield curve and change since March (rhs)

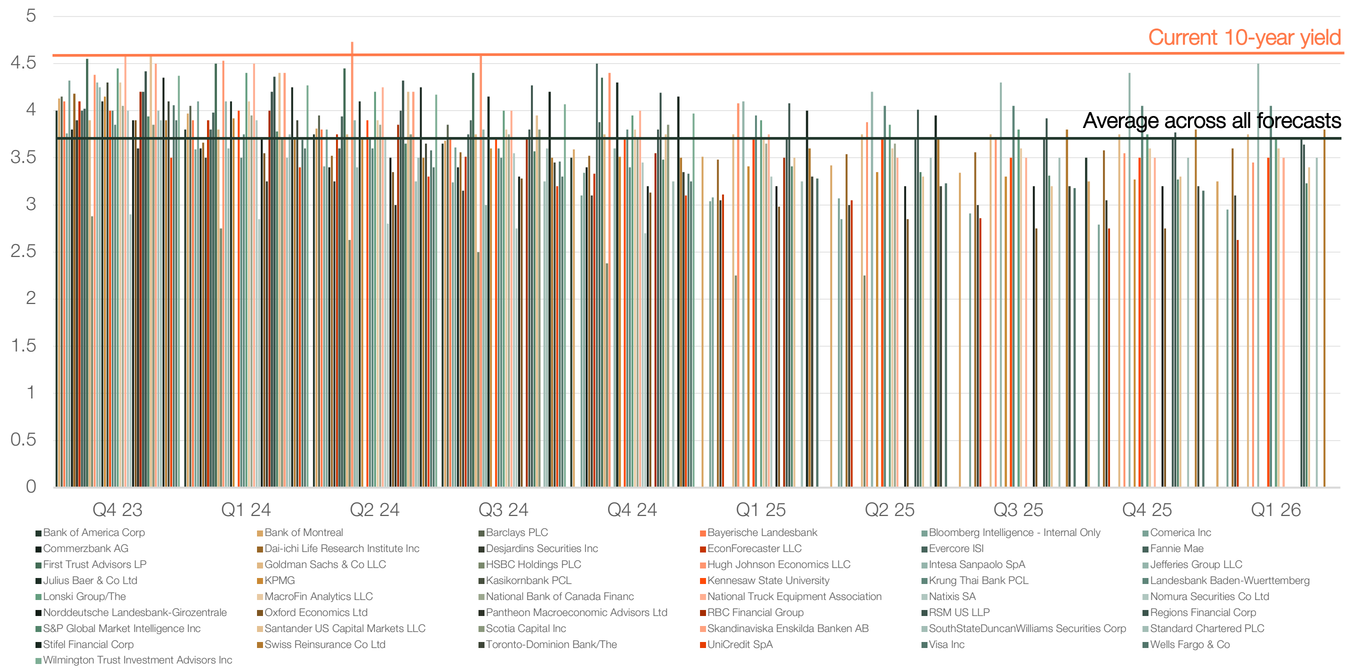


Source(s): Bloomberg Finance L.P., Arbion Ltd.

Today, there is no reason to make major adjustments to this view. Although a good amount of long-term tightening has been achieved, there appears to be more upside in yields, possibly towards or above the 5% level on the US 10-year. This move is justified by the premium bond investors who have traditionally asked to be compensated for inflation risks when lending long. Over time this premium was around 2% above inflation and suggests at least a 5-handle on 10-year yields at some point.

Another reason why markets are likely to test the upper bounds in yields is that simply no one appears to expect it. As recently polled by Bloomberg, not a single economist expects 10-year yields to reach 5% between now and the first quarter of 2026. The average forecasted 10-year yield across all forecasters over the next two years is merely 3.67% whilst the actual yield is already at 4.57%.

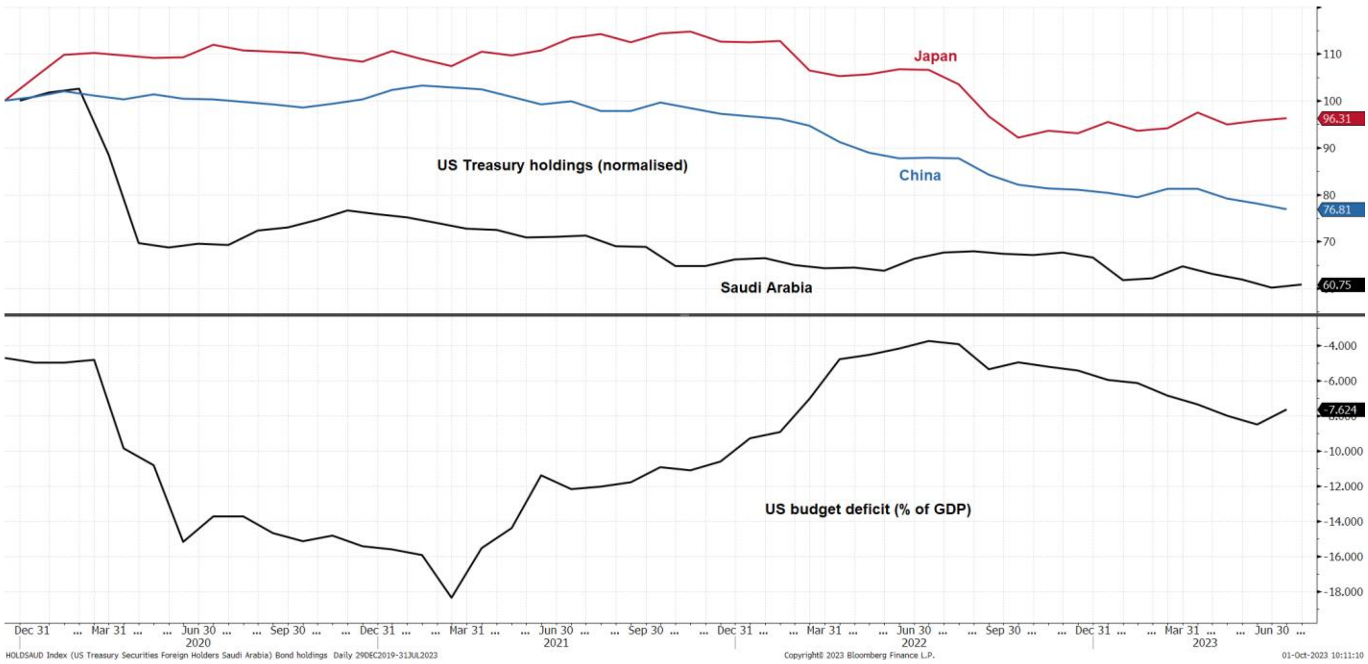
Exhibit 13: Economists' forecasts for US 10-year yields Q4 2023 to Q1 2026



Source(s): Bloomberg Finance L.P., Arbion Ltd.

Furthermore, there are also fundamental drivers that would justify higher government bond yields in the US. There is evidence of what amounts to a buyers' strike, seen in the reduced holdings of traditionally large investors such as China, Japan and Saudi Arabia all of which have substantially reduced their US bond portfolio. And then there is obviously the staggering US deficit, run at a time when the economy is doing very well and on the verge of overheating – also something we have not seen before.

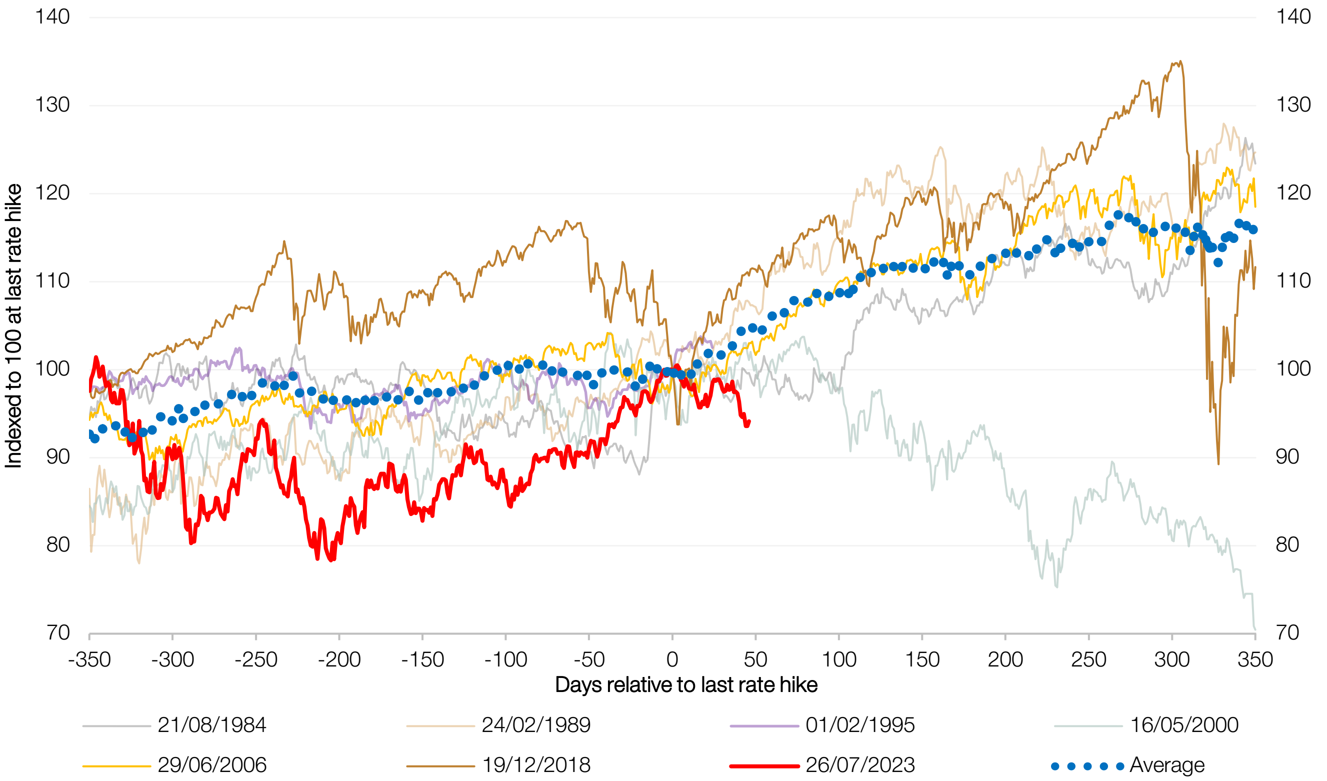
Exhibit 14: Holdings of US Treasury bond by large international investors and US budget deficit



Source(s): Bloomberg Finance L.P., Arbion Ltd.

Since the beginning of 2020, Saudi Arabia has reduced its holdings by 40%, China by circa 25% and Japan by around 4%. We find a similar picture for other holders although, overall, in USD terms, foreign ownership has increased slightly over time. In proportionate terms, the share of domestic holders, US retail and institutional, has increased meaningfully over the recent years - something that makes sense given the higher rate regime.

Exhibit 15: US equity market performance 350 days before and after the final rate hike in a cycle



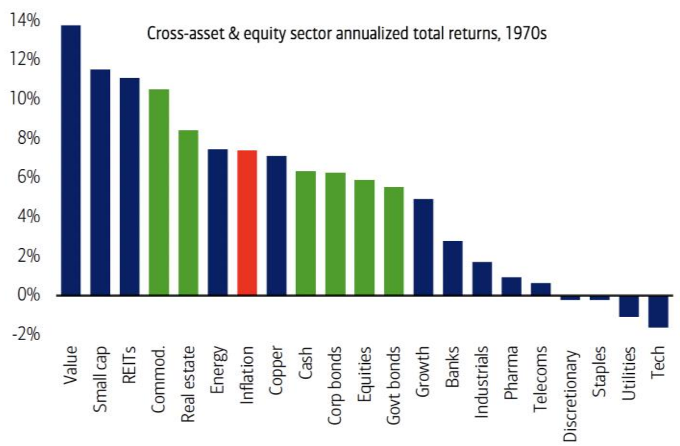
Source(s): Bloomberg Finance L.P., Arbion Ltd.

At this point, a very pertinent question would be how equity markets behaved after policy rates reached their plateau for the cycle. Unfortunately, there is no clear answer and the only indication we have from past experience is that in inflationary markets, equities tend to perform poorly after the last hike whilst in disinflationary markets they perform well. The chart above largely plots the latter and one can discern the constructive pattern of stocks post the last increase in rates.

The current period feels more like a hybrid: with persistently high inflation seeming rather unlikely and a return to post financial crisis times with severely depressed inflation also seems quite inconceivable. Hence, I would suspect the return outcome to be rather in between the two extremes.

Exhibit 16: Dow Jones index returns following the last rate hike (lhs) and sector and asset class returns during the 1970s (rhs)

		Dow Jones return post-hike	
Date of last Fed hike	Fed Funds %	3-mo	6-mo
May 1, 1974	13.0%	(10.3%)	(22.8%)
March 3, 1980	20.0%	(0.4%)	9.2%
May 8, 1981	20.0%	(2.4%)	(12.0%)
January 4, 1982	15.0%	(5.0%)	(9.7%)
August 21, 1984	11.75%	(4.4%)	3.4%
Average return - inflationary period		**(4.5%)**	**(6.4%)**
February 24, 1989	9.75%	10.6%	21.8%
February 1, 1995	6.0%	12.5%	22.2%
May 16, 2000	6.5%	2.2%	(3.8%)
June 29, 2006	5.25%	4.5%	11.8%
December 19, 2018	2.375%	11.0%	13.5%
Average return - disinflationary period		**8.1%**	**13.1%**



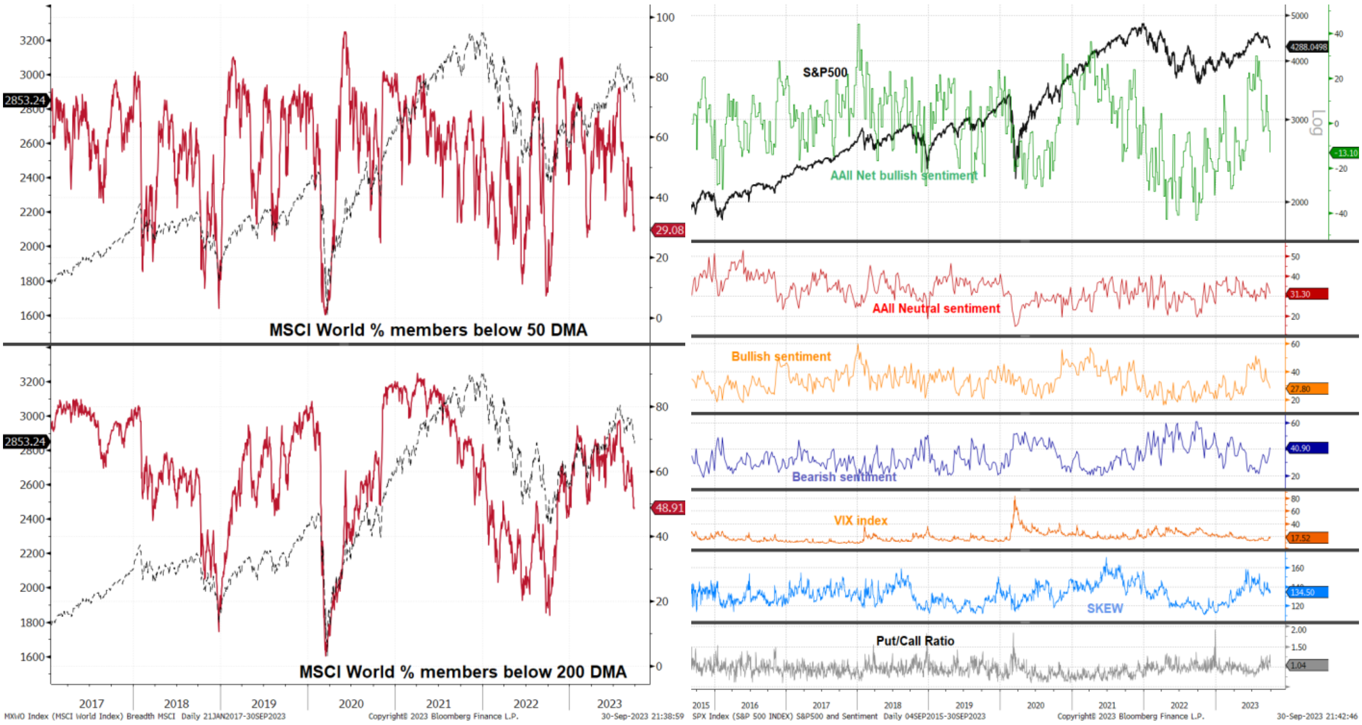
Source(s): BofA

For bond investors, this means that over the next quarters we might reach a point where shifting from short/medium duration fixed income assets towards longer duration positions will become a viable and advisable option in order to lock-in attractive yields for a longer period of time.

In summary, macro-economic trends as well as low frequency/high impact indicators such as the yield curve point towards a further slowing of the economy over the next few months, consistent with a recession to commence over the upcoming quarters. Whether it will turn out to be a soft or hard landing is of secondary importance for as long as precautions are in place to hedge the potential negative outcomes of it occurring.

Looking ahead towards the end of the year, we believe that the current earnings season will provide some important clues about the risk of a deeper economic slowdown and its effect on earnings. The dollar and oil price tightening effects might be somewhat more temporary which leaves rising long-term yields as probably the most challenging factor to watch. In our view, the long end of the yield curve has potential to tighten further, reflecting rising term premia driven by inflation floor levels that appear to be higher in the future than in the past. At the same time, at some stage, we expect central banks to become more vocal about the path to rate cuts in the future. Both of these trends will un-invert, and thus normalise, the yield curve.

Exhibit 17: MSCI World percentage of index members below their 50 and 200-day moving averages (lhs) and US investor sentiment (American Association of Individual Investors AAII, rhs)



Source(s): Bloomberg Finance L.P., Arbion Ltd.

Technically, markets are somewhat oversold at the moment. Similarly, sentiment is bearish but short of being at extreme levels. Therefore, a meaningful amount of short-term potential downside has been realised over the last weeks whilst we are heading into a seasonally stronger period for equity returns.

Discrepancies in valuations have been increasing between inexpensive and overvalued stocks and on a regional as well as sectorial level, there are many potential investment candidates that appear to offer value. Overall, we believe markets are not universally expensive or at risk of a major drawdown. Looking at bottom-up fundamentals, we don't find it very difficult to identify attractively priced long-term investment targets with strong balance sheets and competitive positioning, trading at a valuation that is substantially lower than it was only about a year ago.

Similarly, in the world of fixed income, we find nearly generational buying opportunities in many issuers that are fundamentally sound and where yields are substantial – something not seen since the end of the 2008 financial crisis.

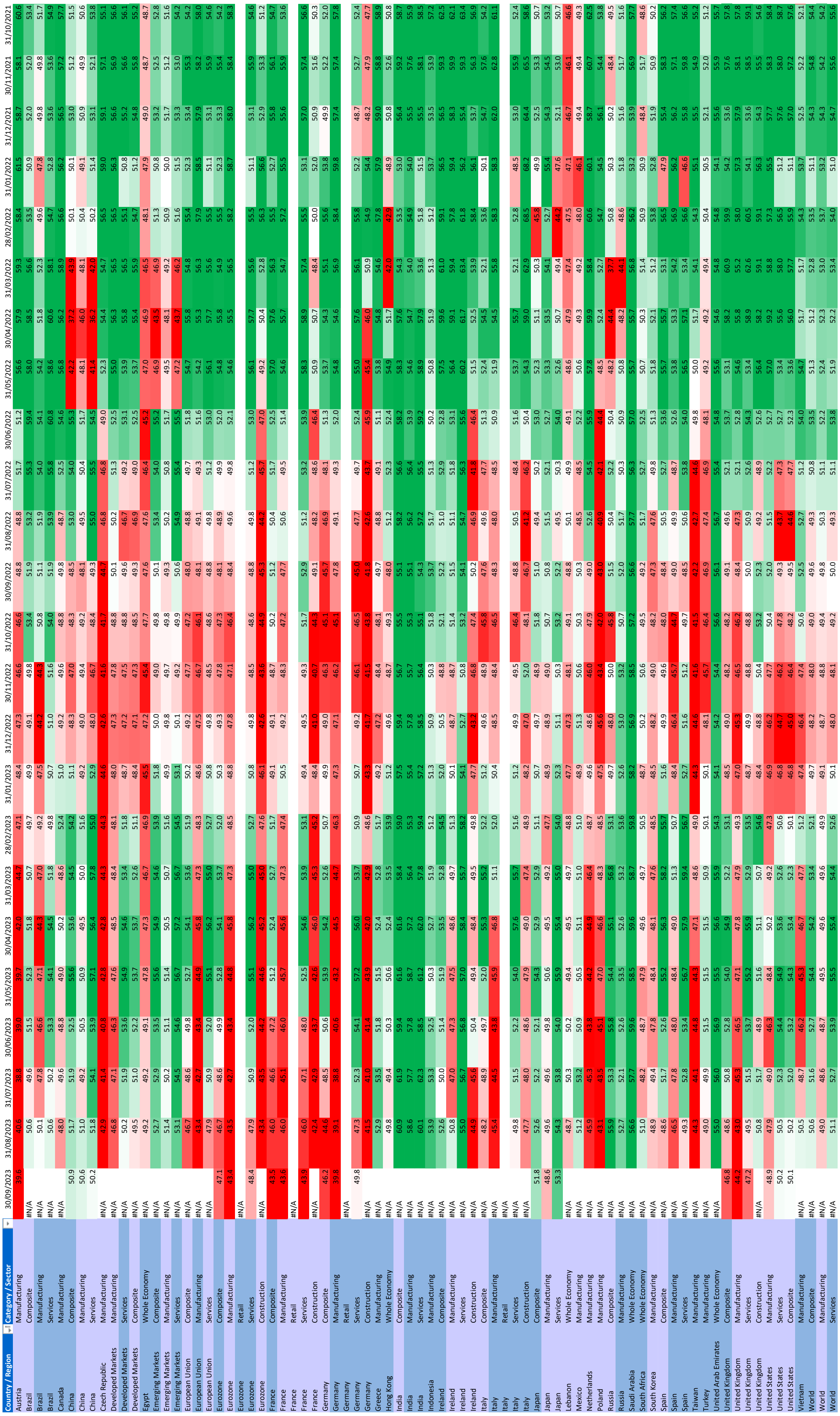
As a result, there is no shortage of investment ideas, great potential to diversify risk across cash, fixed income and equities and the chance potentially to pick up some names nearer bargain prices should markets continue to be more volatile over the next months.

GLOBAL ECONOMIC MONITOR

	Apr	May	Jun	Jul	Aug	Sep	Trend
Citi Economic Surprise US	22.0	23.7	54.4	76.1	46.4	45.1	
Citi Economic Surprise G10	19.8	-7.1	-15.9	-0.8	5.4	6.5	
Citi Economic Surprise Europe	15.2	-62.9	-144.9	-116.0	-58.1	-54.0	
Citi Economic Surprise EM	35.6	10.6	2.7	-7.3	-2.7	11.9	
Citi Economic Surprise UK	86.8	79.8	76.0	26.1	44.9	12.2	
ISM manufacturing	47.1	46.9	46.0	46.4	47.6		
ISM new orders	50.9	47.75	50.55	51.15	52.15		
Global manufacturing PMI	54.2	54.4	52.7	51.6	50.6		
China manufacturing PMI	49.2	48.8	49.0	49.3	49.7	50.2	
Japan manufacturing PMI	49.5	50.6	49.8	49.6	49.6	48.6	
US durable goods orders	1.2	2.0	4.3	-5.6	0.2		
US initial jobless claims	242	233	249	227	229	204	
US Industrial production	0.5	-0.3	-0.4	0.7	0.4		
Euro Industrial production	1.3	0.1	0.4	-1.1			
Japan Industrial production	0.7	-2.2	2.4	-1.8	0.0		
US retail sales	0.4	0.7	0.2	0.5	0.6		
Euro retail sales	0.0	0.6	0.2	-0.2			
Japan retail sales	5.1	5.8	5.6	7.0	7.0		
China retail sales	18.4	12.7	3.1	2.5	4.6		
US consumer confidence	103.7	102.5	110.1	114.0	108.7	103.0	
Euro consumer confidence	-17.5	-17.4	-16.1	-15.1	-16.0	-17.8	
ifo German business expectations	91.8	88.5	83.8	83.6	82.7	82.9	
China export trade	7.3	-7.3	-12.4	-14.3	-8.8		
South Korea export trade	-14.5	-15.4	-5.9	-16.2	-8.3	-4.4	
German export trade	1.9	-0.1	-1.7	-1.6			
China monthly money supply	12.4	11.6	11.3	10.7	10.6		
US personal income	0.3	0.3	0.2	0.2	0.4		

Source(s): Bloomberg Finance L.P., Arbion Ltd.

THE GLOBAL PMI HEATMAP



The table shows monthly PMI statistics across countries and different sectors per country for the past two years.

The latest data are next to the country/sector name at the bottom of the page.

Broad global slowdown

Source(s): Bloomberg Finance L.P., Arbion Ltd.

THE WORLD IN NUMBERS

US

Date	PMI	CPI (%)	Disc rate %	Ind Prodyoy%	Exports ($M)	Imports ($M)	Trade bal ($M)	M2 ($bn)	M2 mom%	Unempl %	Date	GDP yoy%
31/03/2023	43.8	5	5.00	0.18	187,936	265,309	-77,373	20,876		3.5	30/09/2022	1.7
30/04/2023	48.6	4.90	5.00	0.32	165,778	252,940	-87,162	20,712	-0.8%	3.4	31/12/2022	0.7
31/05/2023	40.4	4.0	5.25	0.01	169,930	266,513	-96,583	20,842	0.6%	3.7	31/03/2023	1.7
30/06/2023	41.5	3	5.25	-0.31	169,939	259,920	-89,981	20,890	0.2%	3.6	30/06/2023	2.4
31/07/2023	42.8	3.2	5.50	-0.04	162,812	257,816	-95,004	20,905	0.1%	3.5		
31/08/2023	48.7	3.7	5.50	0.25				20,865	-0.2%	3.8		
30/09/2023	44.1		5.50									

CHINA

Date	PMI	CPI (%)	Disc rate %	Ind Prodyoy%	Exports ($bn)	Imports ($bn)	Trade bal ($bn)	M2 (RMBbn)	M2 mom%		Date	GDP yoy%
31/03/2023	51.9	0.7	1.50	3.9	304.448	226.013	78.4	281,457			30/09/2022	3.9
30/04/2023	49.2	0.1	1.50	5.6	290.368	203.911	86.5	280,847	-0.2%		31/12/2022	2.9
31/05/2023	48.8	0.2	1.50	3.5	282.493	216.939	65.6	282,050	0.4%		31/03/2023	4.5
30/06/2023	49	0	1.50	4.4	284.374	214.571	69.8	287,302	1.9%		30/06/2023	6.3
31/07/2023	49.3	-0.3	1.50	3.7	281.547	201.162	80.4	285,403	-0.7%			
31/08/2023	49.7	0.1	1.50	4.50	284.791	216.593	68.2	286,934	0.5%			
30/09/2023	50.2		1.50									

GERMANY

Date	PMI	CPI (%)	Disc rate %	Ind Prodyoy%	Exports (€bn)	Imports (€bn)	Trade bal (€bn)	M2 EZ (€bn)	M2 EZ mom%	Unempl %	Date	GDP yoy%
31/03/2023	44.7	7.4	3.50	1.4	129.4	114.5	14.9	15,172,926		5.6	30/09/2022	1.3
30/04/2023	44.5	7.2	3.50	0.7	131	114.9	16.1	15,151,525	-0.1%	5.6	31/12/2022	0.8
31/05/2023	43.2	6.1	3.75	0.0	131.3	116.6	14.7	15,118,351	-0.2%	5.6	31/03/2023	-0.2
30/06/2023	40.6	6.4	4.00	-1.5	131.6	112.8	18.8	15,136,137	0.1%	5.7	30/06/2023	-0.2
31/07/2023	38.8	6.2	4.25	-2.1	129.5	111.8	17.7	15,103,291	-0.2%	5.7		
31/08/2023	39.1	6.1	4.25					15,060,253	-0.3%	5.7		
30/09/2023	39.8	4.5	4.50							5.7		

UK

Date	PMI	CPI (%)	Disc rate %	Ind Prodyoy%	Exports,GBPM	Imports,GBPM	Trade bal (GBPM)	M2 (GBPM)	M2 mom%	Unempl %	Date	GDP yoy%
31/03/2023	47.9	10.1	4.25	-1.9	68,616	73,227	-4,611	2,265,055		3.9	30/09/2022	2.1
30/04/2023	47.8	8.7	4.25	-1.4	68,321	71,673	-3,352	2,257,853	-0.3%	3.8	31/12/2022	0.7
31/05/2023	47.1	8.7	4.50	-2.1	66,355	74,012	-7,657	2,251,283	-0.3%	4	31/03/2023	0.5
30/06/2023	46.5	7.9	5.00	0.7	66,348	71,135	-4,787	2,255,012	0.2%	4.2	30/06/2023	0.6
31/07/2023	45.3	6.8	5.00	0.4	67,551	70,997	-3,446	2,240,330		4.3		
31/08/2023	43	6.7	5.25					2,237,270				
30/09/2023	44.2		5.25									

JAPAN

Date		CPI (%)	Disc rate %	Ind Prodyoy%	Exports,JPYbn	Imports,JPYbn	Trade bal (JPYbn)	M2 (JPY TRN)	M2 mom%	Unempl %	Date	GDP yoy%
31/03/2023		3.2		-0.8	8,824	9,583	-759	1,213		2.8	30/09/2022	1.5
30/04/2023		3.5		-0.7	8,289	8,725	-436	1,233	1.6%	2.6	31/12/2022	0.4
31/05/2023		3.2		4.2	7,292	8,674	-1,382	1,236	0.3%	2.6	31/03/2023	2.0
30/06/2023		3.3		0.0	8,744	8,705	39	1,239	0.3%	2.5	30/06/2023	1.6
31/07/2023		3.3		-2.3	8,724	8,788	-64	1,239	0.0%	2.7		
31/08/2023		3.2		-3.8	7,995	8,932	-938	1,239	0.0%	2.7		

INDIA

Date		CPI (%)	Disc rate %	Ind Prodyoy%	Exports ($M)	Imports ($M)	Trade bal ($M)	M3 (INR 10M)	M2 mom%		Date	GDP yoy%
31/03/2023		5.7	6.50	1.9	38,381	58,109	-19,728	22,333,020			30/09/2022	5.41
28/04/2023		4.7	6.50	4.6	34,662	49,896	-15,234	22,682,193	1.6%		31/12/2022	4.73
31/05/2023		4.3	6.50	5.3	34,983	57,102	-22,119	22,764,913	0.4%		31/03/2023	6.48
30/06/2023		4.9	6.50	3.8	32,966	53,099	-20,133	23,428,425	2.9%		30/06/2023	7.83
31/07/2023		7.4	6.50	5.7	32,254	52,923	-20,669	23,259,432	-0.7%			
31/08/2023		6.8	6.50		34,484	58,638	-24,153	23,316,865	0.2%			
29/09/2023			6.50					23,477,171				

Source(s): Bloomberg Finance L.P., Arbion Ltd.

PERFORMANCE OF DIFFERENT ASSET CLASSES

EQUITIES	Currency		SEPTEMBER	2023	2022	2021	2020	2019	2018	2017	2016
MSCI World	**USD**	**2,853.2**	**-4.4%**	**9.6%**	**-19.5%**	**20.1%**	**14.1%**	**25.2%**	**-10.4%**	**20.1%**	**5.3%**
MSCI World (EUR hedged)	**EUR**	**203.0**	**-4.0%**	**9.1%**	**-19.2%**	**21.5%**	**10.1%**	**22.2%**	**-11.1%**	**14.6%**	**5.6%**
MSCI World (GBP hedged)	**GBP**	**1,094.5**	**-3.9%**	**10.2%**	**-18.5%**	**22.2%**	**9.9%**	**23.0%**	**-9.3%**	**15.5%**	**6.0%**
MSCI World (USD hedged)	**USD**	**813.2**	**-3.8%**	**11.4%**	**-16.7%**	**22.7%**	**12.4%**	**25.9%**	**-7.4%**	**16.9%**	**7.2%**
MSCI World local	Local	796.7	-3.6%	9.6%	-17.5%	19.1%	12.3%	23.7%	-9.5%	17.5%	6.8%
US (S&P500)	**USD**	**4,288.1**	**-4.9%**	**11.7%**	**-19.4%**	**26.9%**	**16.3%**	**28.9%**	**-6.2%**	**19.4%**	**9.5%**
Europe (Stoxx 600)	**EUR**	**450.2**	**-1.7%**	**6.0%**	**-12.9%**	**22.2%**	**-4.0%**	**23.2%**	**-13.2%**	**7.7%**	**-1.2%**
Eurozone (Euro Stoxx 50)	**EUR**	**4,174.7**	**-2.8%**	**10.0%**	**-11.7%**	**21.0%**	**-5.1%**	**24.8%**	**-14.3%**	**6.5%**	**0.7%**
Germany (DAX30)	EUR	15,386.6	-3.5%	10.5%	-12.3%	15.8%	3.5%	25.5%	-18.3%	12.5%	6.9%
UK (FTSE 100)	GBP	7,608.1	2.3%	2.1%	0.9%	14.3%	-14.3%	12.1%	-12.5%	7.6%	14.4%
France (CAC40)	EUR	7,135.1	-2.5%	10.2%	-9.5%	28.9%	-7.1%	26.4%	-11.0%	9.3%	4.9%
Greece (ASE)	EUR	1,209.3	-7.9%	30.1%	4.1%	10.4%	-11.7%	49.5%	-23.6%	24.7%	1.9%
Spain (IBEX)	EUR	9,428.0	-0.8%	14.6%	-5.6%	7.9%	-15.5%	11.8%	-15.0%	7.4%	-2.0%
Italy (MIB)	EUR	28,243.3	-2.0%	19.1%	-13.3%	23.0%	-5.4%	28.3%	-16.1%	13.6%	-10.2%
Japan (Nikkei 225)	**JPY**	**31,857.6**	**-2.3%**	**22.1%**	**-9.4%**	**4.9%**	**16.0%**	**18.2%**	**-12.1%**	**19.1%**	**0.4%**
MSCI Emerging Markets	**USD**	**952.8**	**-2.8%**	**-0.4%**	**-22.4%**	**-4.6%**	**15.8%**	**15.4%**	**-16.6%**	**34.3%**	**8.6%**
MSCI Emerging Markets local	**Local**	**58,515.2**	**-2.0%**	**1.8%**	**-17.9%**	**-2.3%**	**16.6%**	**15.1%**	**-12.2%**	**27.8%**	**7.1%**
MSCI Asia ex Japan	USD	604.5	-2.9%	-2.4%	-21.5%	-6.4%	22.5%	15.4%	-16.4%	38.7%	2.9%
MSCI Eastern Europe	USD	34.8	-9.5%	10.3%	-82.9%	12.9%	-15.6%	26.9%	-8.1%	12.9%	33.0%
MSCI Latin America	USD	2,301.4	-2.5%	8.1%	-0.1%	-13.1%	-16.0%	13.7%	-9.3%	20.8%	27.9%
Russia (MICEX)	RUB	3,133.3	-2.9%	45.5%	-43.1%	15.1%	8.0%	28.6%	12.3%	-5.5%	26.8%
India (Sensex)	INR	65,828.4	1.5%	8.2%	4.4%	22.0%	15.8%	14.4%	5.9%	27.9%	1.9%
Brasil (Bovespa)	BRL	116,565.2	0.7%	6.2%	4.7%	-11.9%	2.9%	31.6%	15.0%	26.9%	38.9%
Hong Kong (Hang Seng)	**HKD**	**17,809.7**	**-3.1%**	**-10.0%**	**-15.5%**	**-14.1%**	**-3.4%**	**9.1%**	**-13.6%**	**36.0%**	**0.4%**
China (Shanghai Comp)	CNY	3,110.5	-0.3%	0.7%	-15.1%	4.8%	13.9%	22.3%	-24.6%	6.6%	-12.3%
South Korea (Kospi)	KRW	2,465.1	-3.6%	10.2%	-24.9%	3.6%	30.8%	7.7%	-17.3%	21.8%	3.3%
Israel (TA 25)	ILS	1,844.6	-0.1%	2.7%	-9.2%	32.0%	-10.9%	15.0%	-3.0%	2.7%	-3.8%
South Africa (Top 40)	ZAR	66,500.1	-4.0%	-0.7%	-0.1%	23.3%	7.0%	8.8%	-11.1%	19.7%	-4.1%
FIXED INCOME			SEPTEMBER	2023	2022	2021	2020	2019	2018	2017	2016
FTSE WorldBig	**USD**	**198.8**	**-3.1%**	**-1.7%**	**-17.1%**	**-5.4%**	**9.5%**	**6.9%**	**-1.3%**	**7.4%**	**1.9%**
FTSE WorldBig local	**Local**	**213.5**	**-2.1%**	**-0.4%**	**-13.9%**	**-2.1%**	**5.7%**	**7.1%**	**0.5%**	**2.1%**	**3.3%**
FTSE WorldBig (EUR hedged)	**EUR**	**197.8**	**-2.2%**	**-1.3%**	**-15.1%**	**-2.6%**	**4.9%**	**5.3%**	**-1.1%**	**1.0%**	**2.4%**
FTSE WorldBig (GBP hedged)	**GBP**	**259.6**	**-2.1%**	**-0.2%**	**-14.1%**	**-1.9%**	**5.6%**	**6.7%**	**0.0%**	**1.9%**	**3.6%**
FTSE WorldBig (USD hedged)	**USD**	**243.6**	**-2.0%**	**0.4%**	**-13.1%**	**-1.8%**	**6.2%**	**8.4%**	**1.7%**	**2.9%**	**3.9%**
World government bonds (FTSE)	**USD**	**812.9**	**-3.2%**	**-2.7%**	**-18.3%**	**-7.0%**	**10.1%**	**5.9%**	**-0.8%**	**7.5%**	**1.6%**
US Treasuries, total return	USD	219.3	-2.4%	-1.5%	-12.9%	-2.5%	8.3%	6.9%	0.8%	2.5%	1.1%
US 10-year yield	**USD**	**4.57%**	**0.46**	**0.70**	**2.36**	**0.60**	**-1.00**	**-0.77**	**0.28**	**-0.04**	**0.17**
US 10-year bond	USD	108.1	-2.7%	-3.8%	-13.9%	-5.5%	7.5%	5.3%	-1.6%	-0.2%	-1.3%
US 5y/5y forward inflation expectation	USD	2.43%	0.15	0.23	-0.07	0.30	0.13	-0.00	-0.15	-0.05	0.24
Eurozone government debt	EUR	207.4	-2.6%	-0.1%	-18.4%	-3.4%	5.0%	6.7%	1.0%	0.1%	3.3%
Eurozone corporate bonds	EUR	212.4	-0.9%	2.4%	-14.2%	-1.1%	2.7%	6.3%	-1.3%	2.4%	4.7%
EU high yield (BofAML)	USD	325.8	0.3%	6.1%	-11.5%	3.3%	2.8%	11.3%	-3.6%	6.7%	9.1%
Germany 10-year yield	**EUR**	**2.84%**	**0.37**	**0.27**	**2.75**	**0.39**	**-0.38**	**-0.43**	**-0.19**	**0.22**	**-0.42**
Germany 10-year bond	EUR	128.6	-3.4%	-3.2%	-22.4%	-3.5%	4.2%	4.2%	1.2%	-1.5%	3.9%
UK 10-year yield	GBP	4.44%	0.08	0.77	2.70	0.77	-0.63	-0.46	0.09	-0.05	-0.72
Japan 10-year yield	JPY	0.77%	0.11	0.34	0.35	0.05	0.03	-0.01	-0.05	0.00	-0.22
China 10-year yield	CNY	2.68%	0.10	-0.16	0.06	-0.37	0.00	-0.17	-0.59	0.84	0.20
India 10-year yield	INR	7.22%	0.05	-0.11	0.87	0.59	-0.69	-0.81	0.04	0.81	-1.25
Loans, total return (S&P LSTA)	**USD**	**3,624.3**	**1.0%**	**10.2%**	**-0.6%**	**5.2%**	**3.1%**	**8.6%**	**0.4%**	**4.1%**	**10.2%**
US High yield (BofAML)	**USD**	**1,485.4**	**-1.2%**	**6.0%**	**-11.2%**	**5.4%**	**6.2%**	**14.4%**	**-2.3%**	**7.5%**	**17.5%**
US investment grade (BofAML)	USD	3,001.4	-2.4%	0.4%	-15.4%	-1.0%	9.8%	14.2%	-2.2%	6.5%	6.0%
US mortgages (BofAML)	USD	1,975.5	-3.1%	-2.2%	-11.9%	-1.2%	4.1%	6.5%	1.0%	2.4%	1.7%
US municipals (BofAML)	USD	583.1	-2.8%	-1.0%	-9.0%	1.8%	5.3%	7.7%	1.0%	5.4%	0.4%
EM hard-currency debt (JPM EMBI+)	**USD**	**684.8**	**-3.7%**	**-0.2%**	**-24.7%**	**-4.5%**	**7.1%**	**12.6%**	**-5.3%**	**8.3%**	**9.6%**
EM external government debt (BofAML)	USD	1,053.2	-3.2%	0.6%	-18.8%	-2.2%	6.9%	12.7%	-4.5%	11.5%	7.6%
EM investment grade (BofAML)	USD	375.8	-1.5%	1.2%	-14.6%	-0.7%	6.5%	11.6%	-1.4%	7.3%	5.5%
Emerging market spreads	USD	284.0	-4.30	-21.45	-6.09	46.19	32.37	-73.10	100.50	-81.21	-218.44
US Investment-grade spreads	USD	151.1	5.86	-7.60	46.81	16.87	-2.30	-49.72	55.55	-32.15	-44.55
US high-yield spreads	USD	433.0	17.77	-47.34	142.63	-42.10	-13.45	-127.81	145.89	-54.61	-289.20
FOREIGN EXCHANGE			SEPTEMBER	2023	2022	2021	2020	2019	2018	2017	2016
Dollar index		**106.2**	**2.5%**	**2.6%**	**8.2%**	**6.4%**	**-6.7%**	**0.2%**	**4.4%**	**-9.9%**	**3.6%**
Euro		**1.1**	**-2.5%**	**-1.2%**	**-5.8%**	**-6.9%**	**8.9%**	**-2.2%**	**-4.5%**	**14.1%**	**-3.2%**
Pound Sterling		1.2	-3.7%	1.0%	-10.7%	-1.0%	3.1%	3.9%	-5.6%	9.5%	-16.3%
Swiss Franc		0.9	-3.5%	1.0%	-1.3%	-3.0%	9.4%	1.4%	-0.7%	4.5%	-1.6%
Japanese Yen		**149.4**	**-2.6%**	**-12.2%**	**-12.2%**	**-10.2%**	**5.1%**	**0.9%**	**2.8%**	**3.8%**	**2.8%**
Renminbi		7.3	-0.5%	-5.5%	-7.8%	2.7%	6.7%	-1.2%	-5.3%	6.7%	-6.6%
Won		1,349.4	-1.9%	-6.5%	-5.7%	-8.4%	6.1%	-3.6%	-4.2%	13.2%	-2.6%
Brasilian Real		5.0	-1.5%	5.0%	5.4%	-6.8%	-22.6%	-3.4%	-14.7%	-1.8%	21.7%
Indian Rupee		83.0	-0.3%	-0.4%	-9.9%	-2.0%	-2.5%	-2.3%	-8.4%	6.3%	-2.6%
USD real effective exchange rate (JPM)		**128.2**	**1.6%**	**2.1%**	**6.5%**	**6.4%**	**-2.6%**	**-1.1%**	**4.2%**	**-6.3%**	**4.2%**
EUR real effective exchange rate (JPM)		**95.6**	**-0.8%**	**2.2%**	**1.5%**	**-3.9%**	**5.3%**	**-3.1%**	**0.1%**	**5.4%**	**-1.2%**
JPY real effective exchange rate (JPM)		**55.6**	**-1.0%**	**-8.8%**	**-8.7%**	**-11.4%**	**-0.5%**	**-0.7%**	**5.3%**	**-3.1%**	**3.6%**
COMMODITIES			**SEPTEMBER**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Global commodities, total return (S&P GSCI)	**USD**	**3,748.9**	**4.1%**	**7.2%**	**26.0%**	**40.4%**	**-23.7%**	**17.6%**	**-13.8%**	**5.8%**	**11.4%**
Agriculture, spot return	USD	385.9	-3.6%	-18.0%	5.7%	21.1%	21.8%	6.3%	0.6%	-3.0%	2.6%
Energy, total return	USD	695.7	7.8%	13.9%	42.3%	60.7%	-46.3%	29.7%	-17.1%	6.4%	18.1%
Crude oil	USD	502.1	9.8%	18.4%	27.6%	62.2%	-60.3%	34.1%	-20.5%	4.1%	8.0%
Industrial metals, total return	USD	1,587.7	1.5%	-5.2%	-7.6%	29.6%	14.8%	2.6%	-18.0%	29.1%	17.6%
Copper	USD	5,460.9	-1.5%	2.1%	-11.2%	26.0%	25.3%	4.7%	-16.8%	29.4%	17.3%
Livestock, total return	USD	1,766.4	0.2%	11.0%	4.8%	7.9%	-22.1%	-5.6%	-1.5%	8.4%	-7.3%
Precious metals	USD	2,087.3	-5.1%	0.5%	-0.4%	-5.1%	23.0%	17.6%	-3.6%	12.0%	8.4%
Gold, total return	USD	928.5	-4.7%	1.3%	-0.7%	-4.3%	20.9%	18.0%	-2.8%	12.8%	7.7%
REAL ESTATE			SEPTEMBER	2023	2022	2021	2020	2019	2018	2017	2016
All Equity REITS total returns (FTSE NAREIT)	**USD**	**20,277.9**	**-7.0%**	**-5.6%**	**-24.9%**	**41.3%**	**-5.1%**	**28.7%**	**-4.0%**	**8.7%**	**8.6%**
FTSE EPRA NAREIT developed markets, total return	USD	4,948.5	-6.0%	-4.1%	-24.4%	27.2%	-8.2%	23.1%	-4.7%	11.4%	5.0%
FTSE EPRA NAREIT emerging markets	USD	1,450.5	0.0%	-10.2%	-10.8%	-11.4%	-27.2%	24.3%	-11.0%	28.8%	0.2%
New York home prices	USD	288.0	0.0%	6.2%	6.9%	12.1%	8.0%	0.8%	3.5%	5.7%	2.8%
Greater London house price (£)	GBP	673,167.0	0.0%	1.0%	4.6%	2.6%	3.5%	-0.5%	-1.1%	-1.7%	1.4%
Moscow prop prices (US$/sqm)	USD	2,741.0	0.1%	-29.6%	16.9%	19.3%	-1.0%	8.8%	-8.3%	4.8%	3.6%

Source(s): Bloomberg Finance L.P., Arbion Ltd.

PERFORMANCE AND VALUATIONS OF INTERNATIONAL EQUITY MARKETS

Country		Year to date	Market Cap (USDbn)*	Rolling 1-yr change	Rolling 2-yr change	Rolling 3-yr change	PER 2023E	PER 2024E	EPS growth 2024E	Dividend yield 2023E	Dividend yield 2024E
WORLD											
All Country MSCI	MXWD Index	8.5%	80,031	18.7%	-7.8%	16.4%	16.9	15.0	12.8%	2.3%	2.4%
Developed World	MXWO Index	9.6%	60,430	20.0%	-5.6%	20.8%	17.4	15.6	11.7%	2.2%	2.3%
Emerging World	MXEF Index	-0.4%	19,600	8.8%	-23.6%	-11.9%	13.3	11.1	19.8%	3.0%	3.3%
AMERICAS											
US (S&P500)	SPX Index	11.7%	37,459	19.6%	-1.6%	28.1%	19.6	17.3	13.5%	1.7%	1.8%
US (Dow Jones Industrial)	INDU Index	1.1%	10,717	16.6%	-2.4%	21.0%	19.1	15.4	23.4%	2.1%	2.3%
US mid/small cap	RTY Index	1.4%	2,616	7.2%	-20.4%	16.0%	27.6	18.8	46.3%	1.7%	
Canada	SPTSX Index	0.8%	2,289	5.9%	-3.0%	20.6%	14.0	12.5	12.1%	3.6%	3.8%
Mexico	MEXBOL Index	5.0%	382	14.0%	-0.4%	38.8%	12.0	10.9	10.6%	3.9%	5.0%
Argentina	MERVAL Index	178.4%	48	304.4%	624.7%	1188.7%	20.7	3.5	492.9%		
Brazil	IBOV Index	6.2%	667	5.9%	3.2%	24.0%	8.6	7.7	13.0%	6.6%	6.7%
EUROPE											
Europe	SXXP Index	6.0%	12,761	16.1%	-0.6%	24.1%	12.7	11.7	8.1%	3.6%	3.9%
Germany	DAX Index	10.5%	1,524	27.0%	1.5%	21.3%	11.2	10.2	10.0%	3.6%	3.9%
France	CAC Index	10.2%	2,444	23.8%	9.5%	47.9%	12.1	11.4	6.7%	3.4%	3.6%
UK	UKX Index	2.1%	2,465	10.4%	8.3%	28.9%	10.8	10.3	4.7%	4.1%	4.5%
Spain	IBEX Index	14.6%	641	28.0%	7.1%	39.6%	9.6	10.1	-5.1%	4.9%	5.1%
Italy	FTSEMIB Index	19.1%	649	36.8%	10.3%	48.1%	7.7	7.7	0.0%	5.5%	5.8%
Switzerland	SMI Index	2.2%	1,384	6.8%	-5.3%	6.9%	17.2	15.2	13.5%	3.3%	3.5%
Norway	OBX Index	9.5%	262	16.5%	15.4%	60.7%	11.5	10.0	15.5%	6.6%	6.4%
Sweden	OMX Index	5.5%	736	17.9%	-4.4%	18.8%	14.4	13.4	7.4%	3.7%	3.9%
Austria	ATX Index	1.3%	98	17.7%	-13.8%	50.8%	7.2	6.9	4.8%	6.2%	6.3%
Greece	ASE Index	30.1%	79	52.5%	38.8%	93.3%	8.3	10.8	-23.3%	4.5%	4.9%
EMERGING EUROPE											
Hungary	BUX Index	27.5%	25	47.6%	4.2%	66.9%	5.4	5.0	7.9%	6.1%	5.8%
Kazakhstan	KZKAK Index	26.2%	11	33.1%	20.3%	70.1%					
Ukraine	PFTS Index	-2.3%	1	-2.3%	-3.7%	1.4%					
Russia	RTSI$ Index	3.8%	475	-4.6%	-43.1%	-12.2%	1.7			31.0%	21.9%
Poland	WIG Index	13.8%	293	42.3%	-7.6%	33.3%	7.8	7.8	-1.0%	4.4%	5.1%
Czech Rep	PX Index	12.3%	51	20.1%	1.5%	57.3%	8.2	8.0	2.8%	8.3%	7.4%
Turkey	XU100 Index	51.3%	257	162.1%	494.7%	627.9%	6.3	5.7	9.3%	2.6%	3.1%
MIDDLE EAST & AFRICA											
South Africa	TOP40 Index	-0.7%	798	15.9%	16.1%	33.3%	11.6	8.7	33.5%	4.2%	4.7%
Egypt	Hermes Index	43.3%		112.4%	104.6%	117.1%	6.3	5.8	9.1%	4.6%	5.8%
Namibia	FTN098 Index	-3.6%	110	8.7%	9.2%	45.2%	9.4	8.3	13.6%	5.5%	6.1%
Nigeria	NGSEINDX Index	29.5%	47	35.4%	65.0%	146.0%					
Israel	TA-25 Index	4.2%		4.1%	3.9%	41.9%	8.2	7.9	4.1%	2.8%	
Saudi Arabia	SASEIDX Index	5.4%		-3.2%	-3.0%	33.3%	17.2	14.6	17.7%	3.8%	4.2%
Qatar	DSM Index	-4.4%		-19.5%	-10.6%	3.1%	12.1	11.1	8.5%		
Dubai	DFMGI Index	24.8%		25.5%	47.3%	84.8%	8.9	9.2	-3.9%	4.4%	4.5%
ASIA											
Asia	MXAPEXA Index	-1.5%	3,850	11.1%	-27.6%	-25.0%	13.8	11.3	22.3%	2.3%	2.5%
Japan	TPX Index	22.8%	5,624	26.6%	17.0%	44.4%	15.0	13.2	13.8%	2.4%	2.5%
Japan	NKY Index	22.1%	3,960	22.8%	10.7%	38.3%	20.9	16.5	26.3%	2.0%	2.1%
Hong Kong	HSI Index	-10.0%	2,611	3.4%	-27.5%	-24.1%	9.0	8.2	10.6%	4.0%	4.4%
China domestic	shashr Index	0.7%	6,368	2.3%	-12.0%	-3.5%	11.3	10.0	13.7%	3.2%	3.5%
China offshore	HSCEI Index	-8.3%	1,945	4.0%	-29.5%	-34.6%	8.3	7.5	10.7%	3.8%	4.0%
South Korea	KOSPI Index	10.2%	1,402	13.6%	-20.4%	6.8%				2.6%	2.8%
New Zealand	NZSE Index	-4.3%	195	-1.5%	-20.2%	-12.1%	23.7	19.7	20.4%	3.4%	3.8%
Australia	AS30 Index	0.4%	1,634	8.5%	-3.2%	21.2%	16.2	12.9	25.6%	4.6%	5.0%
Pakistan	KSE100 Index	14.4%	20	12.8%	4.2%	12.3%	3.7	2.8	30.4%		
Thailand	SET50 Index	-10.5%	334	-5.8%	-6.8%	15.7%	17.4	15.3	13.6%	2.8%	3.1%
Indonesia	JCI Index	1.3%	666	-1.4%	11.4%	40.9%	14.5	2.1	595.2%	4.3%	4.2%
India	NIFTY Index	8.5%	1,853	14.9%	12.0%	72.0%	20.9	17.5	19.7%	1.5%	1.6%
Singapore	FSSTI Index	-1.0%	365	2.8%	5.5%	28.9%	10.3	10.4	-0.2%	5.2%	5.5%
Malaysia	FBMKLCI Index	-4.8%	209	2.1%	-6.6%	-5.1%	14.3	12.8	11.2%	4.3%	4.6%
Philippines	PCOMP Index	-3.7%	157	10.1%	-8.7%	5.4%	11.9	10.9	9.0%	2.6%	2.7%
Vietnam	VNINDEX Index	14.6%	190	1.9%	-13.5%	26.8%	11.5	9.5	21.3%	2.8%	

* Market cap for the main index

Data as of 30th September 2023

Source(s): Bloomberg Finance L.P., Arbion Ltd.

THREE-MONTH OUTLOOK

		The coronavirus outbreak hit the world economy at a late stage in the cycle, causing a deep recession and leading to unprecedented stimulus. The current period of normalisation is characterised by elevated inflation and a hawkish central bank response but also a re-introduction of appropriate cost of capital and risk-free rates.	Weight
	Cash	At average levels	→
Equities	US	Slowing growth and rising yields are putting pressure on markets. However, as inflationary forces recede, the outlook could improve over the course of next year.	→
	Europe	European markets are cheaper compared to the US and more tilted towards defensive industries. A cheap currency helps the economy, and the ECB is approaching interest rates cautiously.	→
	Japan	Inflation is beginning to pick up in the country, with yield-curve control being relaxed. This provides support to the financial sector. The cheap yen is supportive for the country’s export industries.	↗
	China	Following the re-opening of its economy, China appears to be focusing more on the consumer rather than large-scale stimulus. The market is cheap but is so for many reasons.	→
	EM	Many emerging markets ex-China are suffering from idiosyncratic issues and were hit hard by the global pandemic. Valuations are generally very low offering scope for upside.	→
	Central Banks	The rate hike cycle is largely over and central banks need to focus on the risk of a recession. Rates are likely to stay at current levels for an extended period of time.	
Fixed Income	DM govt	Inflation volatility is high and central banks are determined to tackle the challenge. Long-term yields are breaking out on the upside, repricing term premia and, thus, un-inverting the yield curve.	→
	EM govt	Emerging market central banks are dealing with a variety of different issues and inflation is not yet under control.	→
	DM credit	Spreads across investment-grade and high-yield fixed income are contained compared to history. The short to medium-duration IG space is now attractive again for investors.	↗
	EM credit	We avoid issuers with substantial hard-currency debt relative to the underlying revenue mix. Spreads for fundamentally strong issuers in hard currency are attractive.	↗
	Alt FI	Rising bond market yields are putting pressure on this area as a genuine risk-free option is now available again for investors.	→
Currencies	USD	The dollar has enjoyed a strong recovery, fuelled by a more hawkish Federal Reserve that could see real interest rates rising further in the future. However, most of the strengthening is now behind us.	→
	EUR	The change in the monetary policy outlook for the eurozone is bullish for the common currency. Once dollar strength subsides, this would be positive for the common currency.	→
	JPY	The yen has been fundamentally undervalued for a long time and recent adjustments to the BoJ’s monetary policy could lead to further upside for the currency. Patience is required.	↗
	EM	Emerging markets are suffering from receding global trade, devaluations as well as other idiosyncratic issues. Commodity currencies appear attractive although that cycle is slowing too.	→
	GBP	The stronger dollar puts pressure on GBP and the currency is currently trading within our fair-value range.	→
Commodities	Oil	Oil prices are expected to remain volatile, driven by geopolitical forces but also imbalanced global economies. The longer-term outlook is moderately bullish.	→
	Metals	Although industrial metal prices are benefiting from supply issues, markets are beginning to price in the prospect of a global recession.	↘
	Gold	Gold is traditionally a good diversifier in multi-asset portfolios. Rising interest rates are posing a threat to near-term performance but Gold’s relative strength is encouraging.	→

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