FTSE RUSSELL
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APAC Financial Markets Spotlight

USD EDITION

QUARTERLY REPORT | **AUGUST 2025**

FX drives performance dispersion in APAC assets

Renewed optimism around global trade helped keep equity markets buoyed over the 3M ending July 31, 2025. Monetary policy continued to ease for many markets, but the timing and pace of easing continued to diverge. Currency movements vs. USD were divergent within APAC over 3M as attention returned to monetary policy and news around tariff negotiations and the implications for regional growth.

Over the 3M ending July 31, renewed optimism around global trade negotiations has led to a recovery in risk sentiment. Divergent currency moves have driven further divergence in global equity performance in USD terms, while performance leadership in local currency terms has largely tracked index exposures to key industries such as Tech and Financials.

In fixed income, FTSE APGBI returned 1.3% over 3M and outperformed global peers in **FTSE WGBI** (-0.6%). Currency divergence played a significant role in USD-based performance leadership (Chart 2), reinforcing the importance of currency hedging for investors. Thailand was the best performing government bond market within APAC over 3M, as yields continued to fall in the wake of monetary policy easing, and as the THB strengthened vs. USD. Thailand's higher levels of gold reserves versus peers have served as a tailwind to foreign investment during recent market volatility, providing additional demand for sovereign debt and supporting the THB. Japan (-7.7%) was the main laggard in the index over 3M as uncertainty around future fiscal policy and the potential for increased JGB supply drove yields higher, especially at the long end of the JGB curve.

In equities, **FTSE Asia Pacific** rose 10.4% over the last 3M. Korea (+30.9%) and Taiwan (+30.0%) led performance within the region, as both benefited from strong currency contributions (Chart 1) as well as solid performance from Technology names in both markets. China (+12.4%) also outperformed over 3M, again benefitting from a strong contribution from Technology but also from Financials, which have seen renewed investor attention given elevated dividend yields in the context of declining bond yields. Singapore (+9.9%) and Japan (+4.7%) have a relatively attractive risk-reward profile.

In foreign exchange, most APAC currencies rose vs. USD over the last 3M amid USD weakness. TWD and KRW outperformed, while JPY depreciated the most in the region.

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Chart 1: Divergent currency moves drove further divergence in equity performance in USD terms over the last 3M.

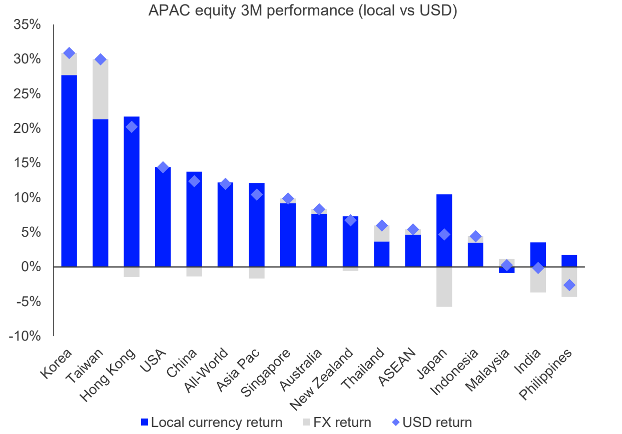
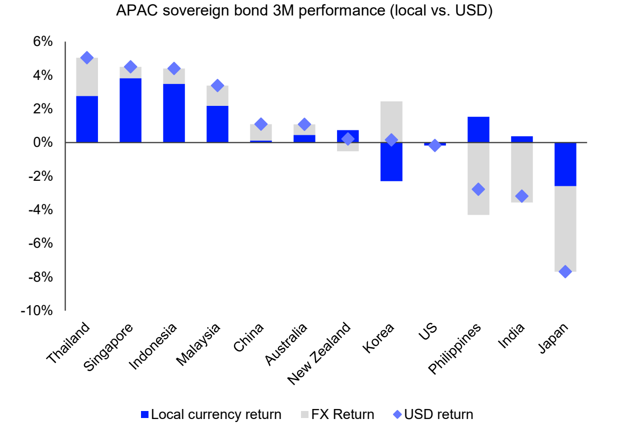


Chart 2: Thailand led APAC bond returns over 3M while Japan lagged. FX effects for both were especially large contributors.



Are equities more fairly valued?

In our last APAC Financial Markets Spotlight (May 2025), we compared APAC equity markets' exposure to external risks and concluded that India is less vulnerable to external demand shocks – both in terms of economic growth and equity revenue exposure, among APAC countries. The equity revenues of China, Indonesia, Thailand, Philippines and India are highly exposed to their home markets. Japan's GDP is less dependent on external demand, but its equity market sources more than 50% of revenue overseas. Taiwan, Korea and Japan have less than 50% revenue sourcing from domestic markets and are more dependent on the US than on China. Tariff uncertainties have dominated market sentiment in 2Q25, while more and more positive news on trade deals in July have driven equities stronger globally and in most APAC markets. We think now is a good time for investors to revisit valuation and earnings outlook post the April market correction.

As Chart 1 shows, most APAC equity markets offered better ROEs than 12M ago, but valuations saw divergent trends. **Taiwan** stood out as its ROE increased and became one of the highest in APAC, while its valuation cheapened after the April sell-off. **India**'s ROE remained high. India's equity valuation also became more attractive after the correction from 4Q24-1Q25. Moreover, India's forecast EPS growth remained one of the highest in the region and saw upward revision over 12M (Chart 3). For **Singapore** and **China**, ROEs increased, and both saw upward revisions to their EPS growth forecasts. China's EPS growth upgrade was mainly attributed to the Basic Materials and Health Care industries, whilst Singapore's was attributed to Financials. That said, both had PE ratios slightly above their respective 10y averages (Page 3, Chart 5). In contrast, **Australian** and **New Zealand** equity valuations became less attractive despite a sound EPS growth outlook.

We also compare 3y annualized risk and return (Chart 2). Among APAC, **Singapore** and **Japan** have a relatively attractive risk-reward profile – lower volatility and higher return than many other APAC markets. These can be important characteristics, especially during periods of uncertainty. **Taiwan** offers higher returns, supported by strong EPS growth, but with higher volatility. In contrast, the risk-reward of **Chinese** and **Korean** equities is less compelling despite relatively cheap valuations.

Chart 1: The ROEs of Taiwan, Korea and China increased over the last 12M, while Taiwan's valuation decreased. Japanese equities appear to be relatively balanced in valuations and ROEs among APAC. Australia became less attractively valued.

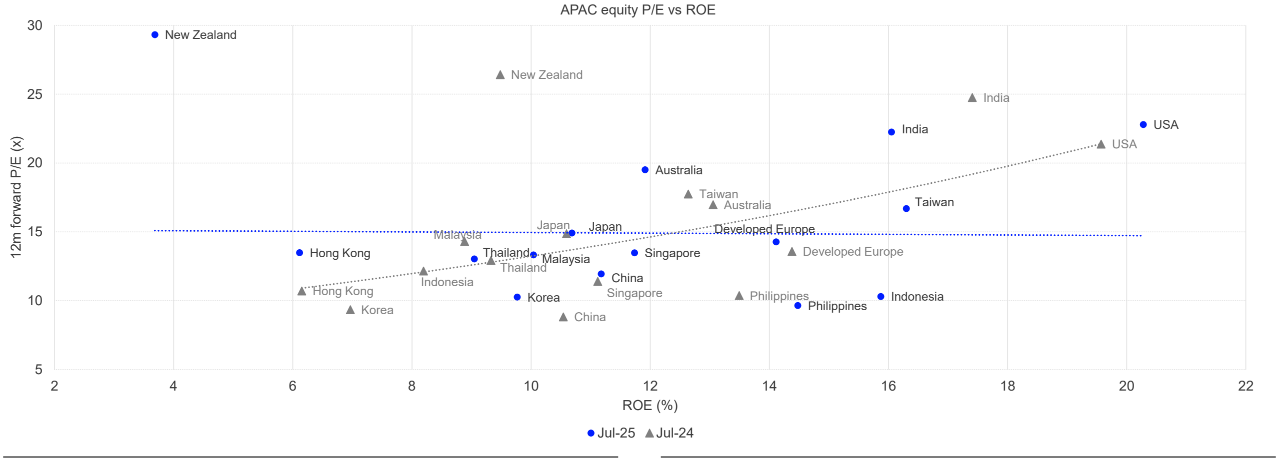


Chart 2: Among APAC equities, Singapore and Japan have a relatively attractive risk-reward profile. Taiwan offers high return, but high vol too. China is less compelling than peers.

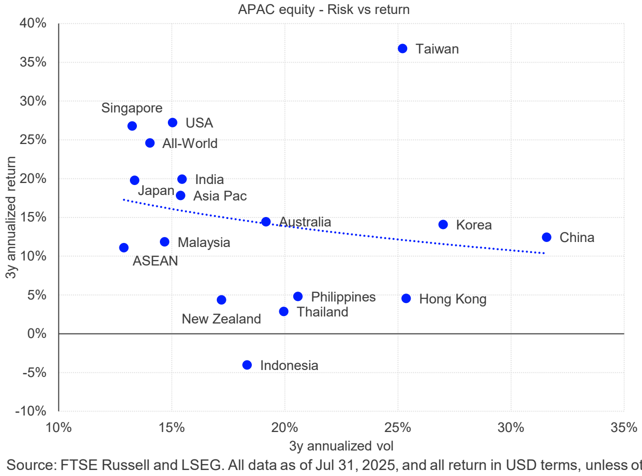
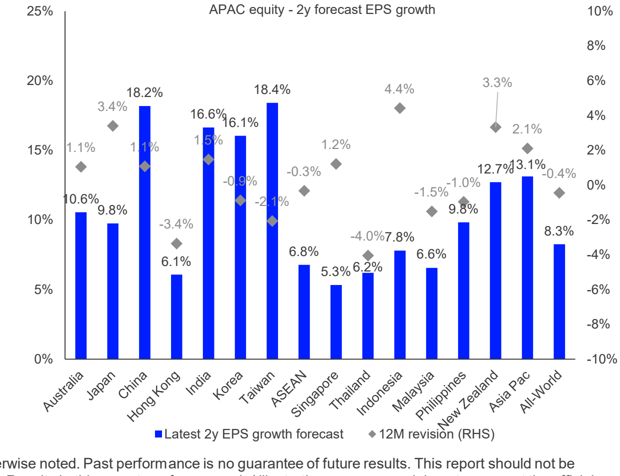


Chart 3: Chinese, Indian, Korean and Taiwanese equities had the highest forecast EPS growth, while Japan saw a strong upward revision in EPS growth forecast over the past 12M.



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Equity Snapshot

Chart 1: Total Return – Past 3M vs 12M vs YTD (USD): Korea outperformed the region over 3M and YTD.

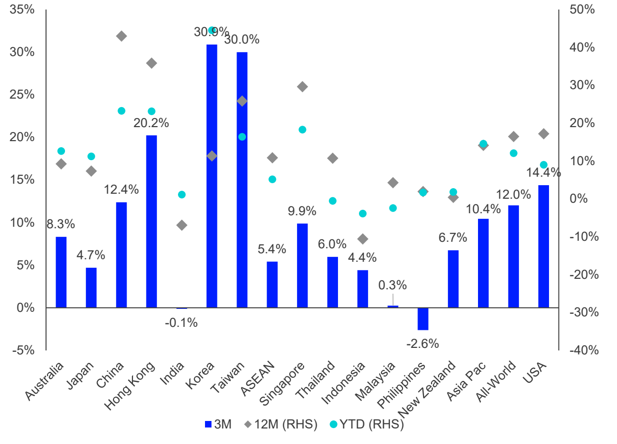


Chart 2: Total Return (YTD) – Local currency vs FX return: FX negatively impacted the USD returns of China and India.

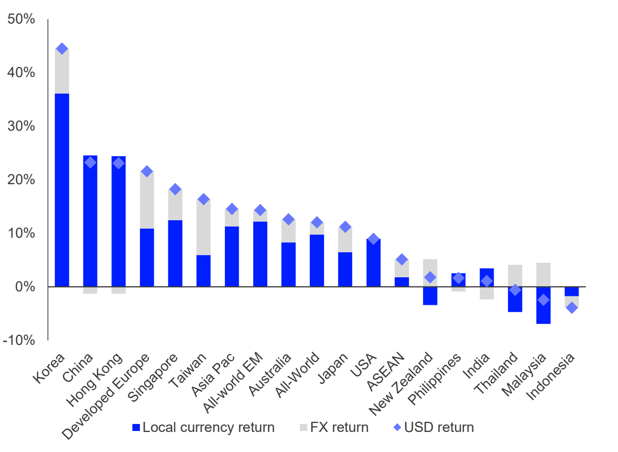


Chart 3: Annualized Volatility (Monthly Observations): China, Korea and Taiwan have higher 3YR & 5YR vol in the region.

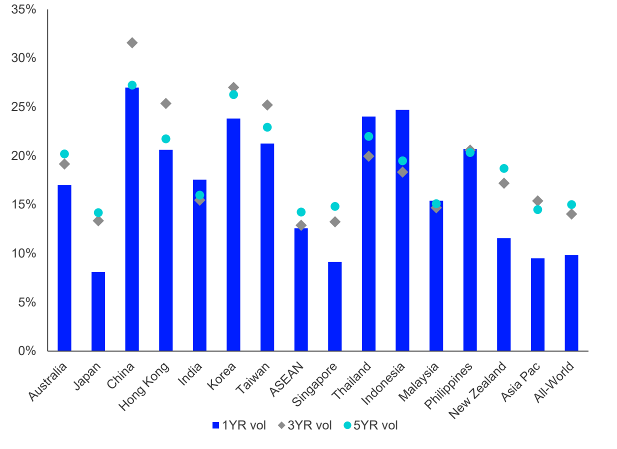


Chart 4: Dividend Yield vs 10YR Range: Singapore's dividend yield is one of the highest – both currently and historically.

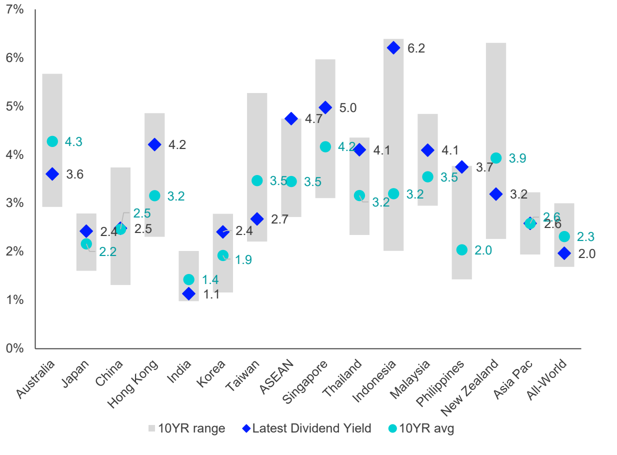
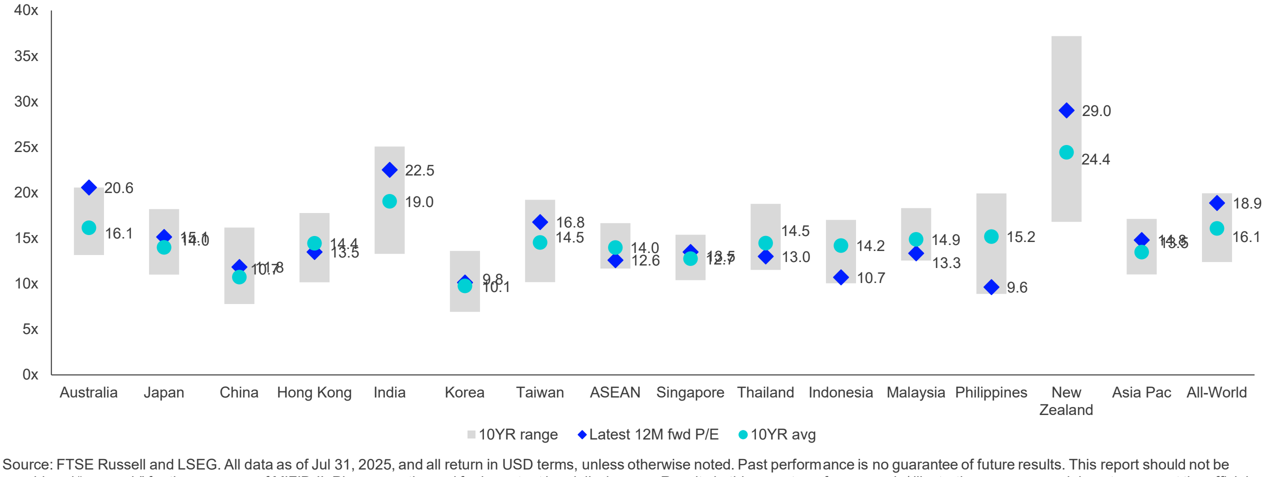


Chart 5: 12M Forward P/E vs 10YR Range: The valuations of India and Taiwan have fallen from past 10y highs, while Australia remained expensive compared to its historical level.



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FX

Monetary policy direction (i.e. rates differentials) remained the main drivers for most APAC currencies. However, other factors contributed to moves in the TWD and KRW. The strengthening of their currencies versus the USD drove further outperformance of their risk assets in USD terms (See Page 1, Chart 1). On the contrary, the weak performance of the JPY and INR versus the USD have dragged the USD return of Japan and India equities and Indian government bonds despite their positive return in local currency terms.

TWD is traditionally a low beta currency. However, over the last 3M and YTD, the currency appreciated the most against USD among APAC currencies. TWD strengthened significantly against USD (+3.7%) in April as exporters panic sold their USD positions in anticipation of further TWD appreciation amid tariff negotiations with the US. Moreover, as Chart 4 shows, foreign investors have been net buyers of Taiwan and Korea stocks. Trade balances rose for both Taiwan and Korea as export growth accelerated on the back of front-loading activities. These have all contributed to the strength of TWD and **KRW**.

JPY weakened 5.5% against USD over the last 3M, underperforming the region. In fact, US-Japan rate differentials did not widen significantly (Page 5, Chart 3). The Upper House elections in July drove the JPY weaker as investors added their short positions or carry trades as a means of hedging election risk. Trade deficit worsened in May-June as export growth slowed. Tariff uncertainty also weighed on investor sentiment before Japan and the US reached a deal in the last week of July.

INR depreciated 3.7% vs USD over 3M. INR's correlation with the USD has broken since May. Lower government bond yields, mainly due to Reserve Bank of India (RBI) rate cuts, and foreign portfolio investment outflows were the main drivers. Though trade talks with the US remained stalled, a potential 25%+ tariff rate would mean downside risks to India's export growth and hence a weaker INR, which has already underperformed its peers over 3M and YTD.

Chart 1: INR and JPY underperformed other APAC currencies over 3M, while TWD and KRW outperformed over 3M.

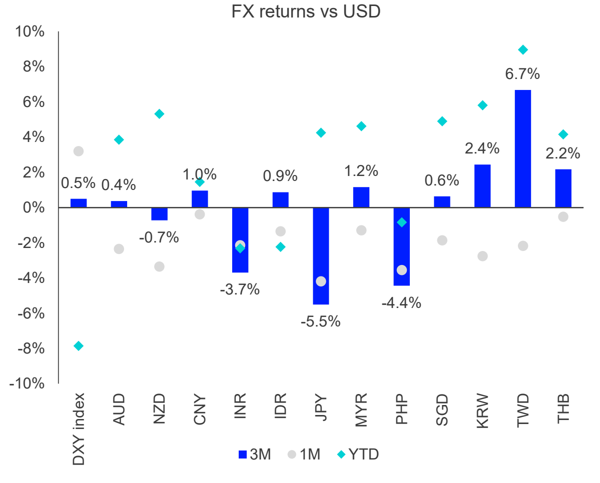


Chart 2: TWD jumped against USD in April. USD/CNY has been relatively stable YTD.

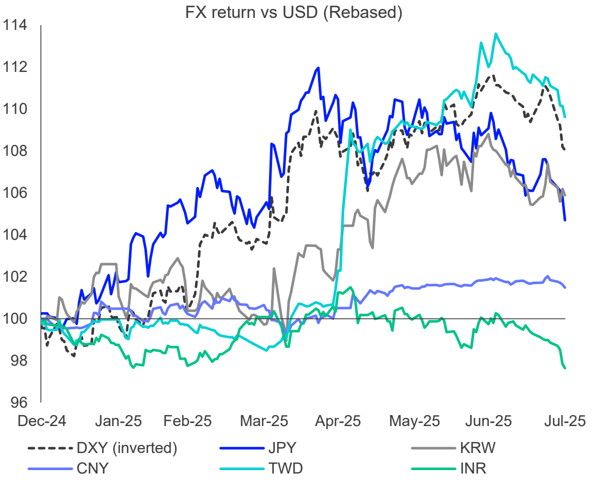


Chart 3: FX positioning survey suggested that positioning in INR was relatively short compared to other EM Asia currencies.

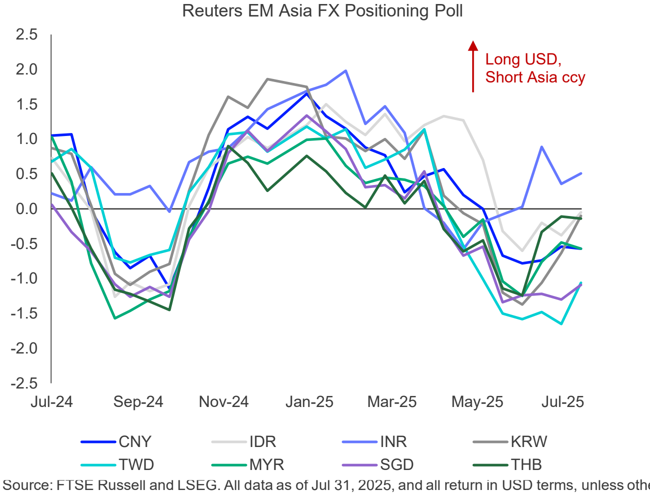
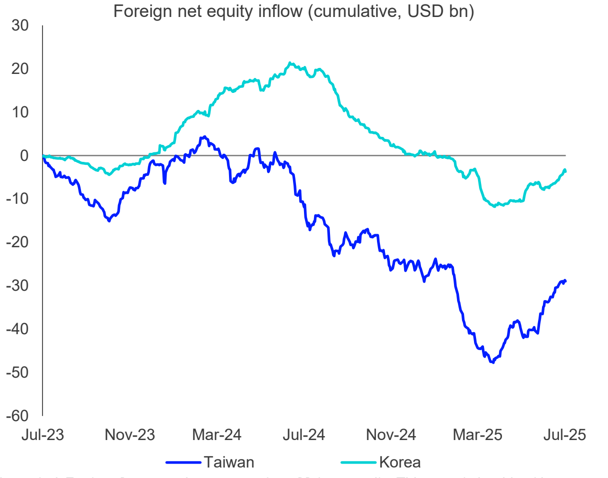


Chart 4: Taiwan and Korea saw strong net foreign equity inflows as market sentiment recovered from the April sell-off.



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Japan

The Bank of Japan (BoJ) has continued to keep interest rates on hold over the last three months. Uncertainty surrounding the impact of trade tariffs on both inflation and growth has largely kept the BoJ cautious on its approach to policy normalization, with the central bank stating in its July quarterly update that it sees risks to economic activity as skewed to the downside but risks to prices as balanced. Looking at the hard data, nationwide core-core CPI continued to increase in recent months, reaching 3.4% y/y in June, compared to just 2.4% in January. Although Japan's labour market remains tight, real wage growth has been negative since January, reflecting the impact of higher inflation as nominal wage growth has remained positive. On the growth front, Japan's GDP declined 0.2% q/q in Q1, mainly due to negative contributions from net exports. Government/public consumption was also a negative contributor. The BoJ's June Tankan survey highlighted mixed results, with business conditions largely flat vs. March for both manufacturing and non-manufacturing enterprises alike.

While the BoJ has kept rates on hold since January, it has also begun to reduce purchases of Japanese government bonds (JGBs). Combined with an uncertain political landscape and uncertainty around future fiscal policy, the term premium for longer-dated JGBs has increased in recent months. The result on JGBs has been both higher yields and curve steepening. Uncertainty around future fiscal policy and the potential for increased JGB supply has also drawn attention to JGB demand, where the BoJ's large share of ownership is a potential risk. The **FTSE Japan GBI** returned ~-7.7% over 3M in USD terms.

FTSE Japan rose 4.7% over the last 3M in USD terms, mainly driven by Technology (+14.1%) as market sentiment recovered on trade negotiation optimism in late June. Consumer Discretionary (-2.2%) lagged, with the Autos and Parts sector being a main drag in June before Japan and the US agreed on a 15% tariff rate, lower than the 25% tariff originally expected, on all autos imported to the US. In addition, Toyota reported a strong sales result for 1H25.

Chart 1: Reduced expectations for rate hikes and an increasing term premium has seen the JGB curve steepen.

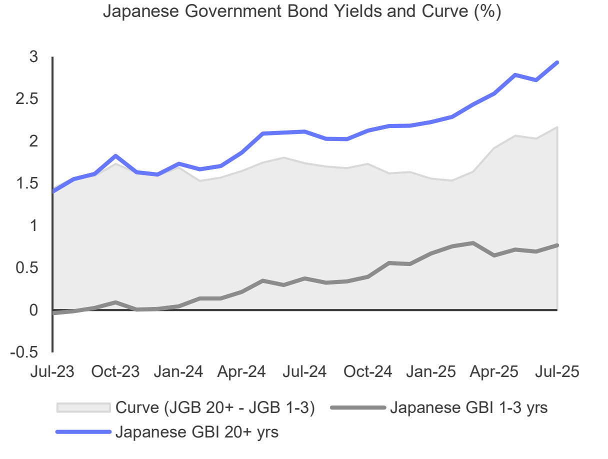


Chart 2: The BoJ's large ownership share of JGBs implies risk to the supply vs. demand equation for government bonds.

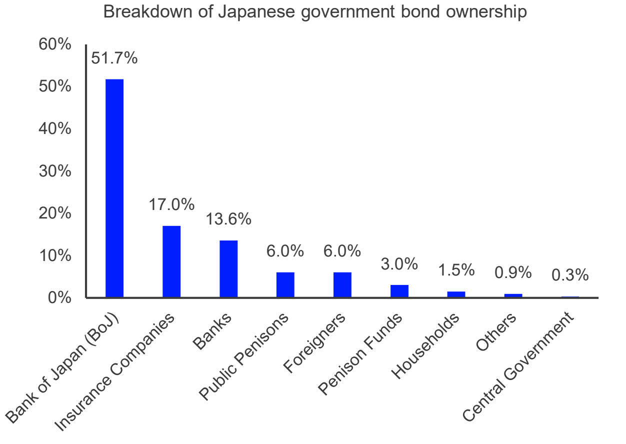


Chart 3: JPY has strengthened in 2025 but has seen volatility in the face of tariff news flow and domestic political concerns.

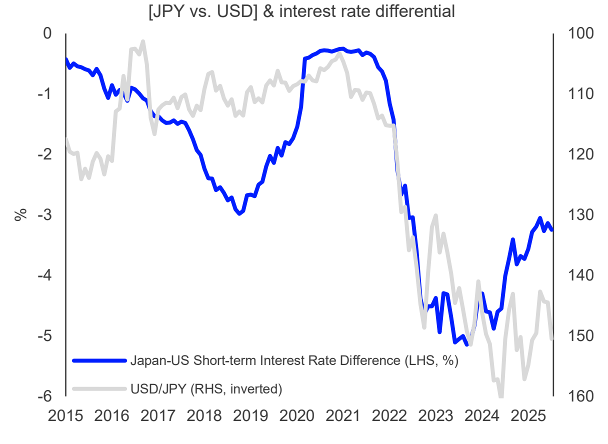
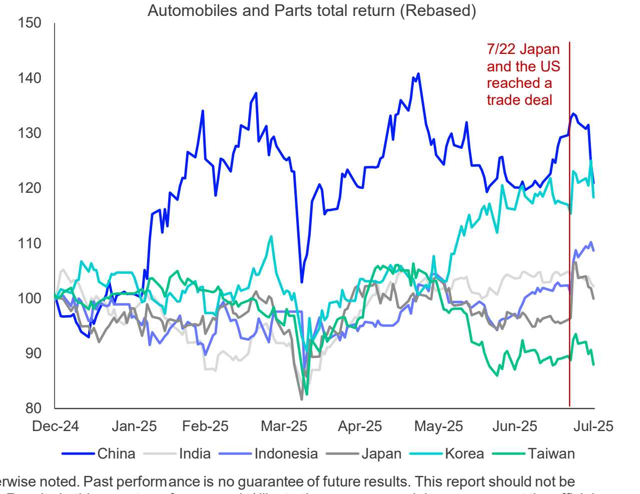


Chart 4: Most Auto and Parts stocks in APAC were under pressure before positive progress on trade negotiations.



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Australia and New Zealand

During its most recent July policy decision, the RBA opted to keep interest rates on hold. This followed the decision to cut by 25 basis points in May. Within its May Statement of Monetary Policy, the RBA acknowledged that a weaker global growth outlook resulted in a slight increase to its forecast for unemployment and a slight decrease in its forecast for domestic inflation. 12-month CPI has continued to decline through both Q1 and Q2, with CPI reaching 2.1% y/y in June. While services inflation remains elevated, it has also notably declined over the last two quarters, reaching 3.1% at end-June. Despite only 50 basis points of cumulative monetary easing this cycle, Australian GDP growth has also been resilient, posting 0.2% q/q growth in Q1, with negative contributions from net trade and public sector demand offset by private demand – notably through household consumption and private investment. Strength in household consumption has occurred despite a modest uptick in unemployment YTD, with unemployment reaching a seasonally-adjusted 4.3% in June from 4.0% at end-2024. **The FTSE Australia GBI** returned ~1.0% in USD terms over the 3-months ending July 31.

In New Zealand, the RBNZ opted to keep rates on hold during its July meeting, following a 25 basis point cut in May – marking 225 basis points of rate cuts this cycle. Fuelling the rapid pace of rate cuts has been a 0.7% y/y contraction in GDP in Q1, which follows a 1.3% contraction in Q4 2024. Labor markets have also softened markedly, with unemployment hitting a 4-year high of 5.2% in June. CPI increased to 2.7% in Q2 but remains within the RBNZ target range.

FTSE Australia rose 8.3% over 3M, with Financials (+8.3%) and Energy (+23.6%) being the main positive contributors. Rising oil prices drove Australia Energy stronger, while the earnings results for the largest two Energy stocks, Woodside Energy and Santos, beat estimates on the back of strong performance of their respective projects. Positive 1H25 earnings supported Australia's Banks stocks in May. However, non-housing private credit growth has slowed since March despite RBA rate cuts. In addition, share buybacks activities have slowed this year vs 2024. Financials fell 2.9% in July.

Chart 1: Australian GDP has remained resilient, partly attributed to consistent positive contributions from private demand.

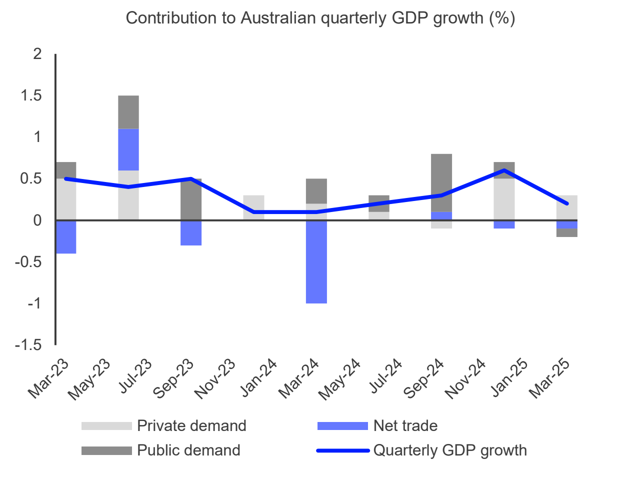


Chart 2: The RBA stated downside risks to growth due to US tariffs, but that inflation could move in either direction.

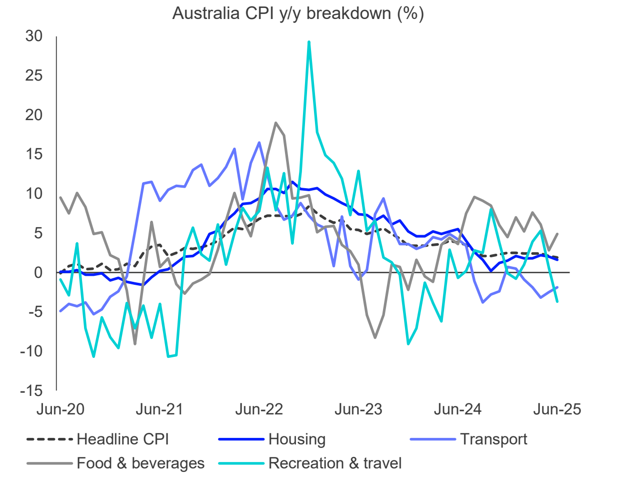


Chart 3: Both the RBA and RBNZ are expected to continue cutting rates into 2026 on growth concerns.

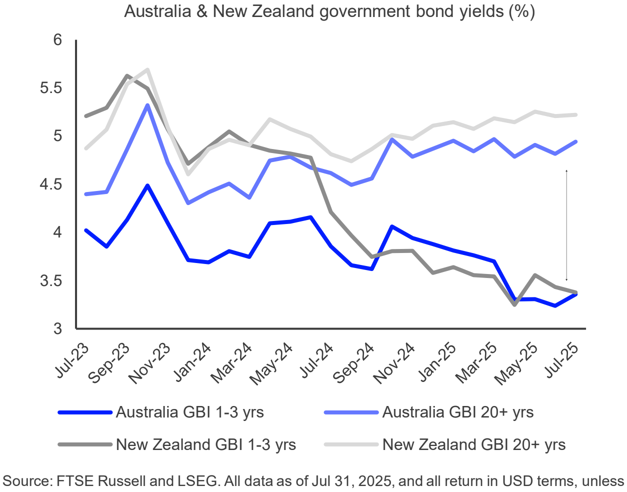
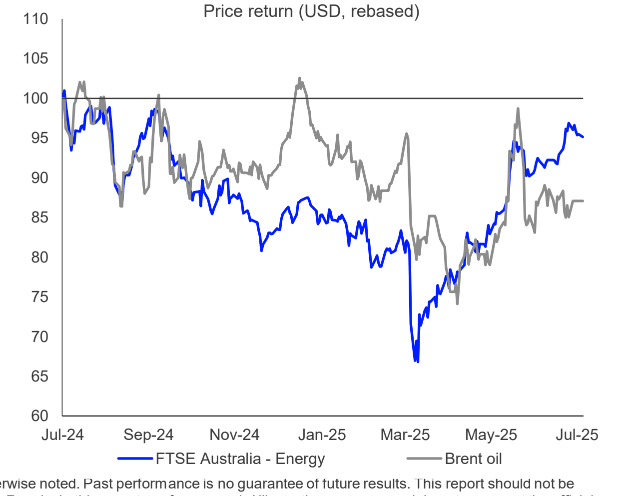


Chart 4: An increase in oil prices have helped drive Australia Energy stocks stronger.



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China

China's growth momentum continued to soften further as suggested by higher frequency data. Both manufacturing and non-manufacturing PMIs fell further in July (Chart 1). Manufacturing PMI has been in contraction territory since April, with new order and output being the main drags. As US-China trade tensions and tariff uncertainty lingered, China's external demand still faces downside risks. As shown in Chart 2, despite a temporary rebound in April and May, China's export growth momentum slowed again as the tariff front-loading effect faded since June, especially for exports to the US. Manufacturing PMI's new export orders sub-index has also trended lower into contraction area since April.

Total social financing data suggested that both corporate and household credit demand remained weak. Corporate bond outstanding growth has stayed flat at ~3.4% y/y, but CNY loan y/y growth has fallen below 7% since May. Government bond outstanding, on the other hand, continued to grow at a double-digit pace (21.4% y/y in July). The government issued the first special sovereign bonds in April, but is yet to issue the second batch amid global trade uncertainty. The supply expectation could continue to pose upward pressure to the long end of Chinese government bond (CGB) yields. Despite the absence of further large scale easing by the PBOC, deflationary pressure and weaker external demand outlook has driven short-end yields lower. Over the last 3M, the 1-3y yields of **FTSE Chinese Government Bond Index** fell to 1.37% from 1.43%.

FTSE China rose 12.4% over 3M, with Financials (+21.1%) and Technology (+11.1%) being the most positive contributors. In contrast, Consumer Discretionary (+3.3%) underperformed other industries as tariffs on autos remained uncertain. Traditionally, China Financials stocks, mainly Banks, tend to outperform other industries amid high volatility and highly uncertain macro environment. In addition to its relatively defensive characteristic, China Financials have been attractive to investors given its high dividend yield (Chart 4), even after how much the industry has rallied over the past few months.

Chart 1: China's manufacturing PMI fell in July, the fourth consecutive month in the contraction territory.

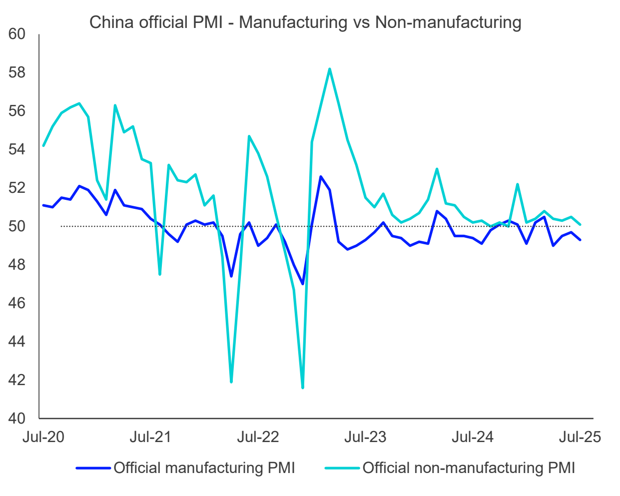


Chart 2: China's exports to the US has fallen significantly since the April announcement of tariff hikes by the US.

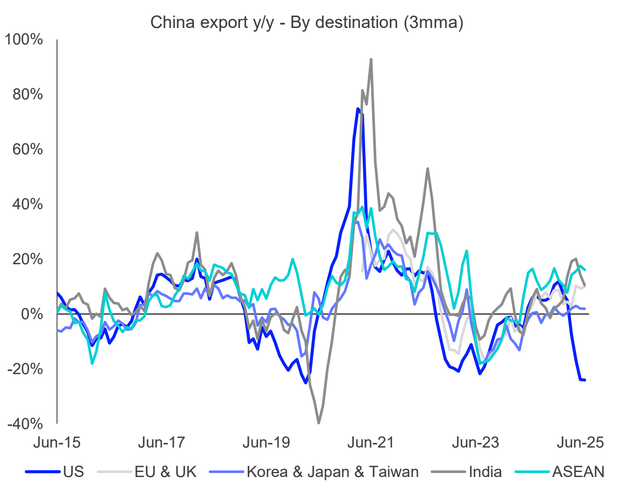
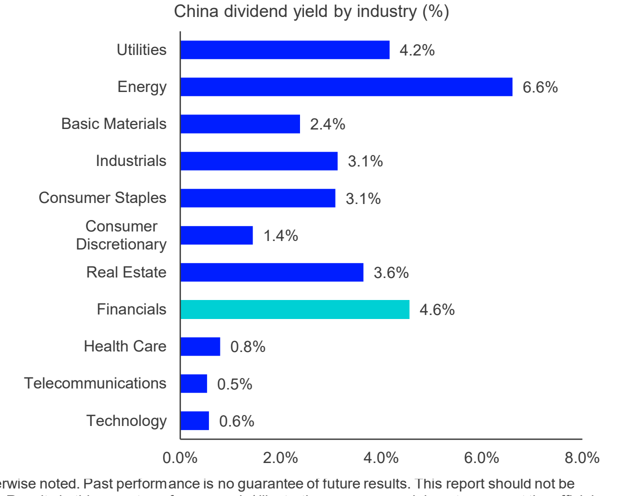


Chart 3: 1-3y CGB yields fell to 1.37% from 1.43% over 3M, with the 1-3y vs 7-10y curve steepening 12bp.

Chart 4: China Financials stocks have been attractive to investors given its high dividend yields.



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India

India's CPI fell further to 2.1% y/y in June, mainly driven by lower food prices (e.g. pulses, vegetables and fruits). Fuel inflation continued to rise due to base effects. Oil prices rose temporarily in June due to Middle-East conflict. However, with the tension easing, the upward pressure on inflation could be limited. Inflation has dropped further below the mid-point of RBI's target range (2-6%), allowing the RBI to have more policy room to support growth.

The monetary policy stance was changed from "neutral" to "accommodative" at the April RBI meeting in response to the US's reciprocal tariff announcement. Further, at the June meeting, the RBI unexpectedly cut the policy rate by 50bp (consensus: 25bp) to 5.50%. The move came as global economic conditions become less supportive due to tariff uncertainties.

The unexpected RBI rate cuts have driven front-end Indian government bond (IGB) yields (1-3y) lower from 6.47% in April to 5.77% in July. 10+ year yields rose from 6.85% to 6.90% over 3M, leading to a steepening yield curve. The **FTSE India Government Bond Index** rose 0.4% over the last 3M in local currency terms, and fell 3.2% in USD terms. The government announced FY24/25 fiscal deficit at 4.8% of GDP, lower than the 5.6% in the previous fiscal year. An even narrower target for FY25/26 at 4.4% could ease supply pressure in the medium term.

FTSE India, in USD terms, fell 0.1% over the last 3M, but rose 3.6% in local currency terms. India stocks saw a broad-based sell-off across industries. One major reason was that foreign outflows resumed in July in the absence of further positive progress on trade negotiations with the US. At the time of writing, India will likely face a 50% US tariff rate due to India's purchase of Russian oil. Technology stocks declined further (-2.7%) as US tariff uncertainty continued to weigh on India's IT services export outlook (Chart 4). Earnings results and guidance also suggested a cautious outlook due to tariff uncertainties. In contrast, Industrials and Basic Materials rose 3.7% and 3.2%, in USD terms, respectively.

Chart 1: Alleviating inflation pressure allowed the RBI to cut rates more to shift focus on supporting growth.

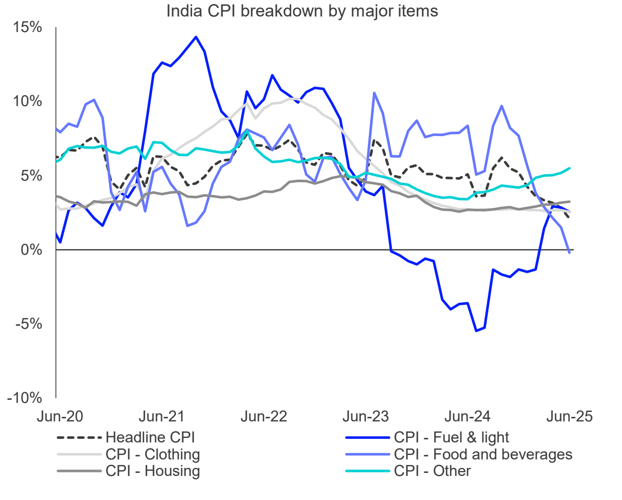


Chart 2: IGB curve steepened as the RBI cut its policy rates by more than market expectations.

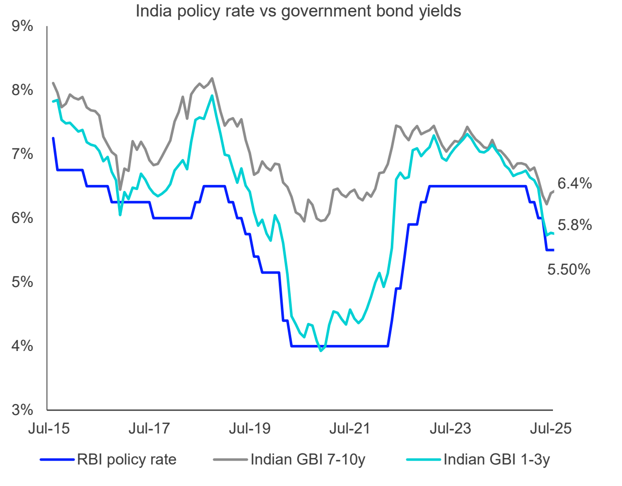


Chart 3: Foreign equity outflows resumed in July. Foreign bond inflows have been prone to sentiment swings.

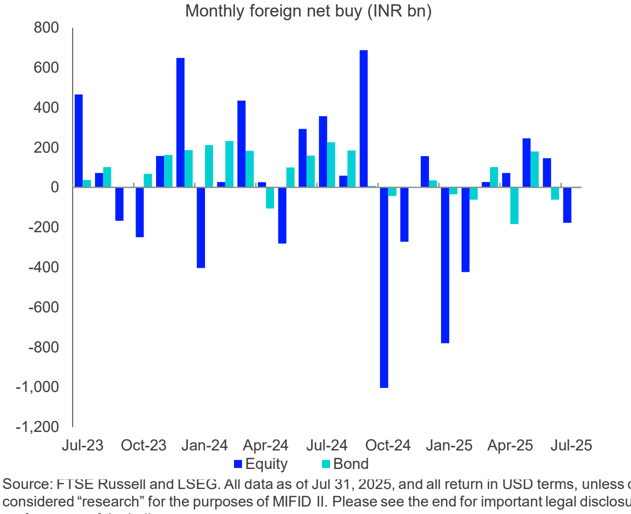
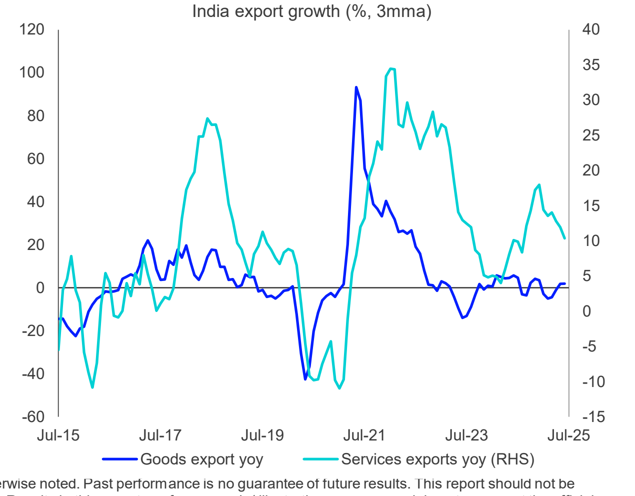


Chart 4: India's services exports (mainly IT services) have weakened YTD due to global trade and growth uncertainties.



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Korea and Taiwan

In both Korea and Taiwan, Q2 GDP growth came in stronger than Q1 (Chart 1), with net exports being a main driver for both economies. Semiconductor exports continued to see front-loading activities as markets await the announcement of semiconductor tariffs (Chart 2). Recovery in domestic consumption also contributed to the increase in GDP growth for Korea.

The Bank of Korea (BoK) cut its policy rate by 25bp to 2.50% in May and kept on hold at the July meeting, in line with expectations. The May rate cut was delivered amid tariff uncertainties and rising downside risks to Korea's export growth outlook, while in July, financial stability, e.g. rising housing prices, was an immediate policy priority for the central bank. Policy rate cuts have driven **FTSE Korean Government Bond Index** (KTB) yields lower across the curve in May (Chart 3). However, post the presidential election on June 3, the parliament passed a KRW 31.5trn extra budget as the new government looked to support growth amid weak domestic demand and external uncertainties. KTB yields rose due to supply pressures.

With Korea's presidential election concluded, domestic political uncertainty has subsided. Korea equity has seen strong foreign inflows since June 3 (Page 4, Chart 3) and robust returns across industries. President Lee's pledges on corporate reforms, such as improving dividend payouts and governance, and on mitigating the 'Korea Discount' enhance the market's long-term structural appeal to foreign investors. **FTSE Korea** rose 30.9% over the past 3M, the best-performing market in APAC. Korea Tech (47%) and Telecom (32%) were the main positive contributors as sentiment recovered amid renewed trade negotiation optimism and positive news that the US government permitted Nvidia's sales of its H20 chips to China.

FTSE Taiwan increased 30.0% over the last 3M, in USD terms, with FX strength being a strong contributor (8.7%) as discussed in the FX section (Page 4). Taiwan Tech stocks rose 34% over 3M as market sentiment recovered amid renewed trade optimism. Positive news on Nvidia and strong TSMC Q2 earnings fueled the rally further in July.

Chart 1: Exports picked up for both Korea and Taiwan in Q2, driving a stronger-than-expected Q2 GDP growth.

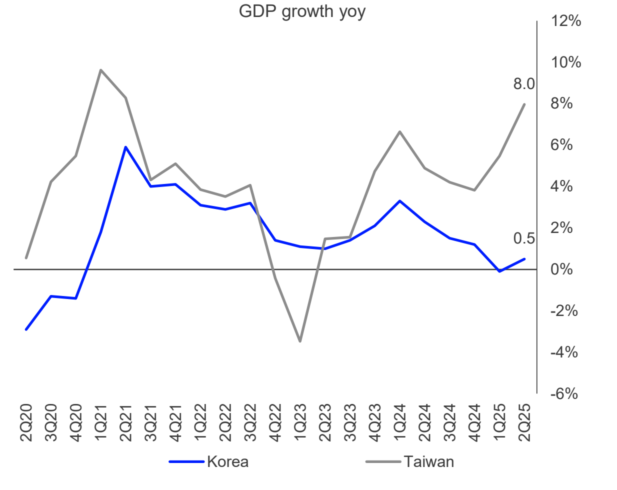


Chart 2: Both Korea's and Taiwan's export growth remained strong due to front-loading activities before Aug 1st.

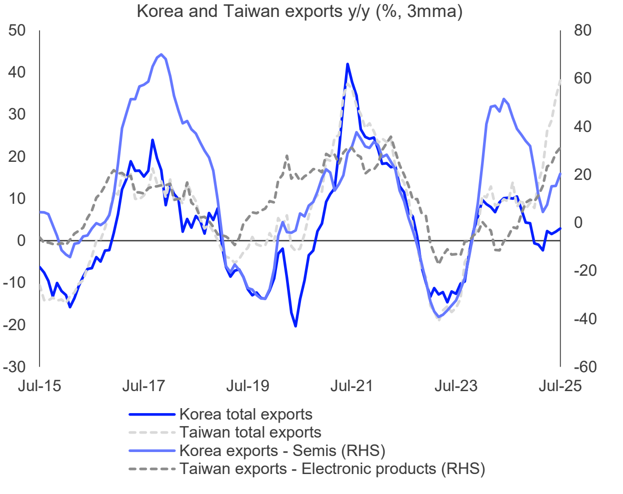
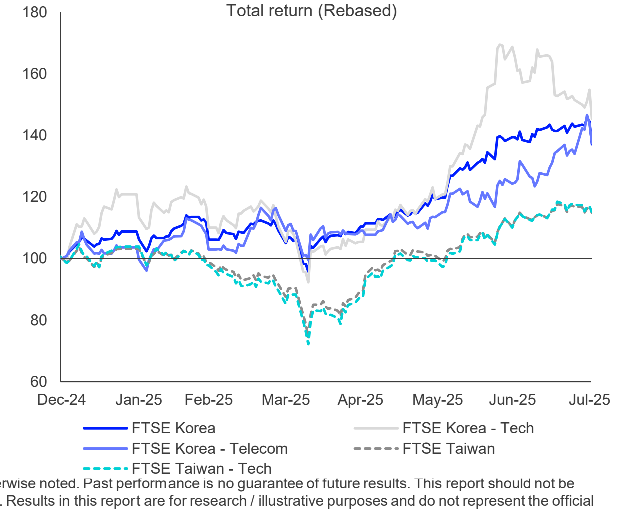


Chart 3: KTB yields rose in June in anticipation of extra fiscal spending under the new government to support growth.

Chart 4: Korea and Taiwan Tech stocks rebounded strongly from YTD lows.



Source: FTSE Russell and LSEG. All data as of Jul 31, 2025, and all return in USD terms, unless otherwise noted. Past performance is no guarantee of future results. This report should not be considered "research" for the purposes of MIFID II. Please see the end for important legal disclosures. Results in this report are for research / illustrative purposes and do not represent the official performance of the indices.

ASEAN

Most ASEAN countries have embarked on their rate cut cycles since 2H24. Indonesia and Philippines cut their policy rates by 50bp and 25bp, respectively, over the past 3M. Moreover, tariff uncertainties caused Malaysia's central bank (BNM) to cut its policy rate from 3.00% to 2.75% for the first time in five years (Chart 1). The BNM looks to support the economy as growth risks skewed to the downside amid global trade uncertainties, soft sentiment and lower-than-expected commodity production. In contrast, Singapore's Q2 GDP came in stronger than the market expectation at 4.3% y/y (Consensus 3.5%). Export growth picked up strongly in Q2 due to front-loading activities amid trade uncertainties. Singapore's disinflationary trend also slowed as core inflation has stayed flat at 0.6% y/y since May (Chart 2). This allowed the Singapore central bank (MAS) to keep its monetary policy on hold at the July meeting, after easing at both January and April meetings.

Indonesia, Malaysia and Philippines all saw cuts to their respective policy rates over the last 3M, while the Bank of Thailand kept its benchmark rate unchanged. Unsurprisingly, monetary easing has seen curves steepen over the past 2 years, with the exception of Thailand, which has seen its curve flatten over the same timeframe.

FTSE ASEAN Index rose 5.4% over the last 3M, with Singapore being the best performer among its ASEAN peers. **FTSE Singapore** rose 9.9% over 3M, with Financials (+10.1%) and Real Estate (+7.7%) being the main positive contributors. Real Estate stocks have rallied YTD as Singapore interest rates continued to fall, helping Real Estate asset managers and REITs to lower its borrowing costs and improve margin and dividends (Chart 4). Lower Singapore interest rates would mean a decrease in banks' NIM and hence profitability; however, relatively low volatility and high dividend yields help Singaporean Financials remain an attractive area for investors. Lipper fund flow data also shows three consecutive months of net inflows into Singapore equity funds. Share buyback activities have also been supportive of Banks stocks.

Chart 1: Malaysia central bank joined other ASEAN countries and delivered its first rate cut at the July meeting.

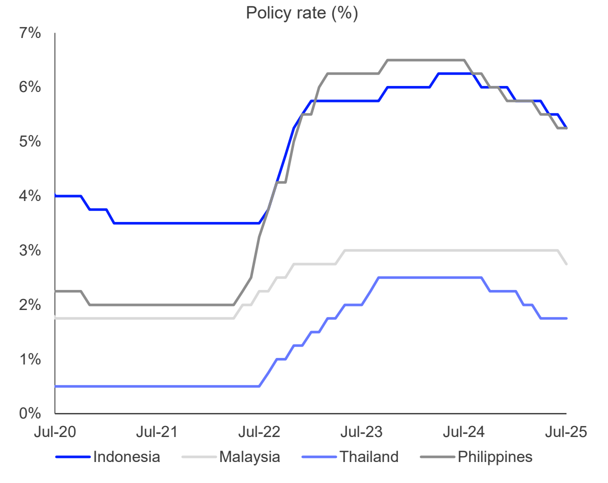


Chart 2: Singapore's disinflation pressure is contained, allowing the MAS to keep rates on hold in July.

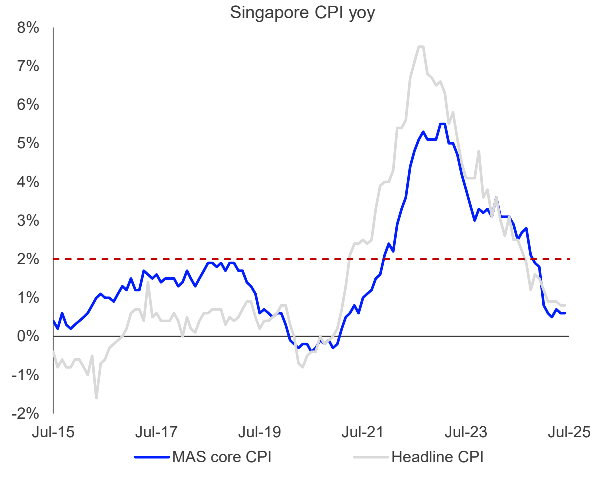


Chart 3: Most ASEAN sovereign curves have steepened over the past 2 years as central banks have eased policy rates.

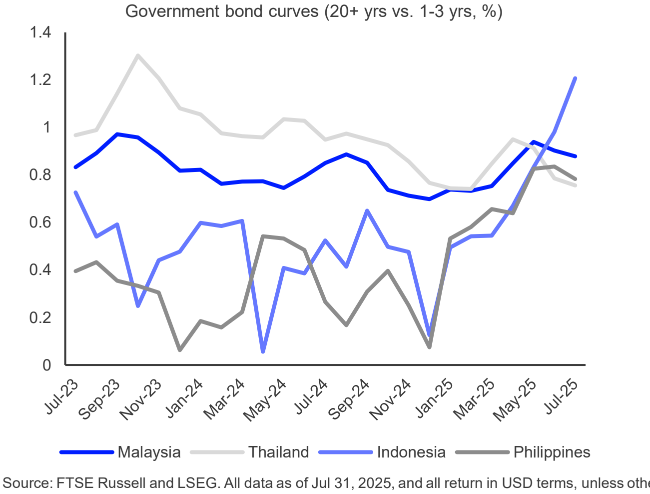
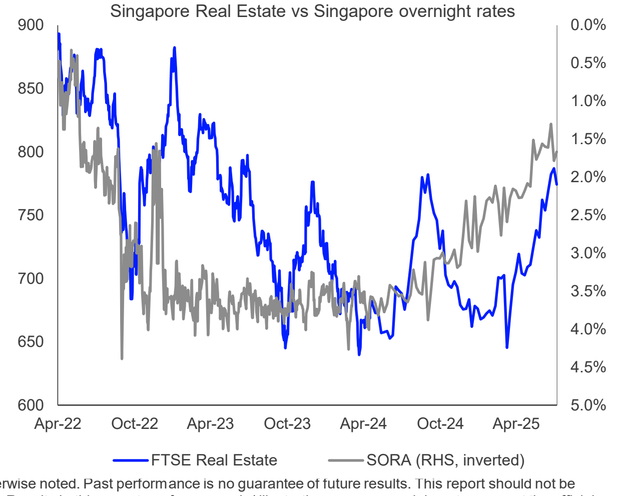


Chart 4: Expectations for lower funding costs drove outperformance in Singapore's Real Estate stocks.



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APAC Research Highlight – Past 6 Months

APAC equities: The sensitivity to oil prices (July 29) Oil prices have long been one critical driver for macro and equity performance. Amid a volatile oil prices backdrop, we think it is crucial for investors to understand the correlation between oil prices and APAC equity markets. Among APAC equity markets, Australia has a higher beta to oil prices while India, Indonesia and Thailand have lower betas. Over the past three years, beta has dropped across most APAC markets. The fading correlation can be largely attributed to the explosive AI-led equity rally, which doesn't necessarily have a strong correlation with strong economic growth and demand. Geopolitical and domestic political developments play an important role too. China is the only market that saw an increase in the beta to oil prices over the last three years. Breaking beta down by industry, industries with the highest positive betas to oil prices are predominantly in the Energy and Basic Materials industries. Consumer Staples, Consumer Discretionary and Utilities typically exhibit negative betas to oil prices. However, Australia Utilities stands out with consistently positive betas. Author: Belle Chang

Taiwan equity – Are fundamentals supporting? (Jun 19) Taiwan equity's strong performance in 2023 and 2024 was underpinned by structural AI-driven demand, particularly in the Technology industry. While valuation concerns and external shocks — such as US tariff hikes — triggered a temporary sharp correction in 2025, the subsequent rebound and normalization in valuations have restored a more balanced risk-reward profile. Importantly, key fundamental indicators such as ROE and EPS growth forecasts, particularly within Tech, continue to reflect resilience and long-term growth potential. With AI demand proving to be structural and capex trends among global tech leaders remaining robust, Taiwan equities appear more attractively valued than they were a little over a year ago, despite near-term macro uncertainties. Author: Belle Chang

A resilient Indian fixed income market (Jun 10) India's government bond market continues to evolve, supported by a favorable macroeconomic backdrop, lower inflation, long average life and a more accommodative monetary policy stance. While recent geopolitical tensions and global uncertainties have driven a temporary pullback in foreign inflows, the structural drivers, such as strong domestic demand, fiscal consolidation, and global bond index inclusions, remain intact. IGBs offer attractive yields versus regional peers and the RBI is expected to proceed cautiously with rate cuts, awaiting further progress in lowering inflation. As India establishes its position in global fixed income indices, the deepening of its bond market marks a significant step forward in its capital market development. Authors: Indrani De, Robin Marshall, Belle Chang.

Indian Financial Markets – an Inflection point in their global role? (Apr 7) In recent years, Indian financial markets have grown sharply and attracted strong foreign portfolio inflows into both equity and fixed income markets, helped by strong economic growth and relatively stable inflation. This has driven strong performance in both asset classes, relative to EM peers and G7 markets. Indian government bonds join FTSE govt bond indices from September 2025, which may boost global investor interest further. Relatively low FDI inflows mean India is less exposed to ongoing global policy and geo-political uncertainty, compared to China, and India also has more favourable demographics. Authors: Indrani De, Robin Marshall, Belle Chang.

Why sustainable equity investors should pay close attention to Singapore (Mar 12) From electric vehicles to energy-efficient data centres, the green economy is a growing global market in which many countries are trying to become leaders. With Asia playing a key role in the global green economy and Singapore acting as the region's technology innovation and capital markets hub, the city state's equity market merits close attention from sustainable equity investors. Singapore's green revenue share in the STI reached 10.9% by end-2024, surpassing global averages and leading in sectors like energy and real estate. The Singapore Green Plan 2030 and sustainability disclosures make the city a competitive hub for green investment across real estate, technology, and renewables. Transparency in sustainability data is increasing, with new disclosure rules coming in 2025 to enhance the green economy landscape for investors. Author: Lee Clements

What drove the February China equity rally? (Mar 10) China's outperformance of 11% in February was encouraging for investors. Optimism around Chinese AI advancements and positive earnings prospects for consumer tech products and EVs were the main drivers, despite broader macroeconomic challenges. By industry, Consumer Discretionary, Technology, and Telecommunications led the gains, with notable contributions from individual names like Alibaba, Tencent, and Xiaomi. The release of DeepSeek's AI models and their integration into these firms have boosted market confidence, highlighting the potential for future growth in these private sectors. Author: Belle Chang.

Appendix – Equity

Chart 1: Total Return – Past 3M by Market and Industry (%, USD)

	Australia	Japan	China	Hong Kong	India	Korea	Taiwan	Singapore	Thailand	Indonesia	Malaysia	Philippines	New Zealand
Technology	22.0	14.1	11.1	14.4	-2.7	46.9	33.5	17.2	52.3	-22.9			
Telecom	10.8	12.3	8.9	14.7	-1.3	31.9	23.0	5.6	-2.1	16.8	6.4	-8.0	16.2
Health Care	10.2	-3.9	42.8	20.1	2.2	13.1	2.4		-4.7	8.2	-9.5		9.8
Financials	8.3	8.4	21.1	23.3	0.2	35.8	15.2	10.1	2.1	-4.9	-4.7	-13.1	
Real Estate	10.4	0.5	1.5	22.3	-0.9		1.2	7.7	2.8	-7.9	5.2	-5.3	
Consumer Discretionary	7.6	-2.2	3.3	23.0	1.7	12.3	3.3	4.4	-8.0	15.4	-3.6	1.0	-0.5
Consumer Staples	-0.4	-3.1	1.4	15.0	-3.4	9.0	13.1	-2.6	-3.8	4.9	-1.2	2.5	
Industrials	7.5	9.0	14.3	20.6	3.7	38.2	35.6	18.8	10.3	-1.4	17.1	25.4	1.2
Basic Materials	2.8	3.6	24.1	60.7	3.2	15.8	27.3		33.4	44.8	7.6		
Energy	23.6	9.8	21.3	55.8	-3.4	37.3	37.3		14.6	38.3	16.9	-7.5	
Utilities	6.6	1.0	7.5	3.4	-5.4	48.6		25.4	1.2	8.0	2.1	-9.6	6.8

Chart 2: Total Return Contribution – Past 3M by Market and Industry (%, USD)

	Australia	Japan	China	Hong Kong	India	Korea	Taiwan	Singapore	Thailand	Indonesia	Malaysia	Philippines	New Zealand
Technology	0.7%	1.4%	2.9%	0.6%	-0.3%	6.7%	24.9%	0.1%	3.5%	-1.1%			
Telecom	0.1%	0.5%	0.5%	0.1%	-0.1%	8.7%	0.6%	0.5%	-0.2%	1.5%	0.5%	-0.7%	0.8%
Health Care	0.9%	-0.3%	2.0%	0.1%	0.1%	0.9%	0.0%		-0.4%	0.1%	-0.5%		3.3%
Financials	3.2%	1.2%	3.6%	9.7%	0.0%	5.0%	1.8%	5.7%	0.5%	-2.8%	-1.9%	-4.0%	
Real Estate	0.7%	0.0%	0.0%	3.7%	0.0%		0.0%	1.2%	0.1%	0.0%	0.1%	-1.2%	
Consumer Discretionary	0.6%	-0.5%	0.8%	2.0%	0.2%	1.5%	0.1%	0.2%	-0.5%	0.9%	-0.2%	0.1%	0.0%
Consumer Staples	0.0%	-0.2%	0.1%	0.6%	-0.2%	0.2%	0.1%	-0.1%	-0.5%	0.4%	-0.1%	0.1%	
Industrials	0.5%	2.3%	0.9%	2.9%	0.5%	6.3%	2.0%	1.1%	0.8%	0.0%	1.3%	4.0%	0.3%
Basic Materials	0.5%	0.1%	0.7%	0.2%	0.2%	0.6%	0.4%		0.5%	4.5%	0.5%		
Energy	1.0%	0.1%	0.6%	0.1%	-0.4%	0.6%	0.0%		2.1%	0.9%	0.3%	-0.2%	
Utilities	0.1%	0.0%	0.2%	0.3%	-0.2%	0.3%		1.1%	0.1%	0.1%	0.3%	-0.6%	2.4%
Market Total	8.3%	4.7%	12.4%	20.2%	-0.1%	30.8%	30.0%	9.9%	6.1%	4.4%	0.3%	-2.6%	6.8%

Note: Numbers may not add up due to rounding or constituent changes, such as stock deletion or inclusion.

Chart 3: Weights by Industry (% of Market Total)

	Australia	Japan	China	Hong Kong	India	Korea	Taiwan	Singapore	Thailand	Indonesia	Malaysia	Philippines	New Zealand	Asia Pac
Technology	3.8%	11.0%	26.1%	3.8%	10.7%	16.3%	77.0%	0.9%	9.7%	2.8%				20.7%
Telecom	1.0%	4.2%	5.2%	0.9%	4.2%	25.7%	2.3%	8.6%	10.9%	9.4%	7.4%	8.3%	5.2%	5.4%
Health Care	8.8%	6.3%	5.5%	0.4%	6.4%	6.2%	0.3%		7.3%	1.5%	4.4%		35.0%	5.4%
Financials	37.5%	15.1%	18.2%	42.8%	28.0%	15.3%	10.8%	56.2%	20.2%	52.2%	39.6%	27.5%		21.0%
Real Estate	7.1%	3.2%	1.9%	16.0%	1.5%		0.1%	15.7%	4.0%	0.2%	2.0%	22.5%		3.2%
Consumer Discretionary	7.5%	21.8%	24.4%	9.0%	11.5%	10.6%	1.8%	5.0%	5.4%	6.2%	4.0%	6.7%	1.1%	15.4%
Consumer Staples	3.8%	5.6%	3.8%	3.8%	6.0%	1.9%	1.1%	2.5%	9.6%	9.0%	9.1%	5.8%		4.3%
Industrials	7.2%	26.6%	6.4%	14.7%	12.0%	17.7%	5.3%	6.3%	9.0%	1.4%	8.4%	20.9%	25.1%	14.6%
Basic Materials	16.8%	4.3%	3.3%	0.5%	6.0%	3.4%	1.3%		2.0%	13.5%	6.4%			5.0%
Energy	5.0%	0.7%	3.1%	0.1%	9.8%	2.2%	0.1%		15.4%	2.9%	2.4%	2.5%		3%
Utilities	1.6%	1.3%	2.1%	8.1%	4.0%	0.8%		4.8%	6.6%	0.8%	16.2%	5.8%	33.7%	2.2%

Chart 4: Past 3M EPS Growth (%) Revision – Top/Bottom 20

Top 20 | Bottom 20

	Australia	China	Hong Kong	Indonesia	India	Japan	Korea	Malaysia	New Zealand	Philippines	Singapore	Thailand	Taiwan
Technology	0.39	1.72	-0.51	34.83	-2.81	0.59	-0.41				3.10	9.60	0.49
Telecommunications	2.52	-0.14	-8.45	-3.47	1.04	4.44	3.62	1.76	0.00	2.97	-3.57	1.80	-3.99
Health Care	0.19	-1.36	-0.53	-0.21	-0.32	-0.54	8.10	-9.07	-1.18			-1.34	3.01
Financials	-0.98	1.25	-0.41	-0.64	-0.17	-1.01	-1.16	-0.86		0.48	0.40	-2.18	4.61
Real Estate	-0.54	8.76	0.58	-8.41	4.12	1.05		-2.26		0.91	-2.85	0.41	
Consumer Discretionary	-0.27	-2.29	0.41	-0.85	-2.11	2.73	3.85	12.28	-13.33	1.63	7.65	-1.27	0.92
Consumer Staples	-0.43	-2.36	-0.26	1.68	-2.01	-0.35	3.46	-1.84		-0.02	-0.12	-2.98	2.77
Industrials	0.13	0.10	0.41	0.63	-3.45	1.43	-10.99	-0.08	-2.33	1.62	0.30	-0.67	3.26
Basic Materials	-2.33	-11.79	2.22	5.86	-9.58	3.38	-4.48	1.70				18.01	-1.34
Energy	-1.83	3.09		-16.38	-2.13	9.37	11.04	-0.84		1.46		2.08	1.62
Utilities	2.24	-0.59	1.04	-10.71	1.33	-8.81	2.71	0.00	-10.47	-2.24	-1.90	0.11	

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Appendix – Fixed income

Government bond returns and government bond yields (%)

Green highlight indicates highest 15%, red indicates lowest 15%.

Top 15% Bottom 15%

		Government bond returns (USD)			Government bond yields			
		3M	YTD	12M	Current	3M ago	6M ago	12M ago
US	1-3YR	0.33	2.72	4.44	3.69	4.23	4.21	5.09
	7-10YR	-0.21	4.68	2.68	4.06	4.51	4.26	4.69
	20+YR	-1.72	1.50	-4.24	4.77	4.88	4.57	4.85
	All	-0.18	3.35	2.65	3.94	4.42	4.27	4.89
APGBI	1-3YR	1.66	3.25	3.27	1.86	1.85	2.05	2.50
	7-10YR	1.32	4.41	5.89	2.58	2.66	3.00	3.37
	20+YR	-0.51	6.18	8.77	2.40	2.53	2.85	3.16
	All	1.28	4.35	5.36	2.32	2.38	2.63	3.01
Japan	1-3YR	-5.23	4.57	0.07	0.64	0.67	0.39	0.21
	7-10YR	-6.61	2.00	-1.98	1.17	1.12	0.80	0.76
	20+YR	-11.97	-10.21	-14.37	2.56	2.22	2.12	1.86
	All	-7.68	-1.13	-5.17	1.53	1.42	1.18	1.06
China	1-3YR	1.46	1.87	2.34	1.43	1.27	1.49	1.89
	7-10YR	0.95	2.15	5.50	1.66	1.63	2.12	2.34
	20+YR	-0.22	2.58	9.81	1.91	1.94	2.37	2.61
	All	1.09	2.03	4.28	1.56	1.48	1.82	2.14
Australia	1-3YR	1.36	7.05	3.05	3.34	3.81	4.06	4.16
	7-10YR	1.17	8.57	2.96	4.00	4.34	4.42	4.36
	20+YR	-0.71	5.65	-2.02	4.79	4.95	4.97	4.75
	All	1.07	7.94	2.68	3.82	4.19	4.32	4.30
India	1-3YR	-1.73	2.97	3.68	6.00	6.64	6.69	7.15
	7-10YR	-2.49	4.05	5.58	6.35	6.75	6.85	7.22
	20+YR	-5.28	1.23	2.27	6.78	7.01	6.99	7.29
	All	-3.20	3.09	4.29	6.40	6.80	6.85	7.23
Indonesia	1-3YR	3.64	3.67	6.83	6.45	6.75	6.53	7.11
	7-10YR	4.60	5.18	8.30	6.86	7.04	6.85	7.22
	20+YR	4.17	3.80	7.41	7.14	7.25	7.03	7.17
	All	4.40	4.67	7.84	6.81	7.01	6.81	7.20
Korea	1-3YR	2.97	8.43	3.18	2.34	2.62	2.98	3.51
	7-10YR	1.46	9.53	4.26	2.58	2.88	3.13	3.66
	20+YR	-2.79	9.84	6.54	2.43	2.75	2.97	3.46
	All	0.15	9.26	4.87	2.45	2.75	3.03	3.54
Malaysia	1-3YR	2.32	7.78	12.03	3.17	3.41	3.48	3.53
	7-10YR	3.71	10.28	14.26	3.63	3.81	3.96	3.96
	20+YR	4.13	11.35	16.23	4.03	4.15	4.22	4.30
	All	3.38	9.92	14.23	3.59	3.79	3.87	3.93
Singapore	1-3YR	1.78	8.40	7.89	2.13	2.83	2.70	3.52
	7-10YR	4.03	13.49	12.41	2.43	2.93	2.82	3.45
	20+YR	9.41	19.86	20.43	2.63	2.88	2.76	3.39
	All	4.50	13.25	12.72	2.34	2.88	2.75	3.46
New Zealand	1-3YR	0.52	8.24	5.04	3.25	3.64	3.81	5.16
	7-10YR	0.12	8.19	3.64	4.26	4.43	4.41	4.85
	20+YR	-0.40	6.67	-2.01	5.15	5.14	5.01	5.17
	All	0.21	8.05	3.61	4.05	4.24	4.28	4.92
Thailand	1-3YR	3.09	6.83	13.34	1.56	2.05	2.12	2.38
	7-10YR	5.62	11.63	20.51	1.85	2.29	2.37	2.74
	20+YR	10.84	19.35	36.47	2.51	2.80	3.04	3.34
	All	5.04	10.43	19.08	1.79	2.24	2.34	2.68
Philippines	1-3YR	-2.83	3.15	6.35	5.77	5.79	5.66	6.49
	7-10YR	-2.39	3.13	6.80	6.18	6.12	5.87	7.05
	20+YR	NA	NA	NA	6.45	NA	NA	NA
	All	-2.78	2.79	6.33	6.06	6.04	5.84	6.86

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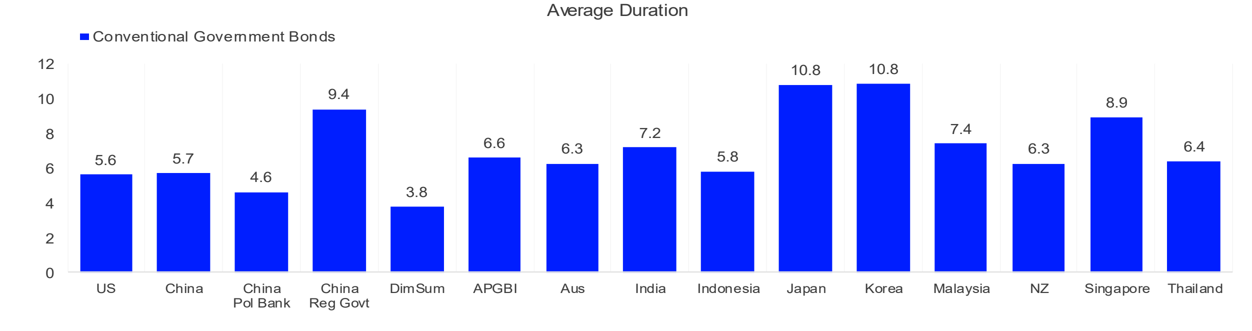
Appendix – Fixed income

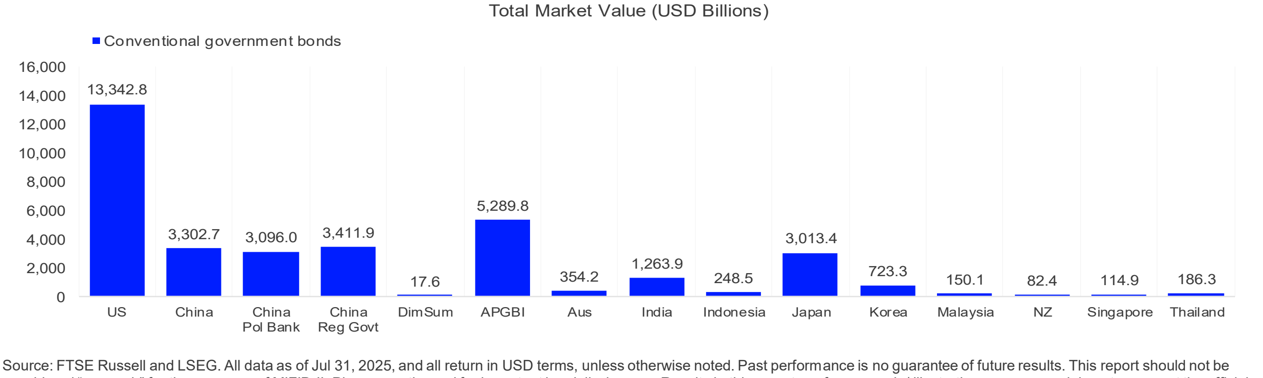
Duration and market value (USD, Bn)

Conventional Government Bonds	Duration				Market Value			
	3-5YR	7-10YR	20+YR	Overall	3-5YR	7-10YR	20+YR	Total
US	3.6	7.0	15.9	5.6	3,003.2	1,290.4	1,473.2	13,342.8
China	3.7	7.7	18.1	5.7	790.2	597.5	366.8	3,302.7
China Pol Bank				4.6				3,096.0
China Reg Govt				9.4				3,411.9
DimSum				3.8				17.6
APGBI	3.7	7.5	18.4	6.6	1,083.8	936.9	735.3	5,289.8
Aus	3.8	7.3	16.0	6.3	62.2	101.2	19.9	354.2
India	3.5	6.2	12.3	7.2	160.4	267.8	324.4	1,263.9
Indonesia	3.0	6.1	11.5	5.8	29.7	46.3	15.4	248.5
Japan	3.9	8.2	22.0	10.8	372.9	489.5	546.1	3,013.4
Korea	3.9	7.3	19.4	10.8	87.7	71.9	270.3	723.3
Malaysia	3.9	7.0	15.2	7.4	18.1	26.9	21.2	150.1
NZ	3.9	7.1	15.5	6.3	17.0	21.5	5.2	82.4
Singapore	3.6	7.1	20.2	8.9	17.2	17.2	26.8	114.9
Thailand	3.8	7.8	16.8	6.4	39.0	24.4	8.6	186.3

Corporate Bonds	Duration			Market Value		
	Inv Grade	High Yield	Overall	Inv Grade	High Yield	Overall
US	6.7	3.7		7,202.3	1,174.0	
China Corp (LC)			2.9			609.7
China Green Onshore			2.7			149.8
China Corp ($)	4.7	2.9	9.4	149.3	16.7	165.9
DimSum			2.9			32.9
EM	5.5	3.6	5.0	491.8	187.2	679.1
EUxUK	4.5	3.2		3,375.2	387.4	

Other Sectors	Duration			Market Value		
	Supra	Agency	Corp NR	Supra	Agency	Corp NR
Offshore (DimSum)	3.9	3.9		3.2	4.6	





Source: FTSE Russell and LSEG. All data as of Jul 31, 2025, and all return in USD terms, unless otherwise noted. Past performance is no guarantee of future results. This report should not be considered “research” for the purposes of MIFID II. Please see the end for important legal disclosures. Results in this report are for research / illustrative purposes and do not represent the official performance of the indices.

Glossary

Indices used in the report	Mnemonic/Code
FTSE World Government Bond Index (WGBI)	WGBI
FTSE Asia Pacific Government Bond Index (APGBI)	APGBI
FTSE US Government Bond	US_TSY
FTSE German Government Bond	DE_TSY
FTSE Japanese Government Bond	JP_TSY
FTSE Chinese Government Bond	CN_TSY
FTSE Malaysian Government Bond	MY_TSY
FTSE Singapore Government Bond	SG_TSY
FTSE Australian Government Bond	AU_TSY
FTSE New Zealand Government Bond	NZ_TSY
FTSE Korean Government Bond	KR_TSY
FTSE Indonesian Government Bond	ID_TSY
FTSE Indian Government Bond	IN_TSY
FTSE Thai Government Bond	TH_TSY
FTSE Philippines Government Bond	PH_TSY
FTSE US Broad Investment-Grade Bond Index Corporate (US Corp IG)	BIG_CORP
FTSE US High-Yield Market Index (US Corp HY)	HY_MARKET
FTSE Asian Broad Bond Index (ABBI)	ABBI
FTSE ABBI Corporate Bond Investment-Grade (ABBI Corp IG)	ABBI_CORP_IG
FTSE ABBI Corporate Bond High-Yield (ABBI Corp HY)	ABBI_CORP_HY
FTSE Asia Pacific Index (FTSE APAC)	AWPACS
FTSE All-World Index	AWORLDS
FTSE Australia Index	WIAUS
FTSE China Index	WICHN
FTSE Hong Kong Index	WIHKG
FTSE Indonesia Index	WIIDN
FTSE India Index	WIIND
FTSE Japan Index	WIJPN
FTSE Korea Index	WIKOR
FTSE Malaysia Index	WIMAL
FTSE New Zealand Index	WINZL
FTSE Pakistan Index	WIPAK
FTSE Philippines Index	WIPHL
FTSE Singapore Index	WISGP
FTSE Thailand Index	WITHA
FTSE Taiwan Index	WITWN
FTSE ASEAN Index	AWASEAN
US Dollar Index (DXY)	NDXYSPT

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