APAC Financial Markets Spotlight

USD EDITION

QUARTERLY REPORT | **MAY 2025**

External and Domestic factors drive volatility in APAC

Elevated global economic uncertainty has caused higher volatility across most asset classes over the 3M ending 30 April 2025, adding complexity to an already challenging landscape. Interest rates were kept on hold in Japan, China and Taiwan, while Australia, New Zealand, India and Korea cut. Most currencies strengthened vs. USD, which benefitted returns in USD terms. Bond and equity returns were largely positive.

Over the last three months, tariff uncertainty has dominated global markets. APAC markets with strong ties to both China and the US saw additional volatility. On the other hand, domestic demand-driven economies such as India, Indonesia and Philippines have their idiosyncratic stories.

In fixed income, **FTSE APGBI** returned 2.1% over 3M but underperformed global peers in **FTSE WGBI** (5.5%). USD weakness served as a tailwind to performance in USD terms for most markets. Singapore was the best performing government bond market within APAC over 3M, as yields fell following US Treasuries (UST) moves and a more dovish tone from the Monetary Authority of Singapore (MAS) . China (+0.3%) was the main laggard in the index over 3M as Chinese yields rose in the absence of signs of further rate cuts by the PBOC. Indonesia (+0.8%) was another laggard over 3M, as Bank Indonesia kept its benchmark interest rate unchanged since January and as the Indonesian Rupiah weakened vs. USD. With the exception of Singapore, APAC government bond spreads to UST broadly widened over the period, as US yields fell on the back of weaker domestic growth expectations.

In equities, **FTSE Asia Pacific** rose 2.5% over the last 3M. China rose 9% over 3M, with escalation of US-China trade tensions offsetting the Chinese AI-led Tech rally in February (FTSE China rose 11% in February). Philippines (+16%) outperformed the region as further BSP rate cuts led to a more positive growth outlook. Taiwan lagged (-13%) as Tech stocks sold off amid trade tariffs uncertainty and expensive valuation.

In foreign exchange, most APAC currencies rose vs. USD over 3M amid USD weakness. JPY led given its safe-haven currency characteristics and BoJ's rate hike cycle. CNY lagged.

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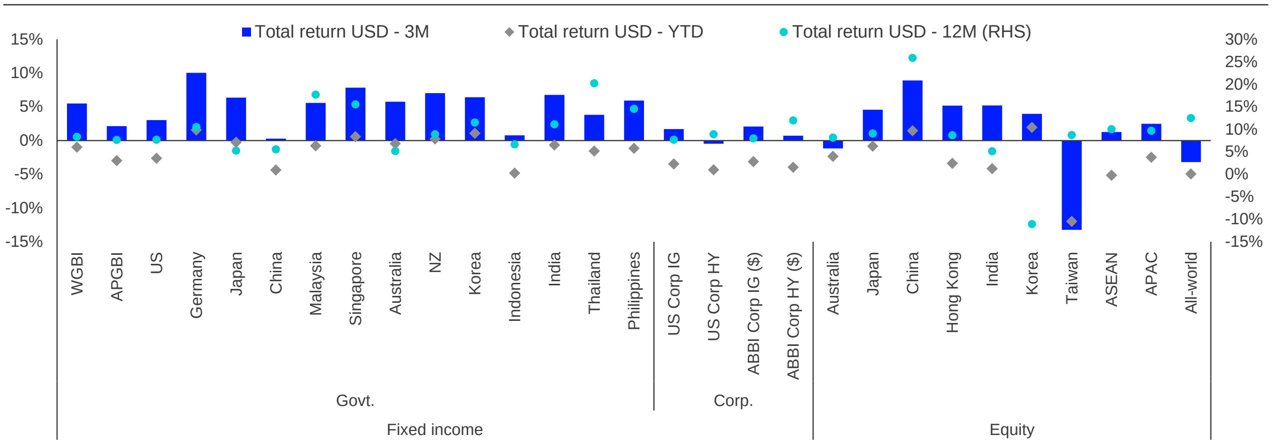
Chart 1: APAC equities broadly outperformed FTSE All-World over 3M, with the exception of Taiwan, where equities have been highly correlated with the US. In fixed income, FTSE APGBI underperformed WGBI over 3M but saw broadly positive returns.



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Assessing APAC's exposure to external risks (1)

Inflation and the slowdown in China were two key macro themes in 2024. In APAC, since H2 2024, economies like New Zealand, Philippines, Korea and China have eased their monetary policies the most, mainly due to slowing inflation or domestic demand. In 2025, spillovers from China's soft domestic growth could continue to dominate the outlook for APAC markets. US trade policies have posed further uncertainty or downside risks to most APAC markets' growth outlook. Below we assess APAC markets' vulnerability to these two factors.

In APAC, Singapore, Taiwan and Korea are sensitive to international trade (Chart 2). Philippines, New Zealand, Japan, Australia and India are mainly driven by domestic consumption demand. Malaysia and Thailand rely both on external and domestic consumption. In China, the share of investment is higher than in other APAC economies. Hence, while US tariffs could directly intensify China's slowdown, excess supply remains the main challenge for China's growth outlook. **As China's deflationary pressures persist, softening demand could continue to drag on exports for Taiwan, Australia and Indonesia. Korea and Singapore also have a high share of exports to China and share of exports as a % of GDP.** Already, Korea's export growth has slowed over the past year (Page 9, Chart 1), with exports to China being a major drag.

US tariff hikes could result in lower demand from the US, most impacting Taiwan, Japan, Korea and Thailand, who have large shares of exports to the US (Chart 1). Additionally, as Chart 3 shows, Taiwan, Japan and Korea have large trade surpluses with the US, making these economies more likely to be subject to additional tariffs. Although the US has paused reciprocal tariffs for 90 days, specific sectors such as autos and semis still face tariff risks, posing downside risks to these economies' export outlook. However, based on the experience from 2018-19, one upside risk to note is that export-oriented economies in ASEAN and Taiwan could benefit from supply chain shifts and FDI amid US-China trade tensions.

As for India, exports only accounted for 22% of its total GDP, making it less vulnerable to external demand shock. Moreover, the outlook for India's domestic demand remains solid (page 8). India's exports have a stronger tie to the US than to China, indicating that India may be less affected from China's slowdown than its regional peers.

Chart 1: Among APAC, the exports of Taiwan are the most exposed to both the US and China. Australia and Indonesia are highly exposed to China, but less to the US, likely facing a lower impact from US tariffs but higher risk from China's slowing demand.

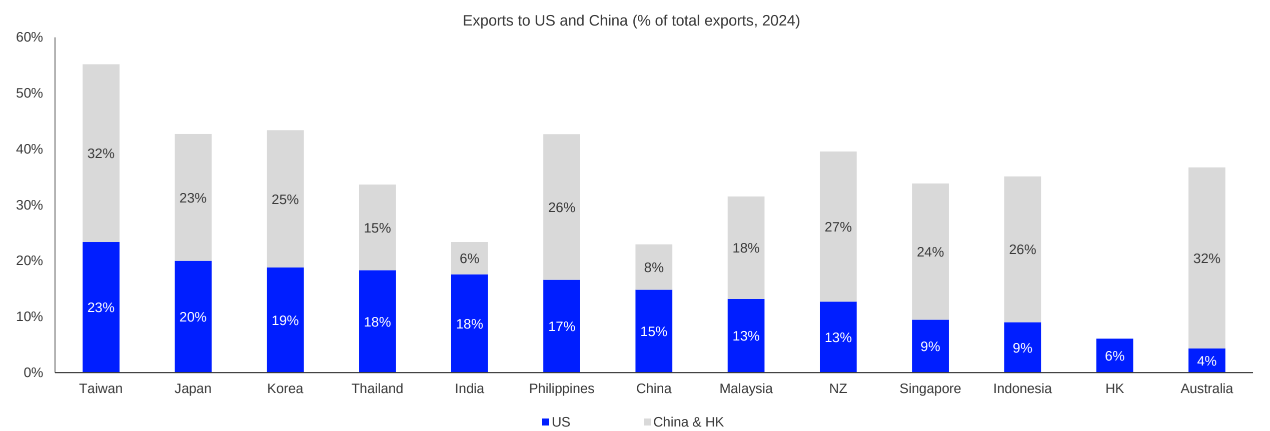


Chart 2: Singapore, Malaysia, Thailand, Taiwan and Korea are the top 5 APAC economies sensitive to international trade.

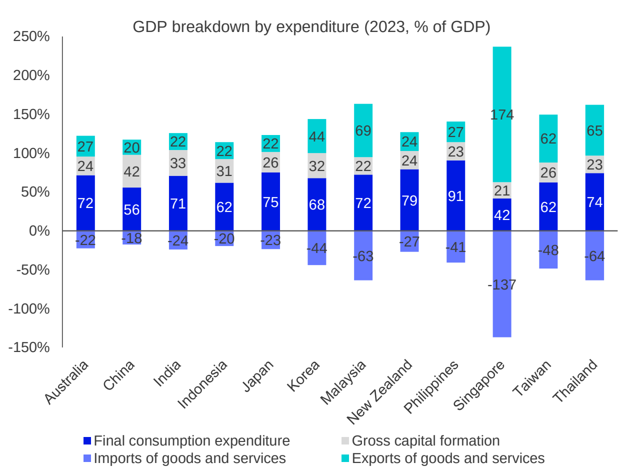
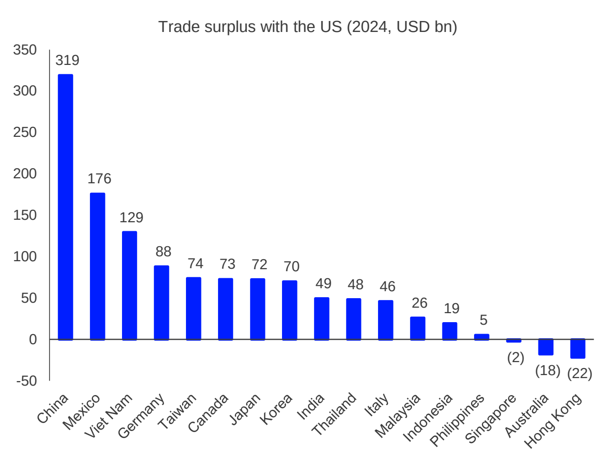


Chart 3: Australia and Singapore face lower risks of US tariff hikes as they hold trade deficits with the US.



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Assessing APAC's exposure to external risks (2)

Next, we look into the revenue sources of each equity market (Chart 1). **Here, we note that the revenue exposures of China, India, Indonesia, Philippines and Thailand are mostly domestic (>70%).** We also note that among APAC countries, the equity correlation with the US is lowest for China, Indonesia and Thailand (Chart 2). In fact, as China has become more domestic-demand driven – both in terms of GDP and in equity revenue exposure - Chinese government bonds have been driven more by domestic policy and are now negatively correlated with US Treasuries (Chart 3). In India, only 1.8% of revenue is from China and 8.0% from the US, in line with what the export breakdown suggests. The Indian market, while mainly driven by domestic demand, is more dependent on the US than on China, externally.

Also worth noting is that while exports for Japan, Korea and Taiwan are more dependent on China, revenues for their equity markets are more tied to the US than to China. Specifically, 41% of Taiwan equity's revenue share is from the US, the large majority of which sits with Technology In addition, Japanese and Korean equities are both highly correlated with the US. As of 30 April 2025, 17.1% of revenues for FTSE Japan are from the US, compared to 15.5% of revenues for FTSE Korea. Comparatively, revenue exposure to China for FTSE Japan and FTSE Korea was only 8.3% and 9.7%, respectively.

From an economic growth perspective, Singapore faces lower tariff risk from the US, but ongoing China deflationary pressure could weigh on Singapore's export outlook. That said, only 6.3% of Singapore's equity revenue is exposed to China versus 62% from the domestic market (due to a high weight in Banks stocks). Singaporean banks' profitability is highly correlated with SG rates and hence US rates (Chart 3), resulting in **Singapore equities' strong ties to the US macroeconomic backdrop.**

The Australian economy, though relatively less sensitive to international trade than most of its APAC peers, is more dependent on China than the US – as evident in both export breakdown and equity revenue exposure. That said, **the Australian equity and treasury bond markets are both highly correlated with US markets**; this can be attributed to Australian equity's high weight in Financials stocks, and Australian government bonds' high correlation with US Treasuries.

Chart 1: The equity revenue of China, Indonesia, Thailand, Philippines and India are highly exposed to their home markets. Taiwan, Korea and Japan have less than 50% revenue sourcing from domestic markets and are more dependent on the US than on China.

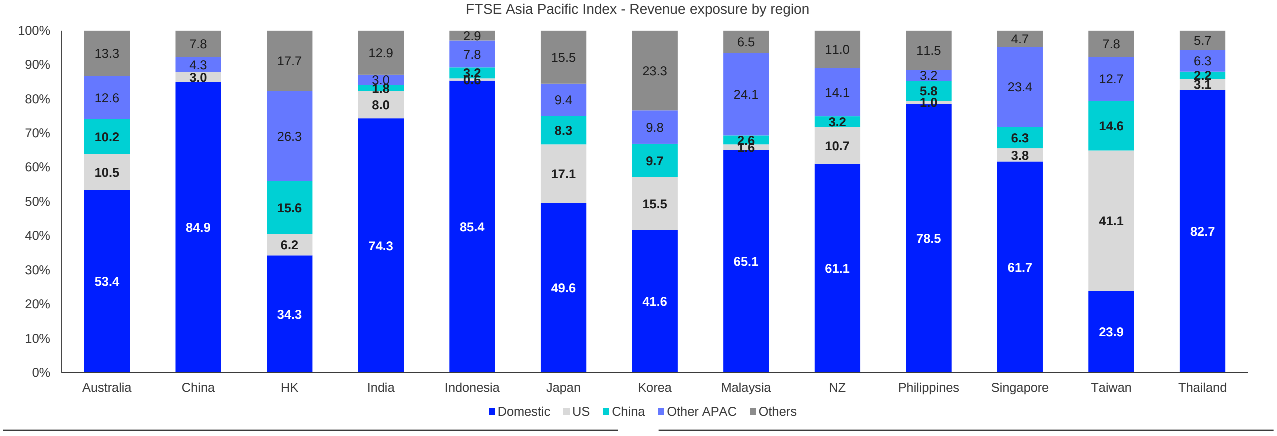


Chart 2: Equity correlation with the US is low for China, Thailand and Indonesia. Australia, Japan and Korea are highly correlated with the US equity index.

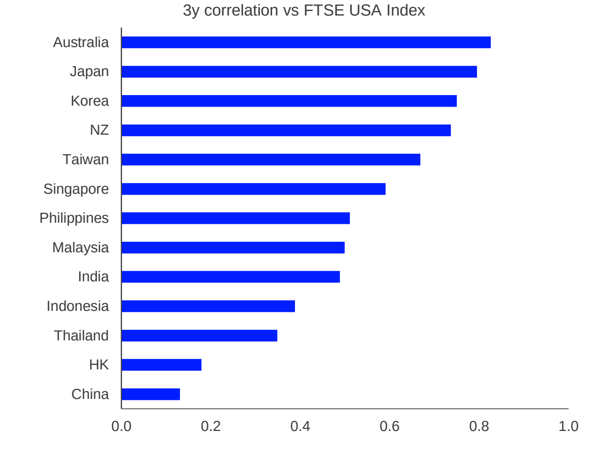
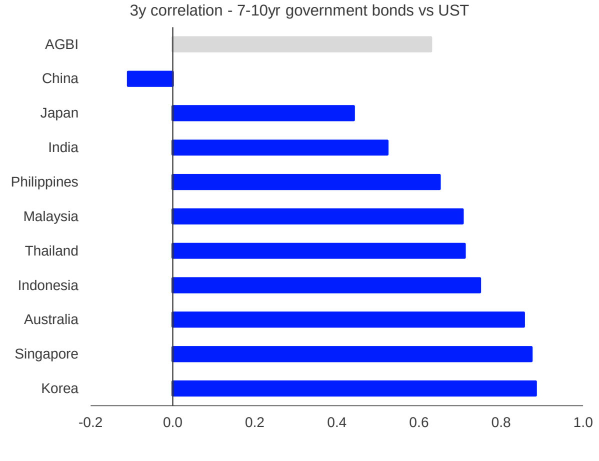


Chart 3: The government bonds of Korea, Singapore and Australia are highly correlated with UST. In contrast, China government bonds are negatively correlated with the UST.



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FX

The US dollar has weakened since mid-January 2025. US consumer data softened, and yield differentials between the EU and the US narrowed. Positive developments in Europe, including a planned increase in EU defense spending, Germany's announced infrastructure spending package, and anticipation of a ceasefire in the Ukraine-Russia conflict, boosted market sentiment in European equities and added to EUR strength. US fiscal risks and tariffs risks intensified USD weakness. The DXY index fell 8.3% over the last 3M and 4.6% over the last 1M, ending 30 April 2025. This allowed most APAC currencies to appreciate against USD, except for CNY. **USD/CNY** has remained around the 7.2-7.3 range, underperforming other APAC currencies given a still soft domestic demand outlook and concerns that US tariffs could exacerbate China's deflationary trend.

In India, **USD/INR** has climbed higher since 2H24, as the RBI gradually allowed INR weakness while foreign investors turned net sellers of equities from September 2024 till March 2025 (Chart 3). In general, compared to other APAC currencies, INR has a relatively low beta with USD. In Indonesia, the **IDR** also weakened against USD by 1.8% over 3M, continuing its depreciation trend due to domestic political uncertainty since October 2024.

In Japan**, JPY** advanced 9.2% over 3M and 4.6% over 1M against USD, making it the best performing APAC currency. In addition to markets' expectation for further BoJ rate hikes, JPY is often considered a safe-haven currency amid rising global volatility. USD/JPY broke below the 140 level briefly. Foreign equity inflows (page 5, Chart 4) in April also helped JPY rally.

In New Zealand, **NZD** appreciated 5.3% over 3M and 4.5% over 1M versus USD as GDP and inflation data surprised to the upside. New Zealand's 4Q24 GDP came in stronger than expected at -1.1% y/y (vs consensus: -1.4%; 3Q24: -1.5%). Private consumption and exports improved in the quarter. 1Q25 CPI exceeded market expectations at 2.5% y/y (vs consensus: 2.3%, 4Q24: 2.2%), largely driven by education, fuel and food prices.

Chart 1: YTD JPY outperformed APAC peers given its high beta (vs USD) characteristic and as a safe-haven currency.

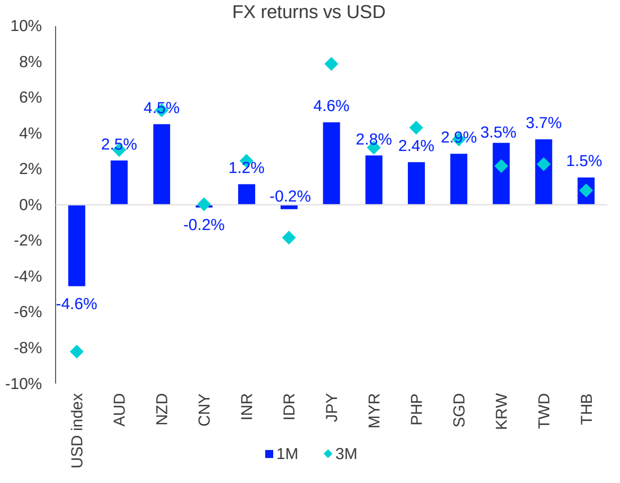


Chart 2: JPY and NZD outperformed other APAC currencies YTD, over the past 3M and past 1M.

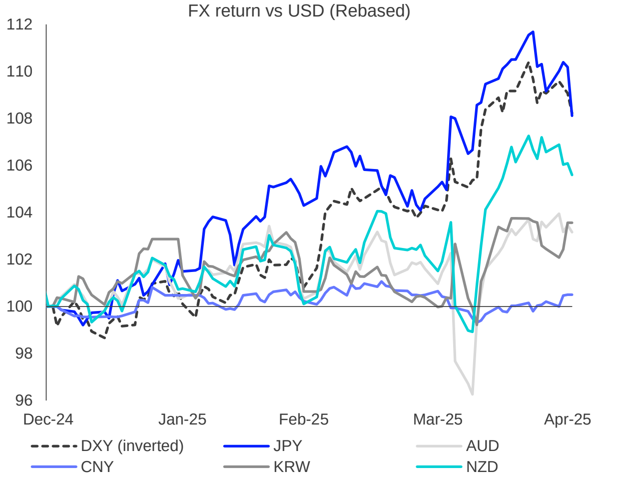


Chart 3: With macro growth outlook stabilizing and equity valuation cheapening, foreign equity inflows returned.

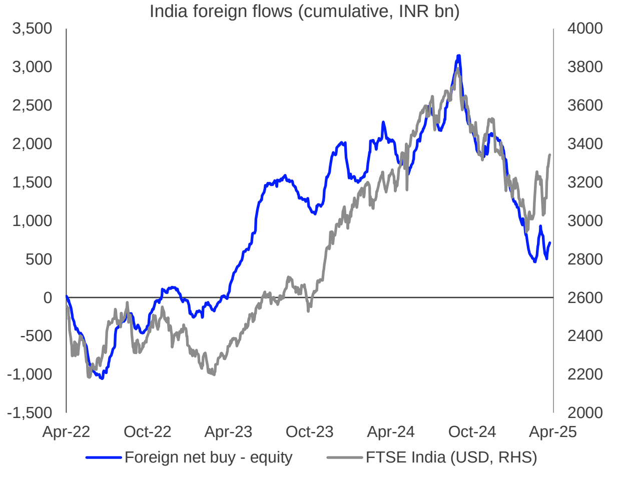
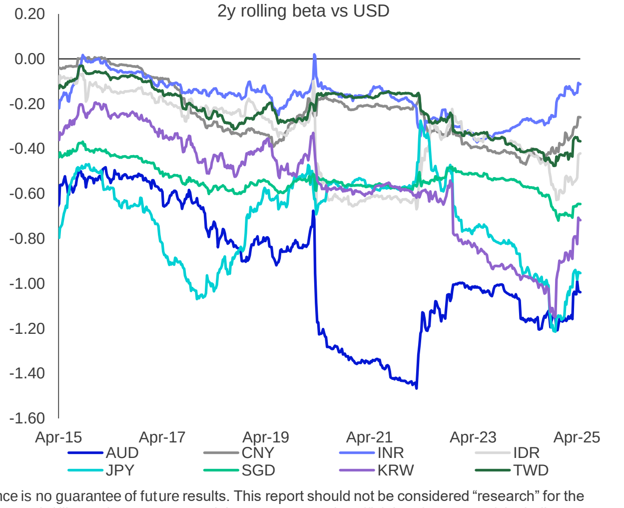


Chart 4: AUD and JPY have a >1 beta with USD. INR and CNY are the lowest beta APAC currencies vs USD.



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Japan

Since hiking interest rates to 0.50% in January, the Bank of Japan (BoJ) has kept rates on hold over the last 3M. For the remainder of 2025, markets are pricing in an additional 70bps of rate hikes – an increase from the 30bps priced as of end-January. Contributing to this increase in expected interest rate hikes for 2025 has been a marked pickup in CPI. Although nationwide CPI for April hadn't been released at the time of publication, nationwide core-core CPI has increased from 2.5% to 2.9% y/y between January and March, while the Tokyo core-core CPI increased from 1.9% to 3.5% over the same period. The JPY strengthened vs. USD over 3M but we note that JPY still trades below levels suggested by interest rate differentials.

BoJ's March Tankan Survey highlighted mixed-to-upbeat business sentiment in Japan as well as a divergence between services and manufacturing sectors. This followed Q4 GDP numbers which showed 0.6% q/q growth and marked the third straight quarter of positive growth. While Japan's labor market remains tight, unemployment increased to 2.5% in March. Nominal wage growth retained its positive trend in February and March, but declined slightly from recent highs, mainly due to temporary effects. Real wage growth has remained in negative territory since January 2025.

On the back of higher inflation and favorable business conditions, Japanese government bonds continued to see headwinds over the last 3M as yields rose across the curve. However, JPY strength resulted in strong returns for the **FTSE Japanese GBI** in USD terms, with the index returning ~6.4% over the period.

FTSE Japan rose 4.6% over the last 3M, mainly driven by Consumer Discretionary (+8.8%). The Leisure Goods sector rose 20.7% over 3M, as Sony and Nintendo stock prices were boosted by the strong demand for their respective game consoles, PS5 and Switch 2, and related software sales. In contrast, Technology (-2.9%) was the main drag as US tariff risks pose uncertainty to the outlook of technology hardware and equipment sector.

Chart 1: Real wage growth has remained negative since January 2025 mainly due to higher CPI and temporary effects.

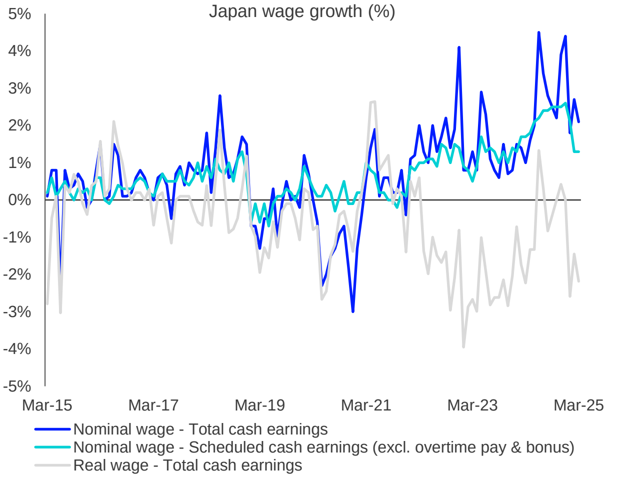


Chart 2: Higher inflation and a subsequent normalisation of monetary policy have caused bond yields to climb in Japan.

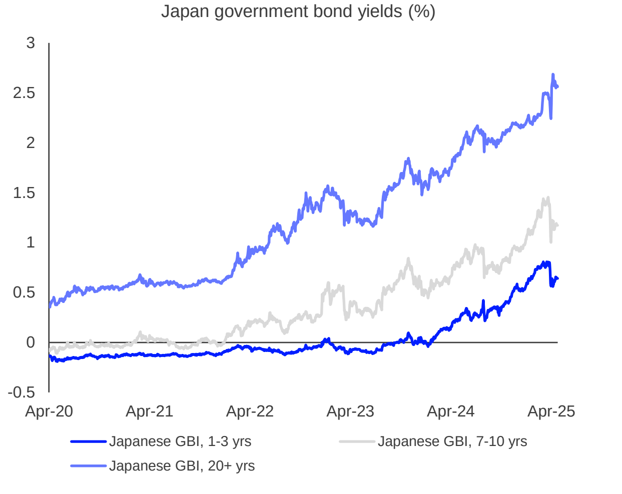


Chart 3: The yen has strengthened in 2025 but still sits below levels suggested by interest rate differentials

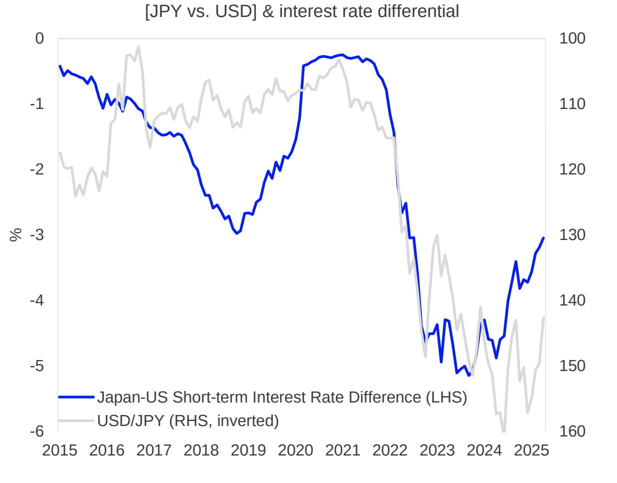
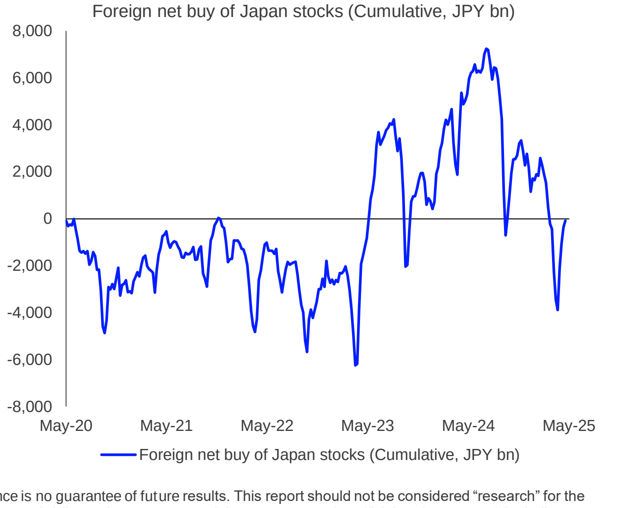


Chart 4: Foreigners turned net buyers of Japanese equities in April as Japan assets are often seen as a safe haven.



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Australia and New Zealand

During its most recent April policy decision, the RBA acknowledged that although inflation has fallen substantially since its peak in 2022, it has not yet shown signs of returning sustainably to the midpoint of the target band. 12-month inflation in March was unchanged from the December 2024 quarter at 2.4% y/y, but the services component remains elevated. On the growth front, the RBA acknowledged that while private domestic demand appears to be recovering, some sectors continue to report weakness in demand. Australian GDP growth numbers for 2024 showed a modest rise of 1.3% for the year thanks to a strong Q4. Labour markets remain tight in Australia, with unemployment at 4.1% in March but with softer wage growth in Q424. In New Zealand, headline CPI has remained within the RBNZ's target range since June 2024. Despite stronger-than-expected Q424 GDP, growth remains a concern for the RBNZ, with unemployment rising to 5.1% from a low of 3.3% in 2022.

Both the RBNZ and RBA cut rates over the last 3M. In New Zealand, the official cash rate (OCR) now sits at 3.5%, following a 25-basis-point cut during its April meeting and marking 200 basis points of interest rate cuts since August 2024. In Australia, the RBA initiated the first cut of its easing cycle in February but has since kept rates on hold. Nevertheless, the RBA is expected to cut rapidly in 2025, with markets pricing in ~120 bps of cuts for the remainder of the year. As a result, the Australian government bond curve has steepened to start the year, with yields at the short end of the curve declining markedly in April as investors digested the release of the RBA's interest rate outlook.

FTSE Australia fell 1.2% over the last 3M, mainly dragged by Health Care (-8.1%) and Technology (-16.1%). CSL, which accounts for 5.7% of the total FTSE Australia, fell more than 10% over 3M given H1 FY25 earnings misses, mainly dragged by its influenza vaccine business. Almost 50% of CSL's revenue was from the US for FY24. Any potential US tariffs on pharma goods could weigh on the earnings outlook for Australia's Health Care industry. In Tech, the outlook for the accounting software firm Xero (1.2% of the index) weakened as its US market expansion appears challenged.

Chart 1: The IMF forecasts New Zealand GDP growth to recover in 2025 before overtaking Australian growth in 2026.

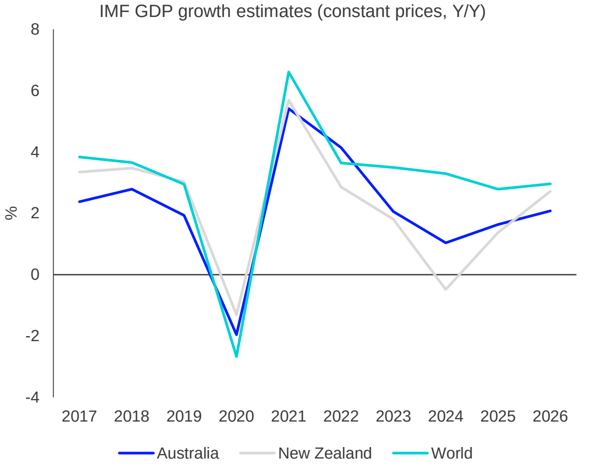


Chart 2: The RBA stated that growth could be on the downside due to US tariffs, but inflation could move in either direction.

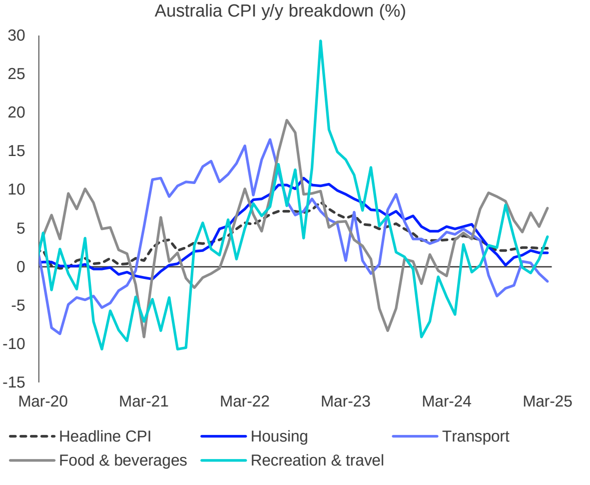


Chart 3: Both the RBA and RBNZ are expected to continue cutting rates into 2026 on growth concerns.

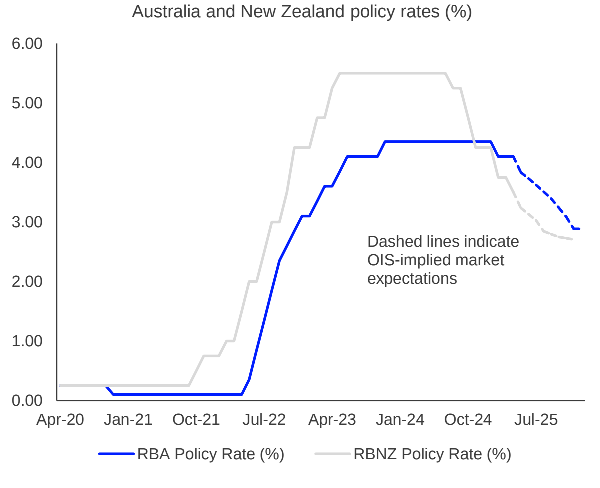
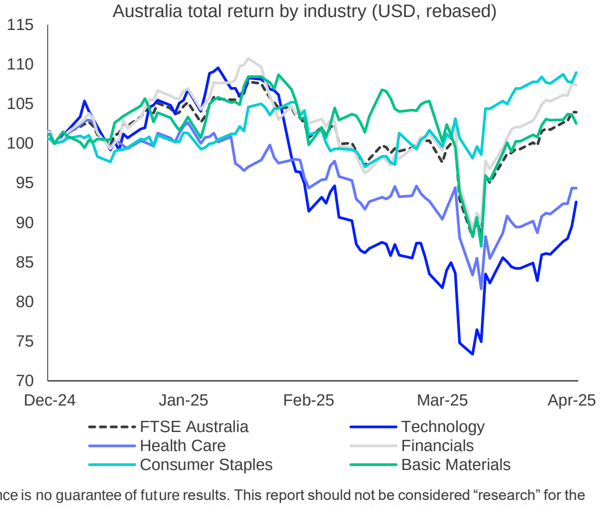


Chart 4: Financials stocks stayed relatively stable as the RBA retained a cautious tone towards the economic outlook.



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China

Over the past three months, external geopolitical uncertainty for China escalated further. The US announced a 145% tariff on most Chinese goods. Despite ongoing negotiations, tariff uncertainty still weighs on China's export outlook. Chart 2 shows that the manufacturing PMI, which increased for two consecutive months in March, dipped from 50.5 to 49 in April, mainly dragged by new orders and outputs. A key concern for investors is whether other regions can absorb China's excess supply if US demand decreases due to the tariff hikes. If not, this could lead to a deflationary trend outside the US and further pressure China's domestic deflationary trend (Chart 1). Business activities have remained moderate: fixed asset investment growth has stayed relatively flat, PPI growth has remained in negative territory, and corporate bond issuance has continued to slow despite an increase in government bond issuance. That said, consumer spending has been supported, with retail sales growth rising steadily since December 2024, driven by the government's consumer goods trade-in subsidies. Additionally, the PBOC announced a cut in its policy rate (7-day reverse repo rate) from 1.5% to 1.4% and reduced banks' reserve requirement ratios by 50bps.

The PBOC kept the policy rate unchanged at 1.5% from October 2024 to May 2025. Chinese government bond (CGB) yields rose further in March while the curve flattened in the absence of signs for further rate cuts by the PBOC. Supply pressure due to fiscal stimulus fuelled the increase in yields. However, yields dipped in April as US tariffs weighed on China growth outlook.

FTSE China rose 11.4% in February, mainly by Consumer Discretionary, Technology and Telecommunications on the back of optimism around Chinese AI breakthrough and the positive earnings outlook for consumer tech products and EVs. However, FTSE China fell 4.1% in April (vs APAC's +2.8%) due to intensified US-China trade tensions. By industry, Technology (-14.3%) and Consumer Discretionary (-7.7%) were the main negative contributors in April as these industries (tech hardware and autos) could be most negatively impacted by tariffs.

Chart 1: China lowered its 3% inflation target to 2% this year. CPI has been on average below 0.5% y/y or negative since 2023.

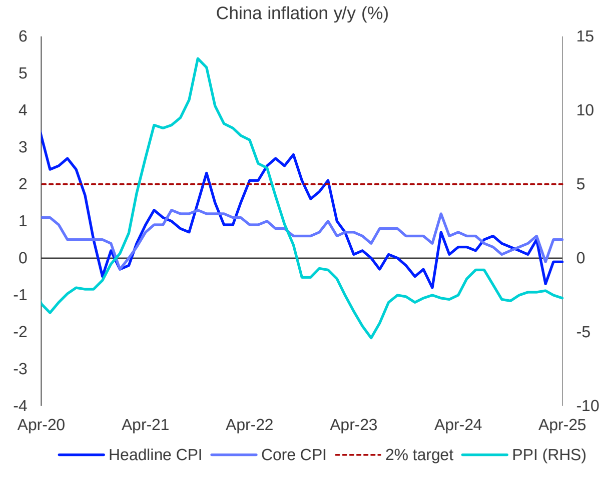


Chart 2: Manufacturing PMI fell back below 50 in Apr as tariff risks dragged new orders and business activities expectation.

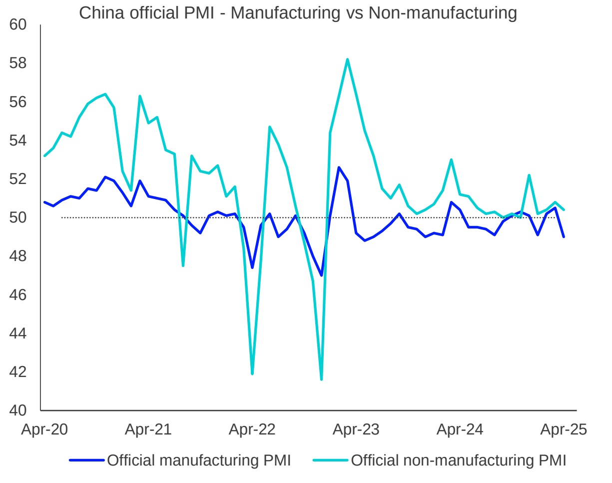


Chart 3: PBOC's announced cut to its policy rate from 1.5% to 1.4% on May 7th likely led to a further decrease in CGB yields.

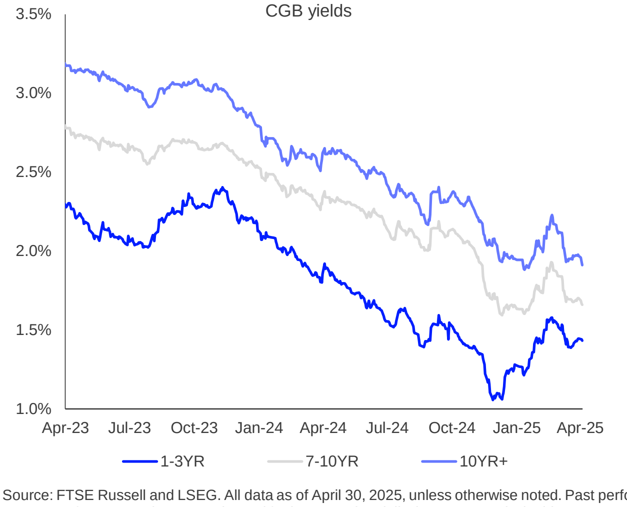
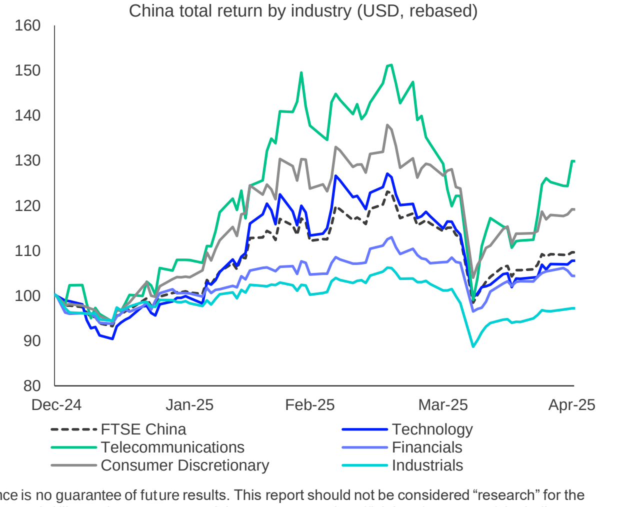


Chart 4: Technology stocks saw limited recovery in the latter half of April due to high risks from tariffs.



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India

India's March CPI fell further to 3.3% y/y, driven by lower food prices. Fuel inflation had picked up since September 2024, but oil prices dropped in April, easing some headline inflation pressure. Inflation returned to the mid-point of RBI's target range, allowing the RBI to make its first rate cut since 2020 in February 2025 and another cut in April. At the April meeting, MPC members unanimously decided to shift its policy stance to "accommodative" from "neutral". The RBI also lowered the inflation and growth forecast for FY25/26 given potential negative impact from US tariffs on India's exports. Monetary policy easing could help mitigate any negative impact from an external demand shock. Higher frequency indicators also showed some signs of recovery in domestic demand. A restrictive monetary policy since 2022 had eventually been reflected in bank credit growth. However, with the RBI embarking on its policy rate cut cycle in February 2025, the decrease in bank credit growth stabilized amid an easier monetary policy. On consumption, the slowing growth of India's vehicle sales, especially two wheelers' sales, appeared to have troughed in March. Manufacturing PMI rose further to 58.1 in March.

The **FTSE India Government Bond Index** returned ~-6.8% in USD terms over the last 3M. Expectations for further global bond index inclusion and the RBI cutting rates further have placed further downward pressure on Indian government bond (IGB) yields. A reduced budget deficit would also ease supply pressure.

After underperforming APAC in 4Q24 and 1Q25, **FTSE India** recovered (+5.2%) over the last 3M, led by Financials (+13.9%) and Energy (+10.6%). Financials have been more stable and defensive. A shallow RBI rate cut cycle and a recovery in credit loan growth also helped. Energy was led by Reliance Industries on the back of earnings beats driven by its strong new businesses in telecom and retail, and by the positive outlook on new energy investments. Technology (-12.1%) lagged other industries due concerns around valuations and uncertainty around US trade tariffs, which could weigh on IT services exports.

Chart 1: Inflation returned to the mid-point of RBI's target range, allowing the RBI to cut in February and April.

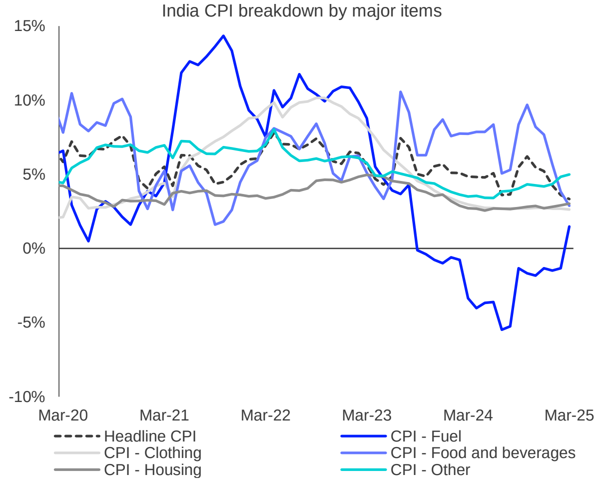


Chart 2: The RBI cut its policy rate by 25bp at the February meeting and another 25bp to 6.00% in April.

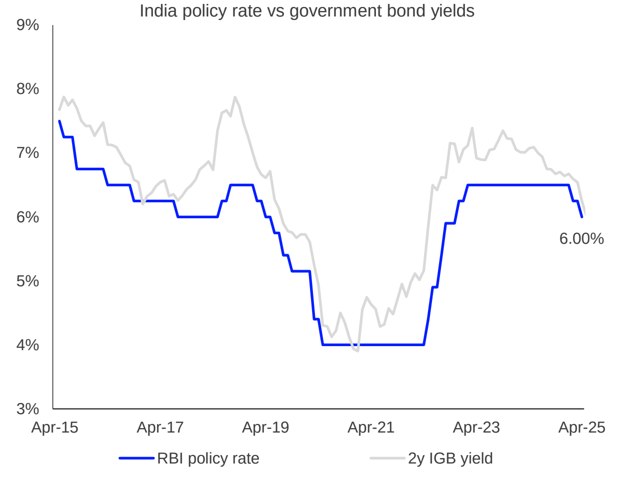


Chart 3: 7-10YR IGB yields have fallen below 7% since July 2024, and further lower to 6.35% as of April 2025.

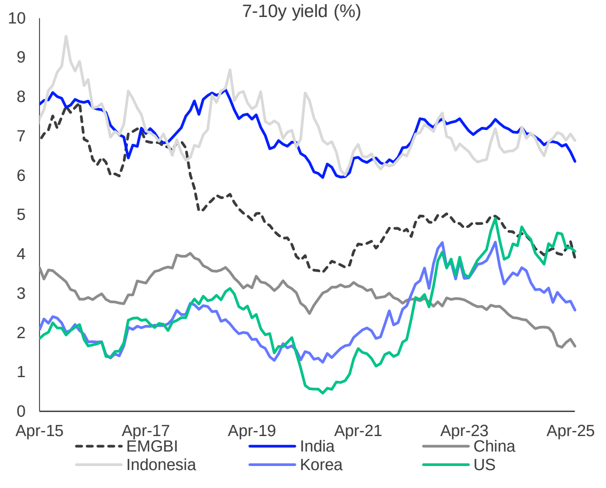
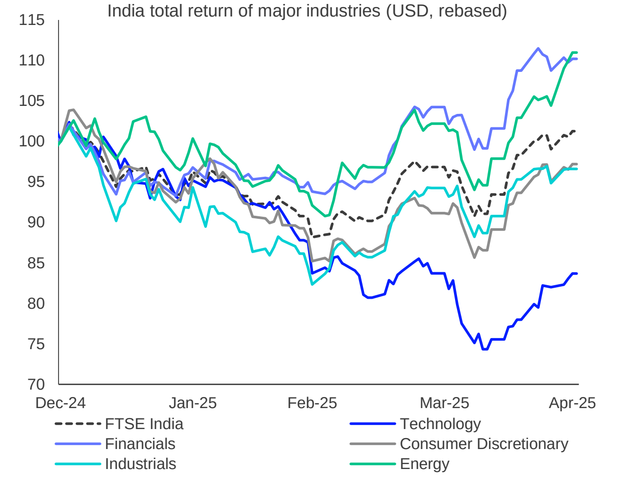


Chart 4: The valuation led correction troughed on February 28th, with Financials and Energy leading the rally.



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Korea and Taiwan

Escalating US-China trade tensions weighed on the export outlook of both Korea and Taiwan. Taiwan's March and April export data surprised to the upside. Despite ongoing negotiations with the US and a 90-day pause in reciprocal tariffs, rising uncertainty has led to corporates front-loading activities. Exports to the US rose strongly over the past 3M (Chart 2). In Korea, total export growth rebounded in March and April as firms front loaded not only semiconductor products but also autos ahead of a 25% increase in auto tariffs. On a 3mma basis, the growth of Korea exports to the US rebounded as a result.

The Bank of Korea (BoK) has cut the policy rate by a total of 75bp to 2.75% since the first cut in Oct-24, given a softer growth outlook amid weaker external demand and domestic consumer sentiment. At the April meeting, the BoK acknowledged "significant" downside risks due to US tariff policies, and all the BoK MPC members suggested openness to cut rates further in the next three months (vs only two members at the Feb meeting). The interest rate swaps market is now pricing an additional 50bp of rate cuts by end-25. The curve of **FTSE Korean Government Bond Index** bull steepened further (Chart 3). While the government proposed a KRW 12.2tr supplementary budget to support growth amid trade tariff risks, KTB yields trended lower as downside growth risks outweigh potential issuance pressure.

FTSE Taiwan sold off 13.2% over the last 3M, with Tech (-16%) being the main drag. Taiwan's Tech stocks are highly correlated with US Tech stocks, and the valuation became expensive (Chart 4). With US tariffs adding uncertainty to US Tech and hence Taiwan Tech, foreign investors were net sellers of Taiwan equities YTD and concerns around higher valuations added further fuel to this selloff. **FTSE Korea**, having underperformed Taiwan equity in 2024, rose 4.0% over the past 3M as Samsung Electronics recovered amid better smartphone sales and chip businesses. Industrials, which includes aerospace and defense stocks, rose +14% on the back of the announcement for EU's planned increase in defense spending.

Chart 1: Korea's exports to most major regions have slowed since 2H24. Trade tensions could intensify the trend.

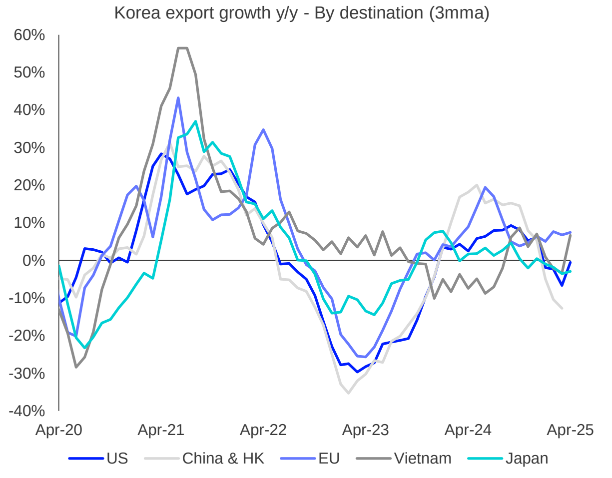


Chart 2: Taiwan's exports to the US rebounded but were driven mainly by front-loading activities.

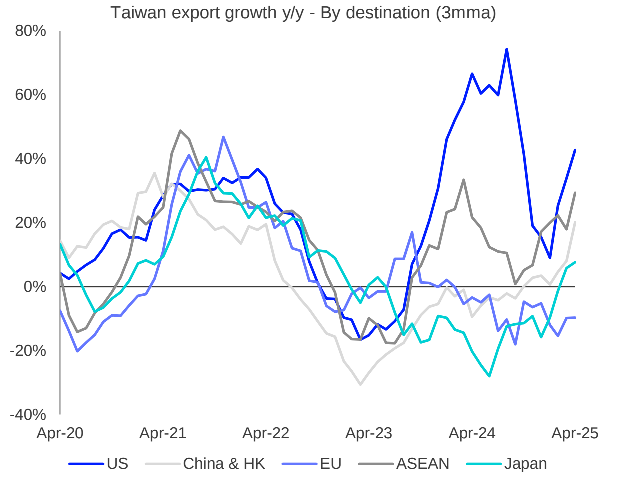


Chart 3: Korea's government bond curve continued to steepen as markets priced in more rate cuts by the BoK.

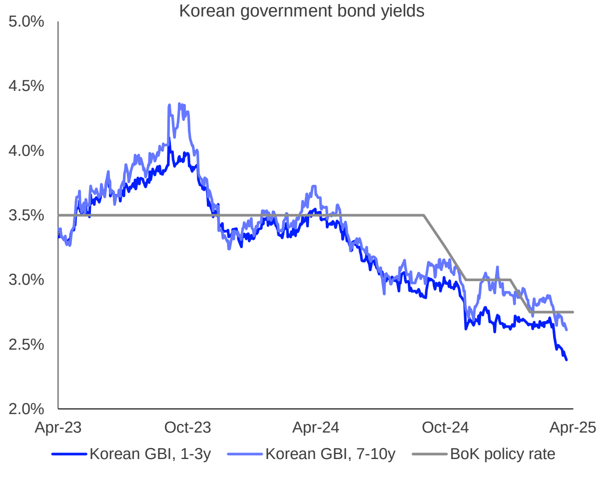
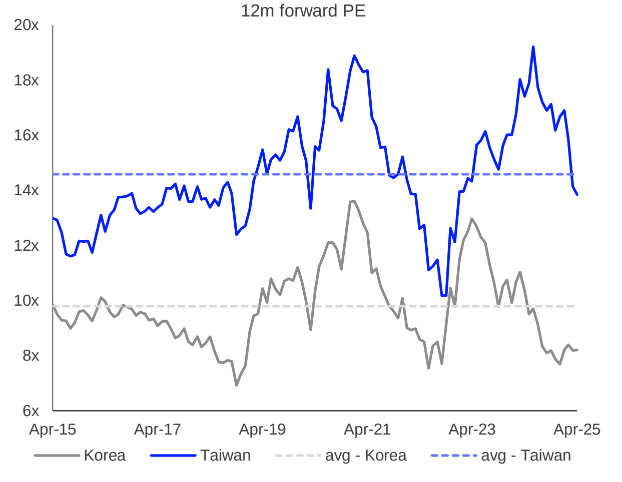


Chart 4: After Taiwan equities fell 13% over the last 3M, its valuation returned to its historical average.



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ASEAN

As discussed previously (page 2), Singapore, Thailand and Malaysia have high shares of exports as a % of GDP. Exports of Singapore and Malaysia rely on China more than on the US. Thailand, on the other hand, exports more to the US than to China. On monetary policy, the Philippines central bank (BSP) cut by a total of 100bp to 5.50% from 2H24 till April. With inflation falling below the 2-4% target range and with a real policy rate at 3.7%, Philippines appears to still have room to cut further (Chart 2). The MAS reduced its SGDNEER slope in both the January and April meetings, given lower core inflation and tariffs. The Bank of Thailand cut at both the February and April meeting, bringing the policy rate to 1.75%.

The curves of all five ASEAN government bonds steepened over 3M as most central banks have begun their easing cycle. Given that domestic growth remains healthy, Bank Negara Malaysia (BNM) hasn't begun cutting rates. However, heightened tariffs risks have led to investors expecting BNM's first rate cut in 2Q25, resulting in curve steepening.

FTSE ASEAN Index rose 1.3% over the last 3M. **FTSE Philippines** (+15.8%) outperformed its regional peers, driven by Financials (+23%) and Real Estate (+14%) amid BSP's rate cut cycle. BSP signaled openness for further 75bp of rate cut this year as inflation slowed further. Monetary policy easing over the past 12 months has boosted market sentiment and attracted foreign equity inflows into Philippines equities. Its valuation has been at 10y lows (9.4x). The BSP also unexpectedly announced a 200bps cut in banks' reserve requirement ratio to inject more liquidity. This would help offset the negative impact of rate cuts on banks' NIM. **FTSE Singapore** rose 4.9% over 3M, with Telecom (+17%) and Real Estate, which is mainly REITs (+8%), being the main positive contributors. Real Estate stocks have rallied YTD as US rates fell further amid Fed's easing cut cycle. Telecoms continued to rise on the back of strong earnings. As tariff risks increased, investors shifted to the higher dividend yielding Telecom industry (5.0% as of March vs FTSE Singapore's 4.7%), pushing it to rally further in April.

Chart 1: Inflation pressure continued to ease further across ASEAN countries.

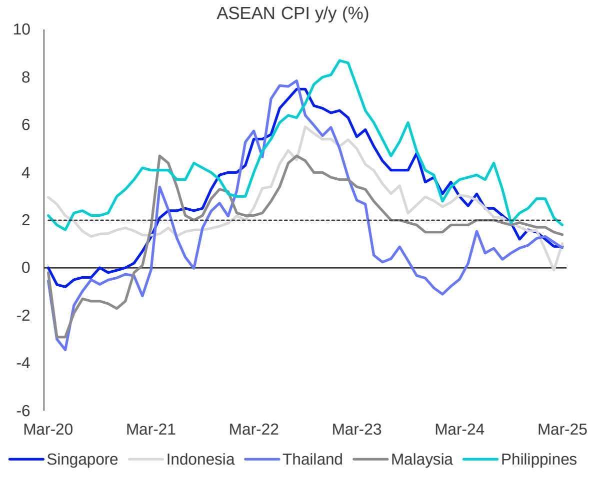


Chart 2: Indonesia and Philippines still have room to cut given relatively high real rates in the region.

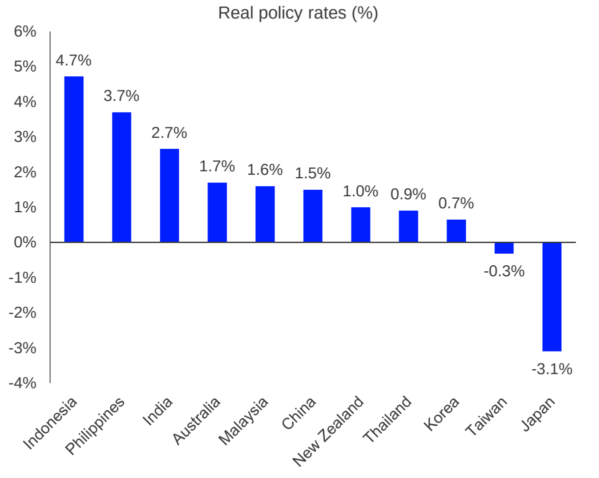


Chart 3: Most ASEAN sovereign curves steepened over the last 3M as central banks eased further.

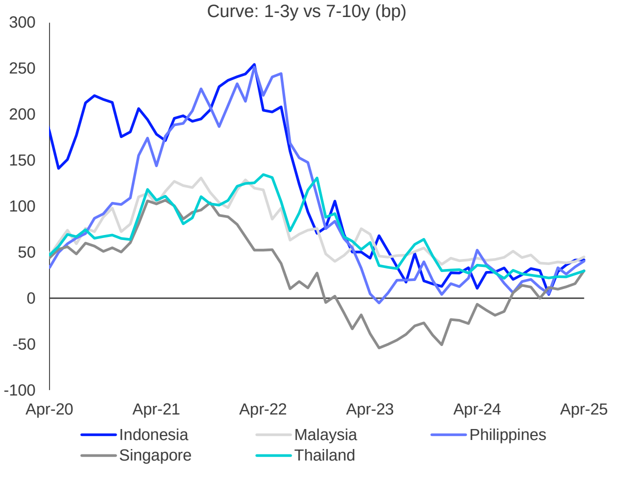
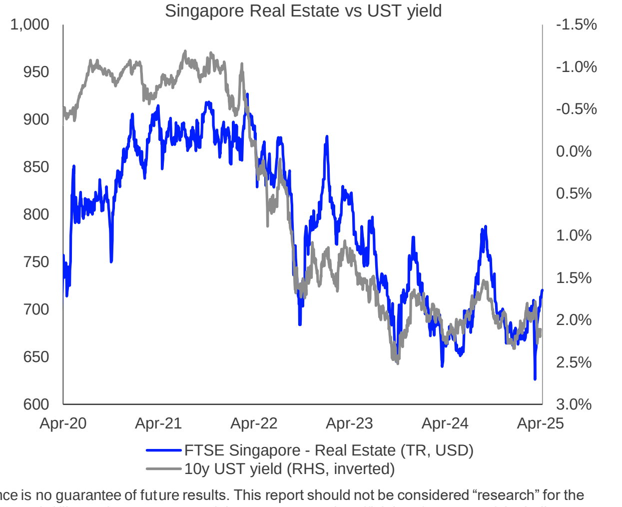


Chart 4: Singapore's Real Estate stocks were supported by market expectations for lower US interest rates in 2025.



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Appendix – Equity

Chart 1: Total Return – Past 3M vs 12M (USD)

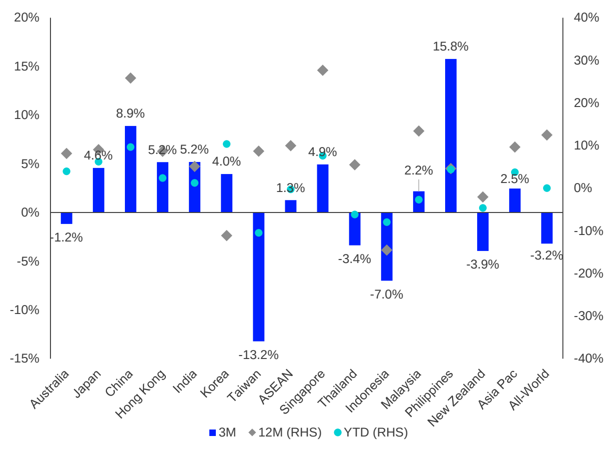


Chart 2: Annualized Volatility (Monthly Observations)

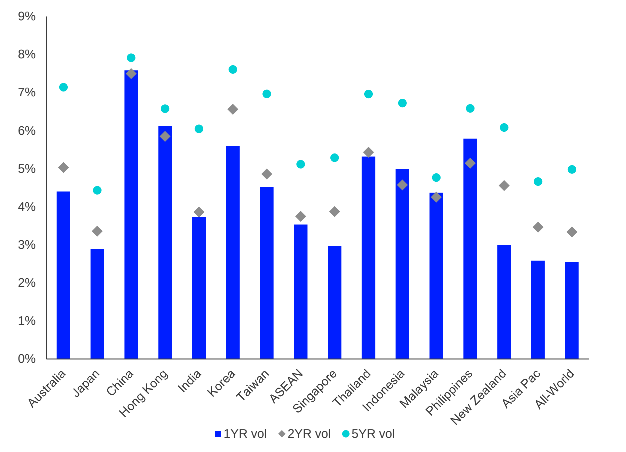


Chart 3: Dividend Yield vs 10YR Range

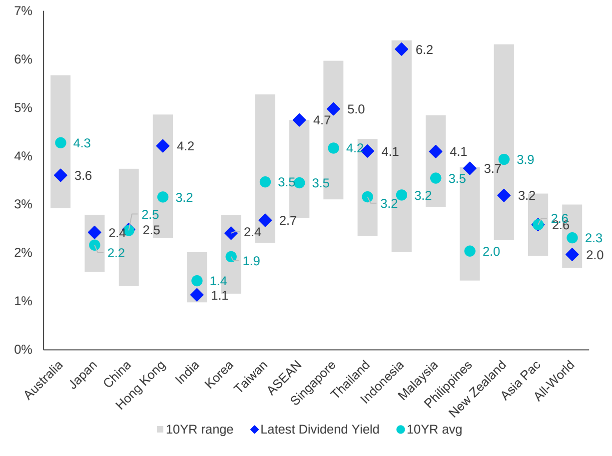


Chart 4: Two Year Forecast EPS Growth vs 12M Revision

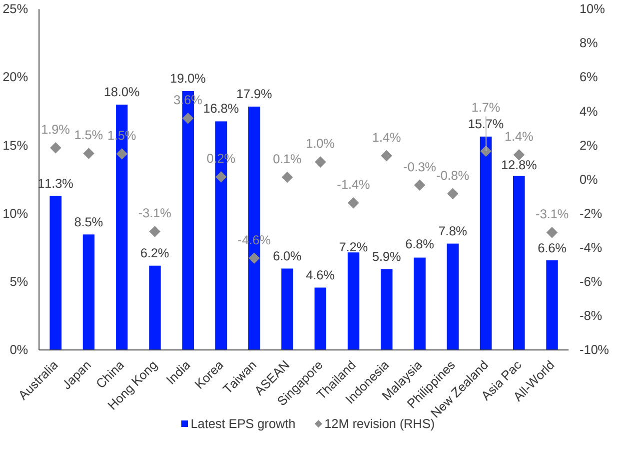
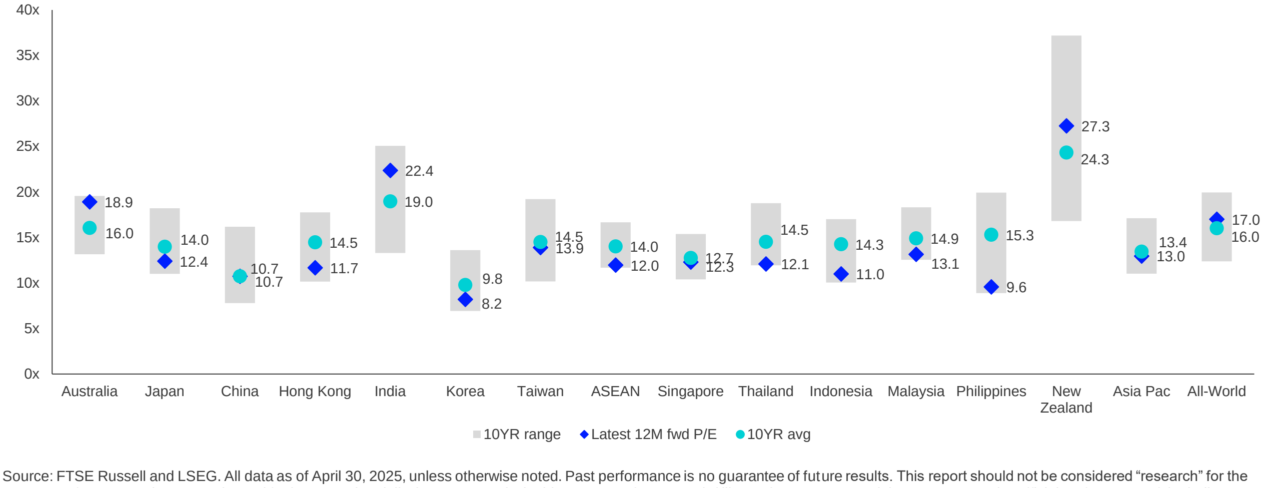


Chart 5: 12M Forward P/E vs 10YR Range



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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	-16.1	-2.9	8.4	-7.9	-12.1	-6.9	-15.6	-4.7	-21.2	3.0			
Telecom	19.9	1.7	20.4	10.9	15.8	9.4	-4.4	16.8	4.8	-5.1	6.8	5.1	-19.5
Health Care	-8.1	2.1	20.3	11.5	5.7	-7.3	-21.4		1.8	6.0	-9.3		-8.5
Financials	0.6	2.9	3.9	12.1	13.9	7.8	-2.3	0.9	1.9	-6.9	1.9	23.4	
Real Estate	-3.1	11.9	12.3	7.9	0.8		-20.5	8.4	-3.1	-10.6		13.7	
Consumer Discretionary	0.4	8.8	14.5	-14.7	1.8	0.8	-8.8	2.4	-4.4	-2.5	-5.4	7.0	-1.4
Consumer Staples	6.3	11.9	9.7	13.1	4.3	11.9	0.9	1.3	3.2	-9.4	4.8	36.9	
Industrials	-2.0	4.0	-1.1	-1.5	2.4	13.6	-10.3	26.1	-16.5	-4.7	6.8	5.9	-7.9
Basic Materials	0.3	-0.1	4.9	-5.8	6.1	-5.1	-0.3		-16.6	-9.5	-3.4		
Energy	-6.8	-1.9	-6.9	10.0	10.6	-5.9	-2.4		-1.5	-29.0	-7.5	8.1	
Utilities	3.6	15.2	6.4	6.7	7.1	25.1		11.2	-9.1	3.4	7.4	27.0	-1.0

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	-0.5%	-0.3%	2.2%	-0.3%	-1.7%	-1.1%	-12.0%	0.0%	-1.5%	0.1%			
Telecom	0.2%	0.1%	0.9%	0.1%	0.6%	2.4%	-0.1%	1.3%	0.4%	-0.4%	0.5%	0.5%	-1.1%
Health Care	-0.7%	0.1%	0.8%	0.0%	0.4%	-0.6%	-0.1%		0.1%	0.1%	-0.5%		-2.7%
Financials	0.2%	0.4%	0.7%	4.7%	3.5%	1.0%	-0.3%	0.5%	0.4%	-4.0%	0.8%	6.8%	
Real Estate	-0.2%	0.4%	0.2%	1.3%	0.0%		0.0%	1.3%	-0.1%	0.0%	0.1%	3.3%	
Consumer Discretionary	0.0%	2.0%	3.5%	-1.6%	0.2%	0.1%	-0.2%	0.1%	-0.3%	-0.1%	-0.3%	0.5%	0.0%
Consumer Staples	0.2%	0.7%	0.4%	0.5%	0.3%	0.2%	0.0%	0.0%	0.3%	-0.8%	0.4%	1.9%	
Industrials	-0.2%	1.0%	-0.1%	-0.2%	0.3%	2.0%	-0.5%	1.2%	-1.7%	-0.1%	0.5%	1.0%	-2.0%
Basic Materials	0.0%	0.0%	0.2%	0.0%	0.4%	-0.2%	0.0%		-0.3%	-1.0%	-0.2%		
Energy	-0.3%	0.0%	-0.2%	0.0%	1.0%	-0.1%	0.0%		-0.2%	-0.8%	-0.2%	0.3%	
Utilities	0.1%	0.2%	0.2%	0.6%	0.3%	0.1%		0.5%	-0.4%	0.0%	1.1%	1.6%	-0.2%

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	3.3%	10.0%	26.4%	3.7%	11.4%	14.4%	74.3%	0.9%	6.0%	4.7%				18.8%
Telecom	0.9%	3.9%	5.2%	1.0%	4.1%	27.4%	2.6%	9.0%	11.0%	8.9%	7.1%	8.3%	4.8%	5.3%
Health Care	8.5%	6.9%	4.6%	0.4%	6.3%	7.1%	0.4%		8.2%	1.3%	4.8%		33.9%	5.6%
Financials	38.4%	14.4%	17.3%	41.6%	27.7%	13.9%	12.2%	55.9%	20.1%	55.6%	41.0%	31.0%		21.0%
Real Estate	7.0%	3.6%	2.0%	16.9%	1.4%		0.1%	15.9%	4.6%	0.3%	1.8%	23.9%		3.4%
Consumer Discretionary	8.0%	23.2%	25.6%	8.6%	10.9%	12.3%	2.2%	5.1%	6.3%	5.8%	4.5%	6.1%	1.1%	16.4%
Consumer Staples	4.1%	6.0%	4.3%	4.0%	6.3%	2.2%	1.1%	3.2%	11.3%	8.4%	9.5%	5.8%		4.8%
Industrials	7.1%	25.8%	6.2%	14.0%	12.0%	16.4%	5.6%	5.6%	9.0%	1.7%	7.4%	15.6%	25.3%	14.6%
Basic Materials	16.8%	4.2%	2.9%	0.3%	5.9%	3.9%	1.5%		1.5%	10.1%	6.5%			5.0%
Energy	4.4%	0.7%	3.1%	0.1%	9.8%	1.7%	0.1%		15.2%	2.3%	2.0%	2.8%		3%
Utilities	1.5%	1.3%	2.3%	9.6%	4.1%	0.7%		4.4%	6.8%	0.9%	15.4%	6.5%	34.9%	2.4%

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	-1.83	0.48	-25.49	135.27	-2.65	-0.65	-6.01				-5.92	-2.88	-3.65
Telecommunications	5.85	-1.57	-5.09	-0.86	-4.46	-9.13	10.39	-2.03	4.79	-3.81	0.34	-2.69	-7.79
Health Care	0.64	4.03	-205.43	0.66	-1.31	-1.56	6.93	2.01	-2.17			0.34	-41.87
Financials	-0.68	1.96	0.75	0.51	-0.08	0.64	-0.28	0.23		1.89	1.61	-0.54	5.16
Real Estate	-0.06	-1.04	0.67	8.71	-2.35	0.39		12.46		0.34	0.58	2.15	
Consumer Discretionary	0.51	2.22	-2.75	2.81	2.56	-0.21	-9.38	-9.66	0.55	-5.29	-6.29	-1.04	2.48
Consumer Staples	1.30	0.21	-0.75	-15.20	-0.51	-1.28	-4.25	-3.54		-1.59	-8.72	-1.04	-2.63
Industrials	0.53	-2.00	-2.61	-2.84	-0.76	-2.66	10.44	-0.91	-1.85	5.90	-5.71	5.07	1.54
Basic Materials	0.08	10.50	-38.89	-5.88	-1.19	2.73	1.45	-0.01				-54.47	
Energy	3.52	-7.20		60.31	-0.91	2.49	-41.17	3.21		24.65		-7.62	
Utilities	-6.85	-2.20	-1.01	18.12	-5.18	-3.21	-10.30	-2.67	2.65	6.96	-2.70	-2.26	

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Appendix – Fixed income

Government bond returns and government bond yields (%)

Top 15% | Bottom 15%

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

		Government bond returns (USD)			Government bond yields			
		3M	YTD	12M	Current	3M ago	6M ago	12M ago
US	1-3YR	1.96	2.39	6.62	3.69	4.23	4.21	5.09
	7-10YR	4.27	4.91	9.15	4.06	4.51	4.26	4.69
	20+YR	2.96	3.28	5.72	4.77	4.88	4.57	4.85
	All	3.04	3.54	7.67	3.94	4.42	4.27	4.89
APGBI	1-3YR	1.04	1.56	3.34	1.86	1.85	2.05	2.50
	7-10YR	2.06	3.05	8.39	2.58	2.66	3.00	3.37
	20+YR	4.71	6.73	17.51	2.40	2.53	2.85	3.16
	All	2.15	3.03	7.63	2.32	2.38	2.63	3.01
Japan	1-3YR	8.90	10.34	10.25	0.64	0.67	0.39	0.21
	7-10YR	8.67	9.22	8.69	1.17	1.12	0.80	0.76
	20+YR	1.26	2.01	-3.44	2.56	2.22	2.12	1.86
	All	6.37	7.10	5.23	1.53	1.42	1.18	1.06
China	1-3YR	0.11	0.40	2.21	1.43	1.27	1.49	1.89
	7-10YR	0.23	1.19	7.29	1.66	1.63	2.12	2.34
	20+YR	1.07	2.80	15.69	1.91	1.94	2.37	2.61
	All	0.28	0.94	5.54	1.56	1.48	1.82	2.14
Australia	1-3YR	4.36	5.61	3.77	3.34	3.81	4.06	4.16
	7-10YR	6.23	7.32	5.89	4.00	4.34	4.42	4.36
	20+YR	6.62	6.40	2.58	4.79	4.95	4.97	4.75
	All	5.76	6.80	5.14	3.82	4.19	4.32	4.30
India	1-3YR	5.25	4.78	7.60	6.00	6.64	6.69	7.15
	7-10YR	6.78	6.71	11.39	6.35	6.75	6.85	7.22
	20+YR	7.24	6.87	12.54	6.78	7.01	6.99	7.29
	All	6.75	6.49	11.11	6.40	6.80	6.85	7.23
Indonesia	1-3YR	0.26	0.02	5.85	6.45	6.75	6.53	7.11
	7-10YR	0.94	0.55	7.19	6.86	7.04	6.85	7.22
	20+YR	1.14	-0.36	5.32	7.14	7.25	7.03	7.17
	All	0.79	0.26	6.62	6.81	7.01	6.81	7.20
Korea	1-3YR	3.42	5.30	2.24	2.34	2.62	2.98	3.51
	7-10YR	5.18	7.95	8.29	2.58	2.88	3.13	3.66
	20+YR	9.71	12.99	21.94	2.43	2.75	2.97	3.46
	All	6.42	9.10	11.46	2.45	2.75	3.03	3.54
Malaysia	1-3YR	4.63	5.33	15.31	3.17	3.41	3.48	3.53
	7-10YR	5.52	6.33	17.48	3.63	3.81	3.96	3.96
	20+YR	6.27	6.93	20.09	4.03	4.15	4.22	4.30
	All	5.58	6.32	17.70	3.59	3.79	3.87	3.93
Singapore	1-3YR	5.65	6.50	9.98	2.13	2.83	2.70	3.52
	7-10YR	8.36	9.09	15.86	2.43	2.93	2.82	3.45
	20+YR	9.77	9.55	24.26	2.63	2.88	2.76	3.39
	All	7.84	8.38	15.50	2.34	2.88	2.75	3.46
New Zealand	1-3YR	6.52	7.68	7.65	3.25	3.64	3.81	5.16
	7-10YR	7.29	8.06	9.58	4.26	4.43	4.41	4.85
	20+YR	6.27	7.10	5.89	5.15	5.14	5.01	5.17
	All	7.01	7.82	8.87	4.05	4.24	4.28	4.92
Thailand	1-3YR	2.24	3.63	15.22	1.56	2.05	2.12	2.38
	7-10YR	4.56	5.70	21.46	1.85	2.29	2.37	2.74
	20+YR	6.35	7.68	30.92	2.51	2.80	3.04	3.34
	All	3.82	5.13	20.19	1.79	2.24	2.34	2.68
Philippines	1-3YR	6.06	6.15	10.96	5.77	5.79	5.66	6.49
	7-10YR	5.73	5.65	15.97	6.18	6.12	5.87	7.05
	20+YR	NA	NA	NA	6.45	NA	NA	NA
	All	5.92	5.73	14.52	6.06	6.04	5.84	6.86

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Appendix – Fixed income

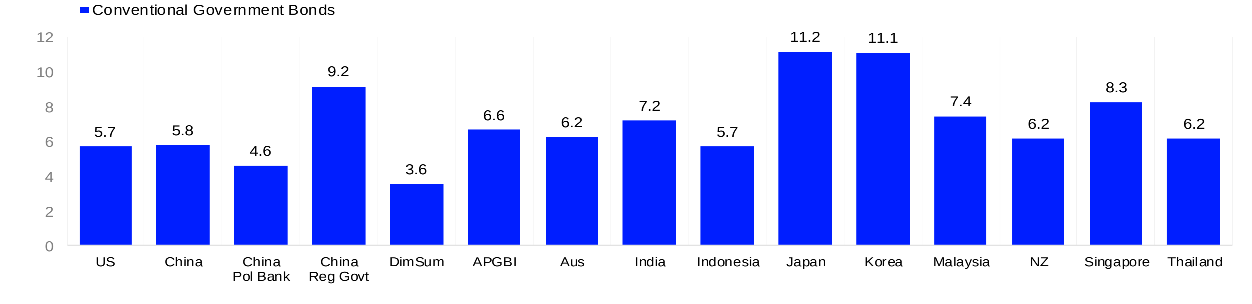
Duration and market value (USD, Bn)

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	16.1	5.7	2,994.8	1,280.3	1,458.9	13,150.7
China	3.7	7.6	18.4	5.8	769.8	526.5	364.6	3,137.7
China Pol Bank				4.6				3,017.3
China Reg Govt				9.2				3,250.0
DimSum	0.0			3.6	0.0			15.1
APGBI	3.6	7.3	18.6	6.6	1,057.5	862.2	718.1	5,074.9
Aus	3.6	7.1	16.2	6.2	55.4	99.2	19.9	353.3
India	3.4	6.3	12.5	7.2	150.7	242.2	346.3	1,314.0
Indonesia	3.1	5.9	11.4	5.7	35.7	51.0	13.8	241.8
Japan	3.9	8.2	22.5	11.2	383.6	497.2	604.6	3,169.3
Korea	3.8	7.2	19.9	11.1	72.2	76.6	260.0	700.7
Malaysia	3.4	6.9	15.1	7.4	18.9	21.2	20.6	144.2
NZ	3.3	6.8	15.4	6.2	15.4	19.5	5.3	82.5
Singapore	3.4	7.3	20.0	8.3	18.5	15.9	23.1	112.1
Thailand	3.7	7.2	16.3	6.2	45.9	26.5	10.0	177.2

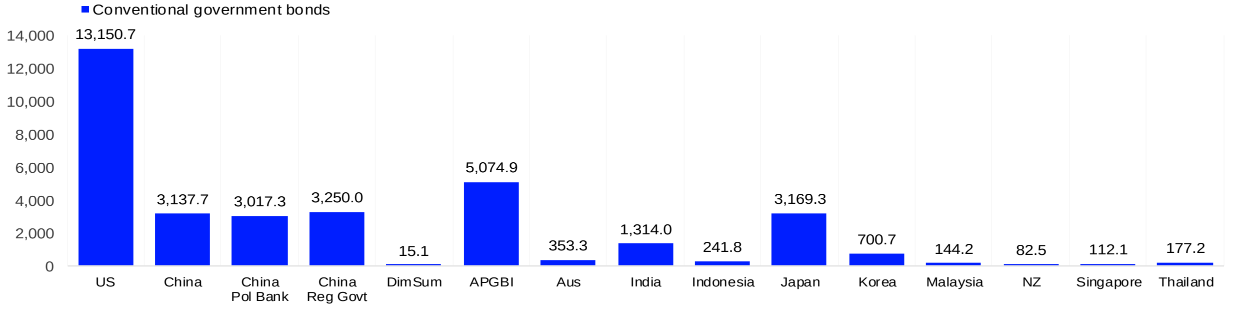
Corporate Bonds						
	Duration			Market Value		
	Inv Grade	High Yield	Overall	Inv Grade	High Yield	Overall
US	6.7	3.7		7,092.0	1,112.5	
China Corp (LC)			2.5			561.2
China Green Onshore			2.5			144.0
China Corp ($)	4.5	2.5	9.2	159.2	17.7	176.9
DimSum			2.7			28.5
EM	6.7	4.9	6.1	1,304.4	599.3	1,903.7
EUxUK	4.4	3.1		3,302.2	427.1	

Other Sectors						
	Duration			Market Value		
	Supra	Agency	Corp NR	Supra	Agency	Corp NR
Offshore (DimSum)	3.3	3.6		2.3	5.1	

Average Duration



Total Market Value (USD Billions)



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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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