Global Investment Research
Market Maps

FTSE RUSSELL
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APAC Financial Markets Spotlight

USD EDITION

QUARTERLY REPORT | **FEBRUARY 2025**

Differing macro outlooks drive diverging performance

While many APAC markets continued their monetary easing, central banks in Australia, Taiwan and Malaysia kept rates on hold, while the Bank of Japan hiked for the first time since July 2024. Resilient global growth and concerns about inflation weighed on bond returns and saw a stronger USD, resulting in broad weakness in FX across APAC. Equity markets were mixed led by Taiwan and Japan over 3M ending 31 Jan 2025.

Over the last three months, the direction of monetary policy continued to diverge in APAC as growth outlooks differed and US-China trade tensions raised uncertainty. More hawkish central banks included Japan's BoJ, which hiked rates further, and Australia's RBA, which kept rates on hold. By contrast, Korea, Indonesia and Philippines eased. This has led to a divergence of equity performance.

Uncertainty around US trade policy not only affects China's economy but also increases risks to growth in economies with higher export exposures such as Singapore, Malaysia, Thailand, Taiwan and Korea. APAC government bond spreads to US Treasuries (UST) narrowed, especially in China, where yields fell given intensifying downside risks to the region's economic outlook.

Japan's economy showed resilience with firmer wage growth and consumption. The BoJ raised its policy rate, leading to higher JGB yields and Financials stocks outperforming. In Australia and New Zealand, diverging monetary policies saw the RBA holding rates steady while the RBNZ cut rates amid negative q/q GDP growth. Australian Banks rallied.

China's government focused on boosting domestic demand and combating deflationary pressures, but geopolitical uncertainties and structural challenges weighed on the growth outlook. The rally in Chinese and Hong Kong equities seen in 3Q24 faded as a result.

India saw a policy rate cut and fiscal supports to boost consumption. The performance of Korea and Taiwan equities diverged further. ASEAN countries such as Indonesia and Philippines cut rates further, weighing on their Financials stocks and overall equity performance. The Monetary Authority of Singapore eased, but Singapore's rates are more correlated with US rates, helping Singaporean Financials to outperform.

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Chart 1: Japan raised rates at the January meeting. New Zealand's rate cuts outpaced the US. Korea, Indonesia and Philippines cut rates further.

	GDP y/y (%)			CPI y/y (%)			Policy rate (%)	
	3Q24	IMF 2025 forecast^	Diff.	Dec-24	Sep-24	Chg	Current	Last 6M chg
USA	2.7	2.7	0.0	2.9	2.4	0.4	4.50	-100bp
Japan	0.5	1.1	-0.6	3.6	2.5	1.1	0.50	+40bp
Australia	0.8	2.1	-1.3	2.5	2.1	0.4	4.35	On hold
China	4.6	4.6	0.0	0.1	0.4	-0.3	1.50	-20bp
India	5.4	6.5	-1.1	5.2	5.5	-0.3	6.50	On hold
Korea	1.5	2.0	-0.7	1.9	1.6	0.3	3.00	-50bp
Taiwan	4.2	2.7	1.5	2.1	1.8	0.3	2.00	On hold
Singapore	5.4	2.5	2.9	1.6	2.0	-0.4	n/a	n/a
Indonesia	5.0	5.1	-0.1	1.6	1.8	-0.3	5.75	-50bp
Thailand	3.0	2.9	0.0	1.2	0.6	0.6	2.25	-25bp
Malaysia	5.3	4.7	0.9	1.7	1.8	-0.1	3.00	On hold
Philippines	5.2	6.1	-0.9	2.9	1.9	1.0	5.75	-75bp
New Zealand*	1.3	1.9	-0.6	2.2	2.2	0.0	4.25	-125bp

*New Zealand CPI is as of Dec and Sep-24 (quarterly data). ^IMF Economic Outlook published in Jan-25.

Chart 2: China's credit growth continued to slow. Japan's wage growth recovered steadily in real terms. Export growth slowed in Korea and Taiwan.

Key macro indicators	Dec-24	Sep-24	Last 3M chg	Trend
China official manufacturing PMI	50.1	49.8	0.3	Strengthened
China social financing credit y/y (3M mov avg)	7.9	8.1	-0.2	Weakened
China real estate sales y/y (3M mov avg)	-20.9	-25.7	4.8	Improved
China real estate investment y/y (3M mov avg)	-10.3	-10.1	-0.1	Weakened
Japan nominal wage growth y/y (3M mov avg)*	2.9	3.6	-0.7	Weakened
Japan real wage growth y/y (3M mov avg)*	0.4	0.3	0.1	Strengthened
Australia housing inflation y/y (3M mov avg)	1.0	2.7	-1.8	Weakened
India industrial production y/y (3M mov avg)*	4.0	3.3	0.7	Strengthened
India fiscal deficit (% of GDP, annualized)*	4.6	4.4	0.2	Widened
Korea export y/y (3M mov avg)	4.2	10.5	-6.3	Weakened
Taiwan export y/y (3M mov avg)	10.0	11.0	-1.0	Weakened
Thailand tourist arrival (k ppl, 3M mov avg)	3152	2863	290	Strengthened
Indonesia export y/y (3M mov avg)	8.0	6.5	1.5	Strengthened
Malaysia export y/y (3M mov avg)	7.3	7.7	-0.4	Weakened

*Japan wage growth and India IP were as of Nov-24 and Aug-24; India fiscal deficit was as of Q3 24 and Q2 24.

APAC Cross-Assets Summary

Although the growth outlook moderated in many APAC markets, higher UST yields dominated most APAC sovereign yields in anticipation of a global reflation trend during the new Trump administration. JGBs lagged as BoJ hiked further. Equity performance diverged amid divergence in monetary policies.

In fixed income, **FTSE APGBI** returned -0.3% over 3M, outperforming global peers in **FTSE WGBI** (-1.6%) thanks to strong performances from Thailand (1.7%) and China (0.7%) in a period defined by both broadly higher yields and strength in USD. Laggards in the index over 3M included New Zealand (-4.1%), and Indonesia (-3.1%), which, despite both seeing cuts to policy rates, had yields pulled higher over elevated global growth and inflation expectations. Japan (-3.3%) was another laggard over 3M, due to renewed BoJ hawkishness and a weaker currency translating into lower USD-based returns. APGBI has also outperformed WGBI both YTD and over 12M. APAC government bond spreads to UST narrowed across the board over the period, especially in China, where yields fell given intensifying downside risks to the region's economic outlook. China and Korea – both of whom are seeing lower levels of inflation vs. the US – saw spreads to UST fall to 5-year lows in January.

In equity, **FTSE Asia Pacific** fell 1.1% over the last 3M. Singapore (+6.0%), Taiwan (+2.7%) and Japan (+1.7%) were the only three markets with positive returns. Given the correlation of Singapore's yields with US yields and with markets expecting the new Trump administration to lead to higher inflation and hence higher interest rates Financials in Singapore outperformed. BoJ rate hikes also benefit Japan's Financials stocks. Taiwan's Tech industries remained strong with solid AI demand. China (-1.2%) and Hong Kong (-5.7%) fell as the boost from stimulus diminished while US-China trade tensions raised uncertainty.

In foreign exchange, most APAC currencies depreciated over 3M given USD strength. Potential US exceptionalism and fears around higher-for-longer inflation amid the Trump administration's trade and fiscal policies drove USD strength. Over 12M, JPY (-5.6%) underperformed other APAC currencies but weakened only 1.7% vs. USD over 3M as the BoJ hiked. Foreign equity outflows have slowed since November in Japan. KRW continued to depreciate vs. USD as foreign investors remained net sellers of Korean equity. Korea's export growth slowed while its trade balance turned negative in January.

Chart 1: Thailand and China led 3M performance in government bonds, with leadership largely dictated by currency moves. New Zealand and German sovereigns were the main laggards. In equity, Taiwan and Japan printed positive returns over 3M.

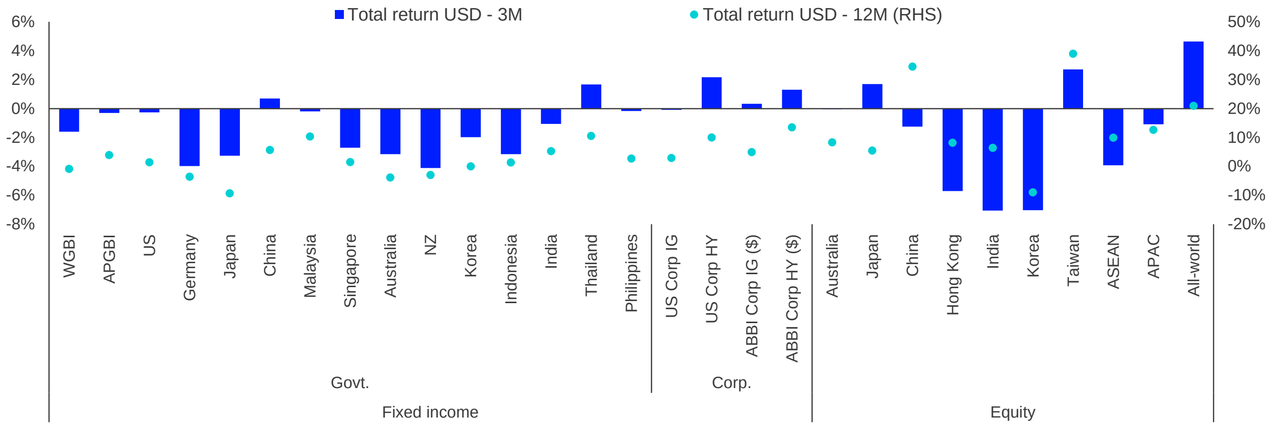


Chart 2: Stronger USD sent most APAC currencies depreciating. JPY stayed relatively strong as BoJ hiked further.

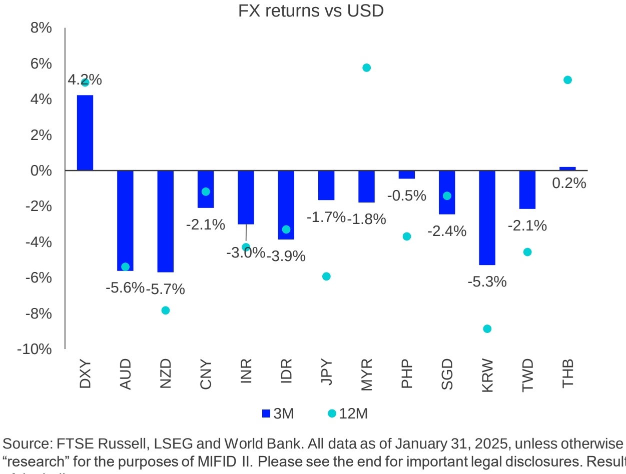
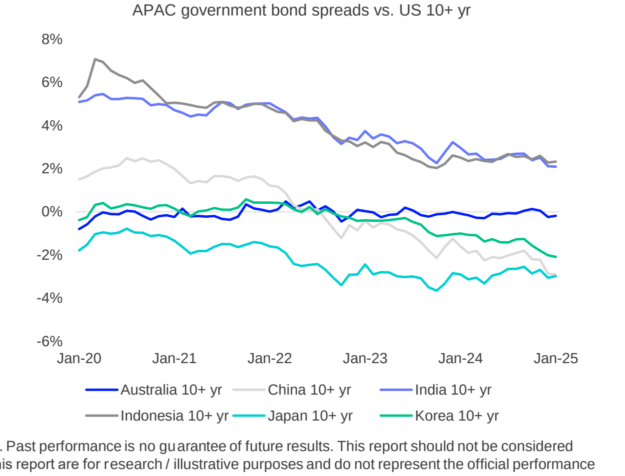


Chart 3: Government bond spreads to US treasuries narrowed across the board over 3M. Chinese spreads fell sharply.



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APAC In A Global Context – International Trade Exposure

The new Trump administration has led to increased global trade uncertainty. An important question for investors is which economies are more exposed to trade risks and how markets might react.

In APAC, **China** faces direct impact from higher US tariffs. Nonetheless, when evaluating the impact on the region's overall economic growth, China's GDP is much less exposed to exports (20%) compared to other APAC economies. The top five economies with higher exposure to trade risks are **Singapore**, **Malaysia**, **Thailand**, **Taiwan** and **Korea** (Chart 2). Investors should note that risks can be either to the upside or the downside. During the 2018-19 trade tensions, many firms moved their supply chain from China to ASEAN, increasing foreign direct investment flows in many ASEAN economies. Taiwan also saw strong repatriation flows in both direct and portfolio investments. Amid US trade policy uncertainty, these economies could see a stronger, either positive or negative, impact on their growth outlook than those less exposed to exports.

While **Japan**'s GDP relies less on exports, Japan is among the top 10 economies with the highest trade surplus with the US (Chart 1). This increases the risk of extra tariffs from the US. Interestingly, while **Singapore**'s economic growth is highly exposed to trade risks, Singapore holds a trade deficit with the US, making it less likely to face tariff hikes from the US. The impact on Singapore's export growth would be indirect and would likely depend on global demand trends and shifts in supply chains. **Taiwan** and **Korea** have both seen their trade surplus with the US increase from 2018 to 2023.

The next question surrounds which APAC equity markets might experience larger volatility amid US trade policy uncertainty. As Chart 3 shows, the beta of Australian and Korean equities to US equities is greater than 1. Taiwan and Thailand also have relatively high betas. In contrast, among APAC, China has the lowest beta with the US, and this aligns with the fact that China is more exposed to domestic than external demand. Japan and Singapore also have lower betas. Japan's GDP has a relatively low share of exports (22%) compared to government and private consumption (75%). Singapore, despite highly dependent on exports, has a low trade balance with the US, making it less directly correlated to US market movements.

Chart 1: In APAC, China, Japan, Korea and Taiwan were among the top 10 economies with the highest trade surplus with the US. Only China had narrowed its trade gap with the US since 2018. Singapore and Australia had a trade deficit with the US.

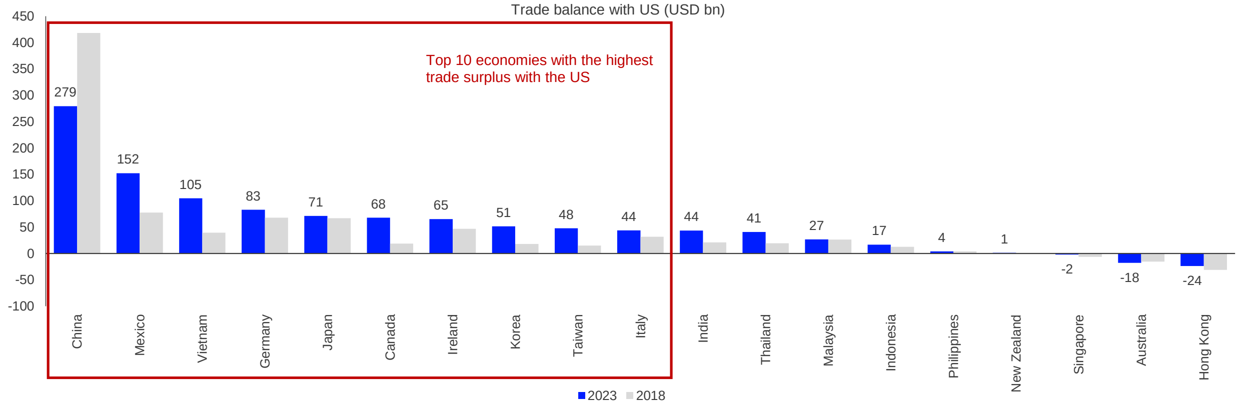


Chart 2: Singapore, Malaysia, Thailand, Taiwan and Korea are more exposed to global trade uncertainty.

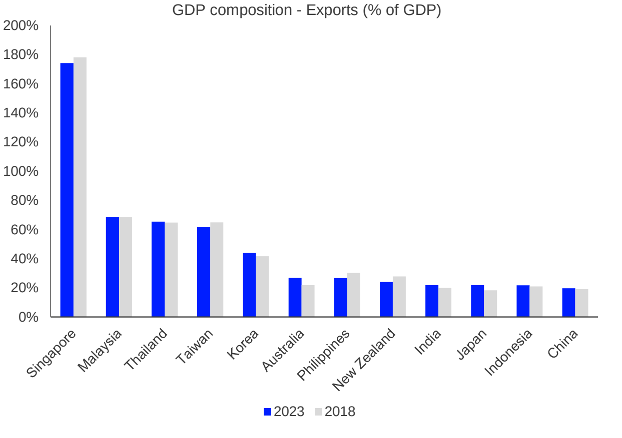
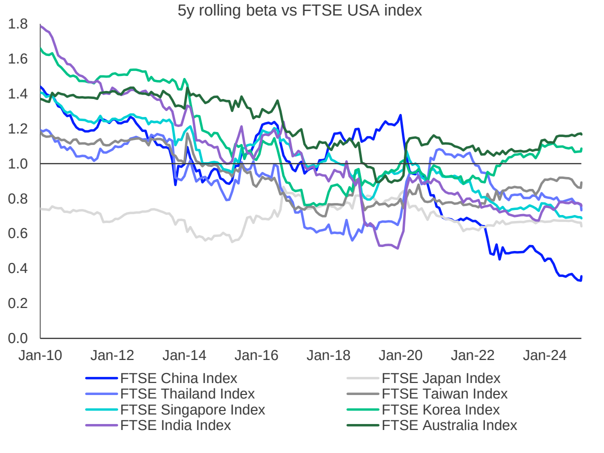


Chart 3: China's equity beta with the US is lower than other APAC markets given its domestic-driven characteristics.



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Japan

After previously keeping interest rates on hold since July 2024, the BoJ opted to hike its policy rate by 25bp in January to 0.50%. Markets are now pricing another 30bps of rate hikes by end-25. Despite this backdrop of increasing interest rates, JPY weakened slightly against USD over 3M, as increased growth and inflation expectations in the US following Trump's election victory have helped to boost the dollar. Given Japan's export exposure to the US and its trade surplus with the US, US tariff policy has been a key focus for Japanese equities, especially export-oriented sectors such as Autos and Parts and Technology Hardware and Equipment.

BoJ's December Tankan survey highlighted that business conditions remained favorable in Q4. This follows revised Q3 GDP numbers which showed that Japan's GDP grew by 1.2% annualized between July and September largely thanks to strength in export growth and private consumption. Japan's labor market remains tight, with unemployment falling to 2.4% in December and with recently released wage growth data showing real wage growth of 0.6% y/y in December (Chart 3). Headline inflation rose to 3.6% y/y in December while the core-core inflation (ex fresh foods and energy) remained stable at 2.4% y/y (Chart 2).

Japanese government bonds continued to see headwinds over the last 3M, with **FTSE Japanese GBI** returning ~-3.3% over the period in USD terms. With JPY weakening only slightly vs. USD, the majority of this weakness was driven by higher yields, which came on the back of additional BoJ hawkishness and more resilient global growth and inflation data.

FTSE Japan rose 1.7% over the last 3M, mainly driven by Financials (+4.7%) and Consumer Discretionary (+8.0%). Bank stocks (+19.3%) led the rally as BoJ further raised interest rates. Optimism surrounding a potential merger between Honda and Nissan and an improved outlook for Toyota drove Autos and Parts 6.2% higher. Consumer Discretionary was also led by the Leisure Goods sector, mainly Nintendo and Sony, due to a positive outlook for their respective gaming businesses.

Chart 1: JGB yields have continued to rise across the curve since 2020. The curve has flattened slightly over 1 year.

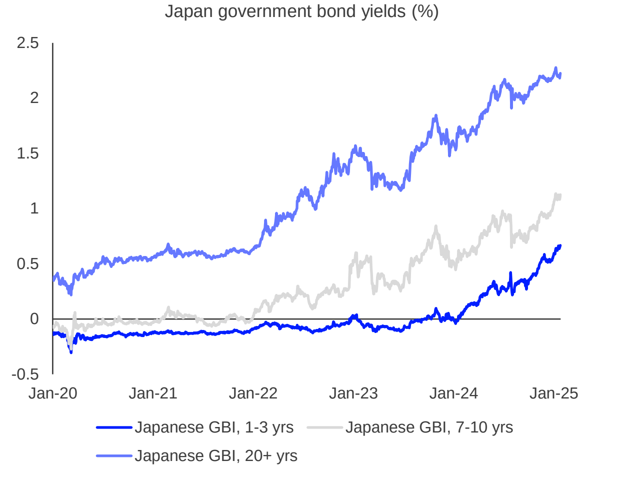


Chart 2: Japan's core-core inflation continued to increase at a steady pace.

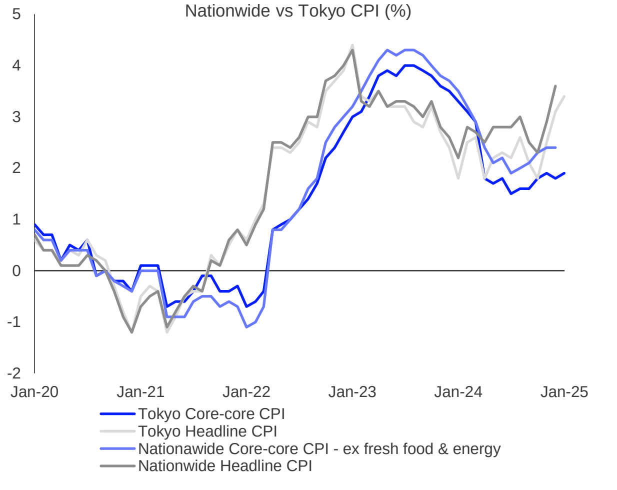


Chart 3: Wage growth recovered further in both nominal and real terms, with real wage growth back to positive territory.

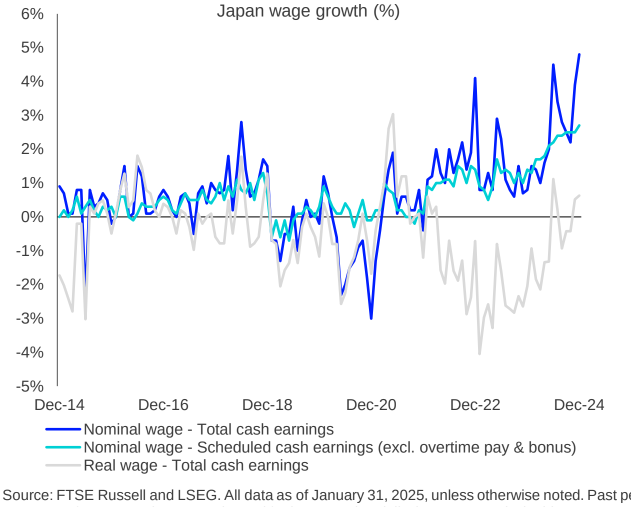
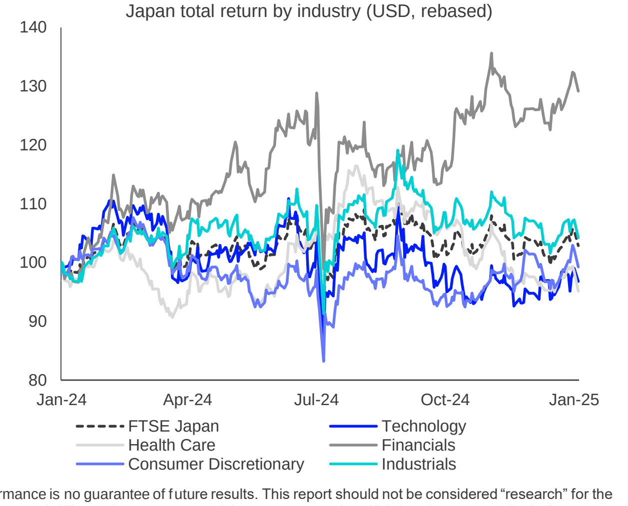


Chart 4: Financials continued to outperform other industries amid BoJ's rate hike cycle.



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Australia and New Zealand

During its December monetary policy decision, the RBA acknowledged that inflation remains a top concern for the central bank, despite CPI inflation showing some progress in moving towards target levels. Australia's quarterly CPI for the 3M ending December 2024 fell to 2.4% y/y from 2.8% y/y for the 3M ending in September. The RBA's recent forecasts don't see inflation returning sustainably to the midpoint of the central bank's target range until 2026. In New Zealand, 4Q24 headline CPI inflation remained at 2.2% y/y, marking the second quarter in a row with inflation within the RBNZ's target range. Financial conditions remain tight for both countries, but with Australia seeing more resilient growth. In Q3 2024, New Zealand had its second consecutive quarter of negative q/q GDP growth, while Australian GDP grew 0.3% thanks to strong contributions from government spending and public capital investment.

With inflation showing some stabilization within the RBNZ's target range and with q/q growth turning negative in Q2 and Q3 of 2024, the RBNZ has cut its official cash rate by a cumulative 125 basis points since August 2024. Meanwhile, with inflation still a concern for the RBA and with growth remaining more resilient than in New Zealand, the RBA has kept its policy rate on hold at 4.35%, where it has remained since November 2023. As a result of diverging monetary policy, New Zealand yields have declined markedly over the last year at the short end of the curve, while Australian yields have remained relatively flat. At the long end of the curve, both countries have seen yields move in tandem with swings in global yields, especially the US.

FTSE Australia stayed flat over the last 3M. Financials (+4.1%) remained the main positive contributor as Australia's interest rates are expected to remain at a relatively high level (Chart 3). Bank loan growth continued to recover in both business and retail credit. Basic Materials (-9.4%) was the main drag. Commodity market sentiment was lifted by China's stimulus, causing Australian Basic Materials stocks to rally in anticipation of rising demand. However, as the boost from the China stimulus faded, Basic Materials retraced, weighing on Australia's overall equity market performance.

Chart 1: The IMF forecast New Zealand GDP growth to be flat for 2024, while Australian growth is forecast to be more resilient.

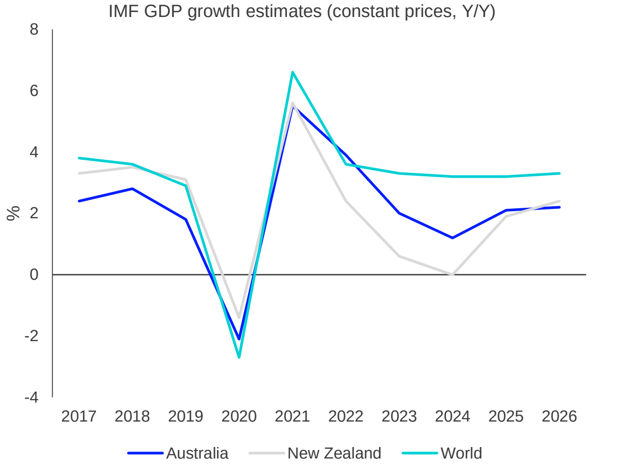


Chart 2: Housing prices rebounded in Australia. A tight labor market may pose upward risks to inflation.

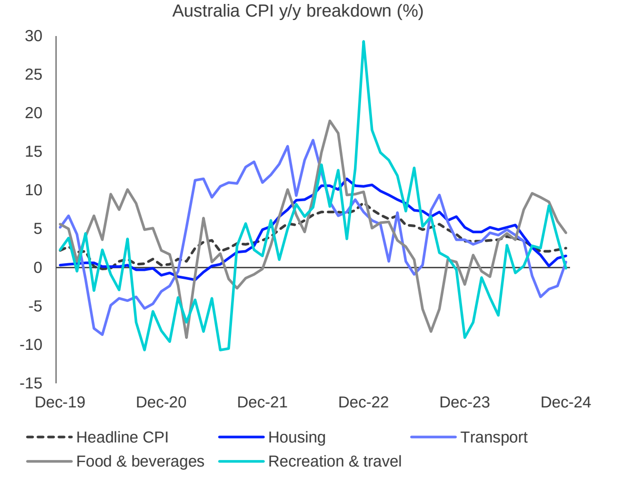


Chart 3: Divergent CPI and growth outlook has led to diverging interest rate expectations between Australia & New Zealand.

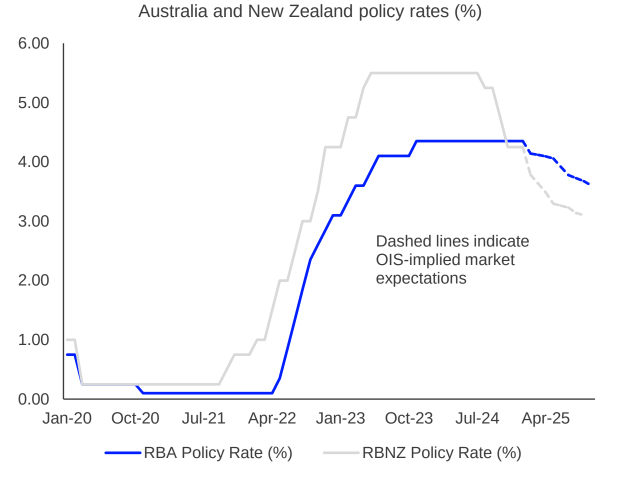
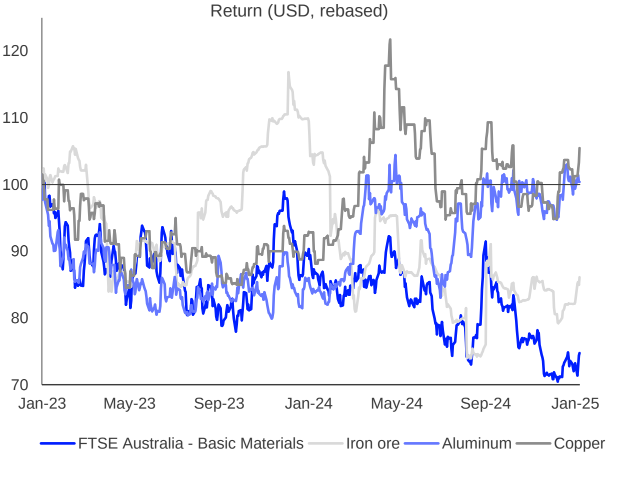


Chart 4: The boost from China's stimulus faded; Australian Basic Materials weakened, largely together with iron ore prices.



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China

Domestic demand remained the top agenda for the Chinese government. The government continued its efforts to fight persisting deflationary pressures (Chart 1). In H2 2024, the PBOC cut rates and rolled out new monetary tools to support liquidity and capital markets. The government also announced various fiscal stimulus measures, such as larger government bond issuance, local government bond swaps, and consumer goods trade-in subsidies. Markets were expecting more fiscal support for consumption, but the focus has been primarily on investments rather than consumption. Additionally, structural challenges such as demographic pressures and a slowing real estate market continue to cloud the long-term growth outlook.

Domestic challenges remain unsettled, and external geopolitical uncertainty post-US elections further weighed on China's growth outlook. While the Chinese economy relies less on exports (20% of GDP) and more on investment (42%) and consumption (56%), historical evidence suggests tariff hikes from the US could hit export growth (Chart 2), directly impacting GDP growth. Indirectly, tariffs could reinforce deflationary trends by reducing demand and revenue for China's exports.

Given intensifying downside risks to China's economic outlook, Chinese government bond (CGB) yields fell further across the curve (Chart 3), weighing on the CNY. To prevent the CNY from sharp depreciation amid escalating trade tensions, the PBOC announced a pause in CGB buying, allowing **FTSE China government 1-3y** yields to rebound from historical lows.

FTSE China rose 34.5% over the last 12M but fell 1.2% over the last 3M as the boost from stimulus began to diminish. Rising geopolitical risks between China and the US also drove Chinese equities lower. By industry, Telecom (+30.8%) and Financials (+4.7%) were the main positive contributors. Xiaomi Corp led the Telecom rally given the positive outlook on its EV and smartphone businesses, while the government's consumer goods subsidy program may also boost smartphone sales. Technology (-5.2%) was the main negative contributor amid escalating US-China trade tensions.

Chart 1: Headline CPI fell to 0.1% y/y in December, mainly due to weaker food inflation. Goods prices fell; services inflation held up.

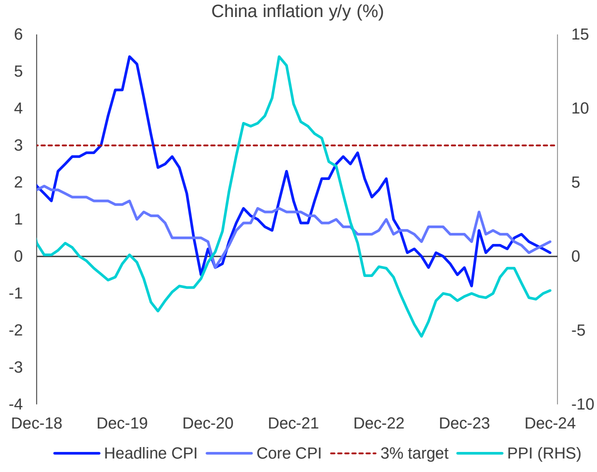


Chart 2: China's export growth recovered in 2016-17 but fell sharply after the tariff hikes from the US in 2018-19.

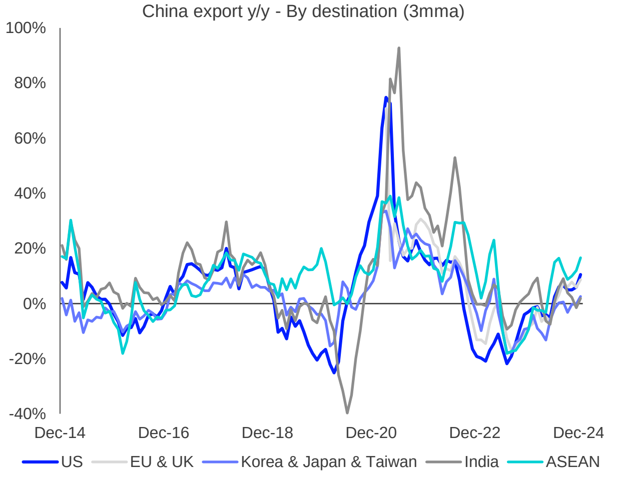
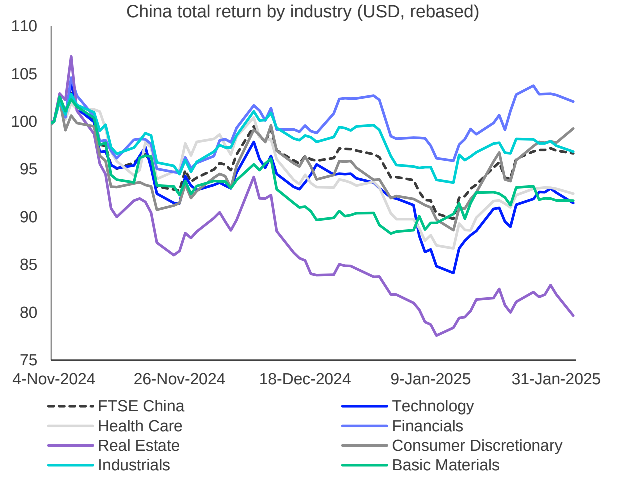


Chart 3: CGB yields rebounded after the PBOC announced to halt CGB purchases to support the CNY.

Chart 4: Technology has lagged other industries since the US presidential elections. Real Estate remained under pressure.



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India

After keeping its policy rate unchanged but reducing its cash reserve ratio in December, the RBI elected to cut its policy rate during its February meeting, marking the first cut to interest rates since May 2020. This decision from the RBI came shortly after India's recent annual budget announcement, where the government announced its intention to cut income tax in an effort to boost household consumption. Looking beyond consumption, the budget also projected stable capex spending for 2025-26 at 3.1% of GDP, with the ministries of railways and road transport receiving the same allocation as in the previous budget. The government expects a 2025-26 fiscal deficit of 4.4%, which compares to a 2024-25 deficit of 4.8% and signals a degree of fiscal tightening (Chart 1). The government now forecasts annual GDP growth of 6.4% for the year ending March 2025 in contrast to its initial projection of 6.5%-7.0%. With growth beginning to slow and with tighter fiscal policy expected, the onus for growth will largely rest on monetary policy. However, inflation remains a concern for the RBI. CPI fell to 5.2% in December largely thanks to lower food inflation, but the headline figure still sits some way above the RBI's 4% target (Chart 2).

In contrast to the market's outperformance through most of 2024, Indian government bonds largely underperformed the broader APAC market through the end of 2024 and into 2025. The **FTSE India Government Bond Index** returned ~-1.2% in USD terms over the last 3M. Currency effects were largely responsible for this underperformance. Despite this, net foreign buying and a turn towards more dovish central bank commentary have continued to put downward pressure on yields.

India equity was one of the top performers in APAC over the past two years, given strong domestic growth outlook. However, valuations increased to historically expensive levels and growth momentum slowed. Foreign equity outflows intensified, driving a sell-off in Indian equities. **FTSE India** fell -7.1% over the past 3M. Financials (-6.7%) and Industrials (-10.4%) were the main negative contributors. Expectations for RBI rate cuts weighed on Banks stocks. Industrials continued to trade at particularly high levels (Chart 4) despite EPS growth forecasts remaining in an upward revision trend (Chart 4, Page 11).

Chart 1: Fiscal tightening has been a key theme in recent years. The government now expects a 2025-26 deficit of 4.4%.

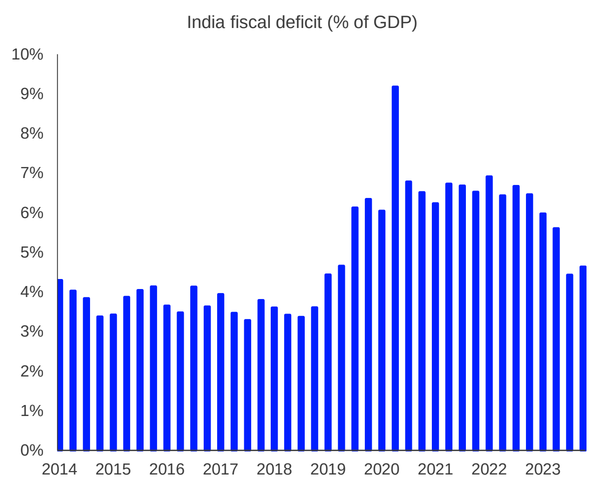


Chart 2: Fuel and food inflation remained a major uncertainty for India's inflation outlook.

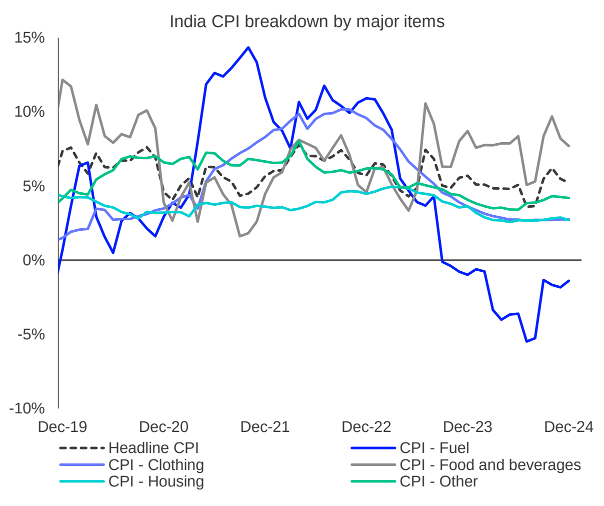


Chart 3: The Indian yield curve has stayed relatively flat over the last year in contrast to US dis-inversion.

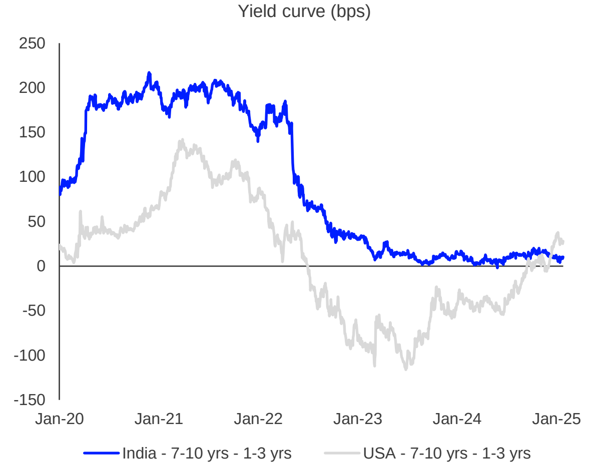
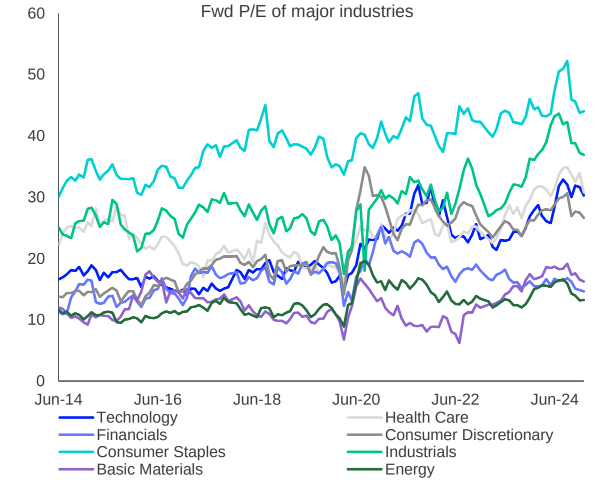


Chart 4: Equity valuations of Industrials, Consumer Staples and Health Care are expensive on a historical basis.



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Korea and Taiwan

The Bank of Korea (BoK) cut the policy rate by a total of 50bp at the October and November meetings to 3.00%. Korea's inflation has been below the BoK's 2% target since September, allowing the BoK to ease amid uncertainty around US trade policies and weaker domestic demand. However, a stronger USD and domestic political uncertainty weighed on the currency. KRW depreciated to the weakest level since 2009 against USD. At the January meeting, the BoK kept the policy rate unchanged at 3.00% unexpectedly in order to support the currency. Additionally, the central bank saw downside risks to its GDP growth forecast for 2025 (1.9% y/y) due to softer exports and consumer sentiment.

Korea's export growth slowed across major tech products such as PCs and mobiles in Q4 2024. The export growth of auto and auto parts remained in negative territory. By region, weaker exports to China and the EU continued to weigh on growth. In Taiwan, export growth stayed flat, with both tech and non-tech exports holding steady. Semis exports continued to recover.

In fixed income, front-end yields of Korean government bonds fell alongside the BoK's policy rate cuts. The bond curve steepened further (Chart 3), particularly after the BoK unexpectedly cut the policy rate back-to-back at the November meeting. Although the BoK held rates steady in January to support the currency amid temporary domestic political uncertainty, markets continue to expect three more rate cuts in 2025 due to a weaker domestic and export growth outlook.

FTSE Taiwan advanced 2.7% over the last 3M, while **FTSE Korea** fell 7.0%. Taiwan Tech rose 4.4% while Korea Tech rose 3.5%. Q4 2024 earnings guidance from Taiwan's and Korea's tech firms continued to suggest resilient AI demand for 2025. Taiwan Tech saw upward EPS growth revision over the past 3M (Chart 4, Page 11). Telecom (-15.1%) remained the main laggard for Korea as Samsung Electronics (-11.5%) continued to lag its peers in advanced memory chips and chips manufacturing businesses.

Chart 1: The BoK cut its policy rate to 3.00% in Q4 2024. Markets have priced in further 75bps of rate cuts by end-2025.

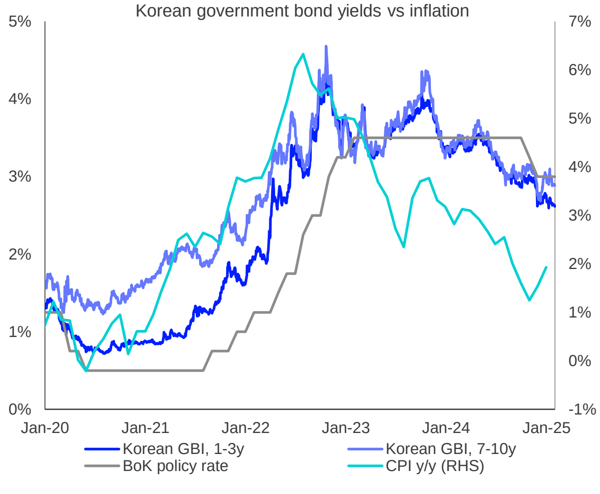


Chart 2: Korea's export growth slowed, but the exports of tech products in Taiwan remained strong.

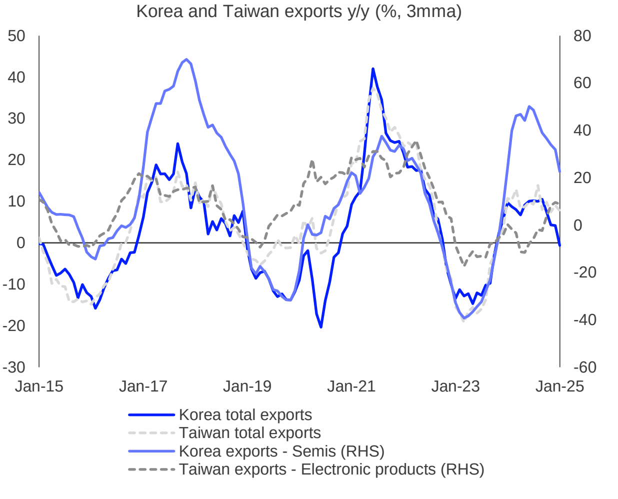


Chart 3: Korea's government bond curve continued to steepen after the BoK began its rate cut cycle.

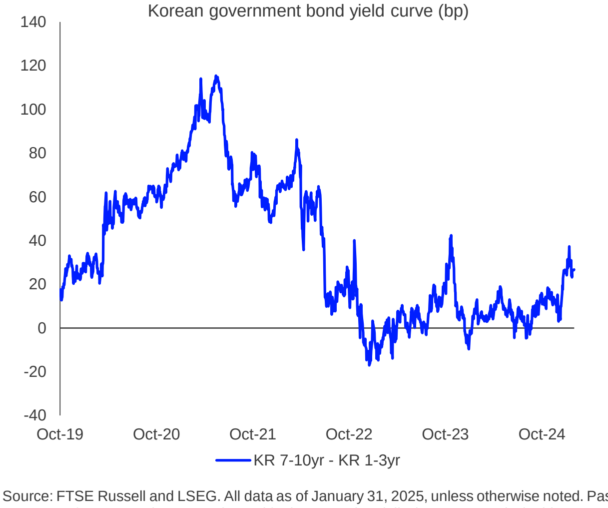
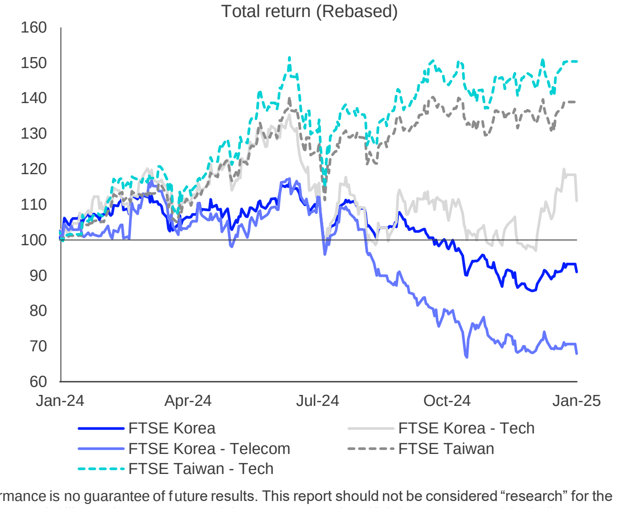


Chart 4: Korea equity return diverged further from Taiwan equity with Telecom being the main drag on FTSE Korea.



Source: FTSE Russell and LSEG. All data as of January 31, 2025, 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

In ASEAN, Indonesia, Thailand and Philippines began their rate cut cycle in H2 2024. Over the last 3M, Indonesia and Philippines lowered their respective policy rates by another 25bps. The Philippines central bank (BSP) signaled further rate cuts at the upcoming meeting given weaker growth outlook while inflation remained within the 2-4% target range. The Monetary Authority of Singapore (MAS) eased by reducing its SGDNEER slope slightly, given lower core inflation and fears that increasing global trade uncertainty could weigh on growth in 2024.

With the exception of Thailand, government bonds saw broadly negative returns in USD terms across ASEAN markets over the last 3M. Returns leadership for the region was largely a function of currency movements, with the Thai Baht the only currency to see gains versus USD over 3M. Thailand and Malaysia were the only ASEAN markets to see lower 10-year yields over 3M, despite stronger global growth and inflation expectations placing upward pressure on bond yields globally.

FTSE ASEAN Index fell 3.9% over 3M in most industries. Financials saw divergence in performance across countries. Financials in Indonesia and Philippines fell 11.9% and 12.1%, respectively, as their central banks cut rates further. By contrast, Singapore Financials advanced 13.0%. By country, **FTSE Singapore** (+6.0%) outperformed its ASEAN peers, with Financials, Telecom and Utilities being the main positive contributors. Markets expected that, with the Trump administration's policies likely translating into higher inflation, US interest rates, with which Singapore rates move closely, could stay at a level that is still high compared to historical levels. A higher-for-longer interest rate environment could continue to benefit Singapore's Banks. Additionally, wealth management has been one area with rapid growth as Singapore emerges as a rising Asia financial center in recent years. Telecom and Utilities have continued their rally since Q2 2024, driven by the government's pledge to increase Singapore's data center capacity amid rising AI demand.

Chart 1: Inflation in Indonesia and Singapore slowed further, prompting their central banks to cut interest rates.

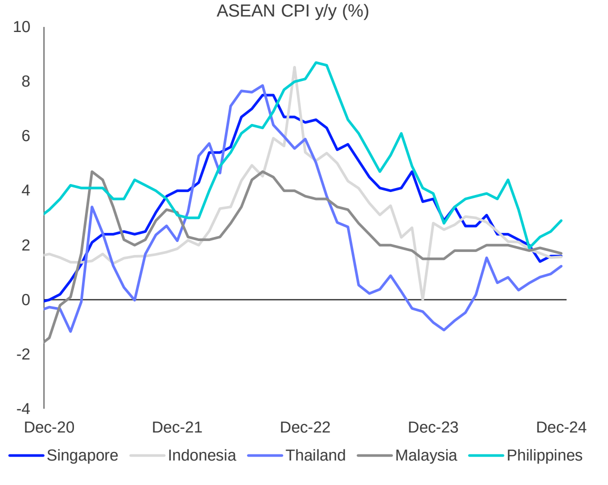


Chart 2: Malaysia saw strong growth in 2024, driven by strong foreign investment in tech supply chain and rising exports.

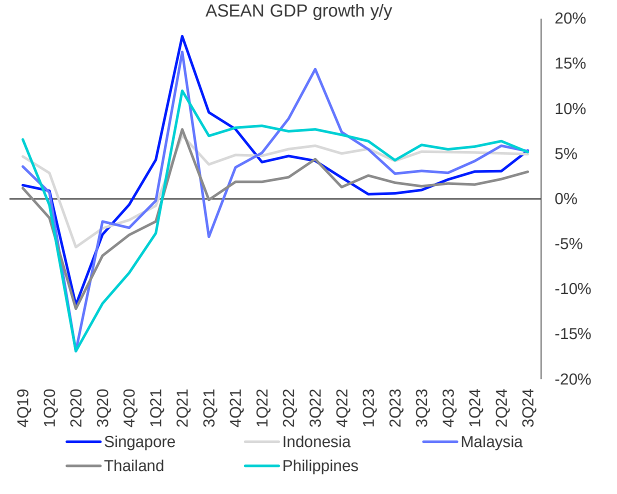


Chart 3: ASEAN spreads vs UST tightened again given higher UST yields.

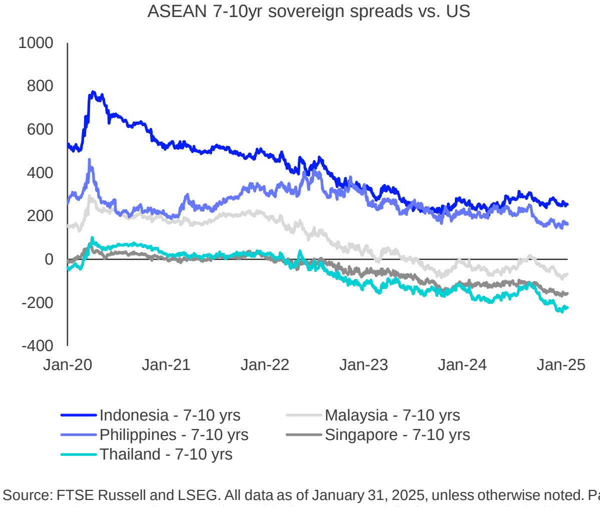
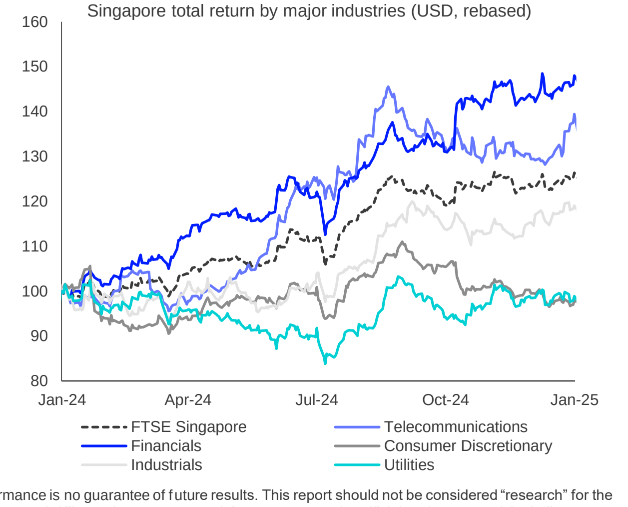


Chart 4: Singapore equity saw strong performance over the past one year, with Financials leading.



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Appendix – Equity

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

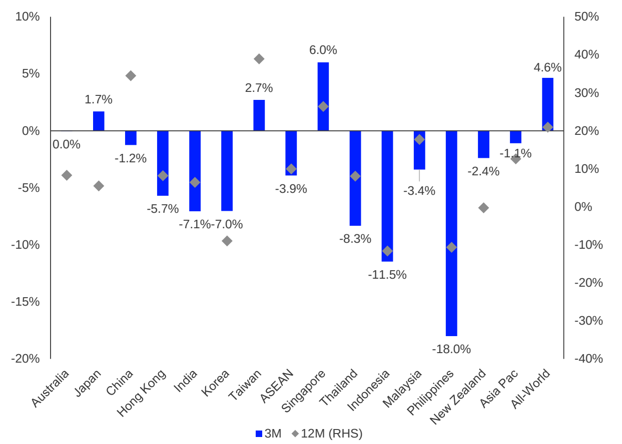


Chart 2: Annualized Volatility (Monthly Observations)

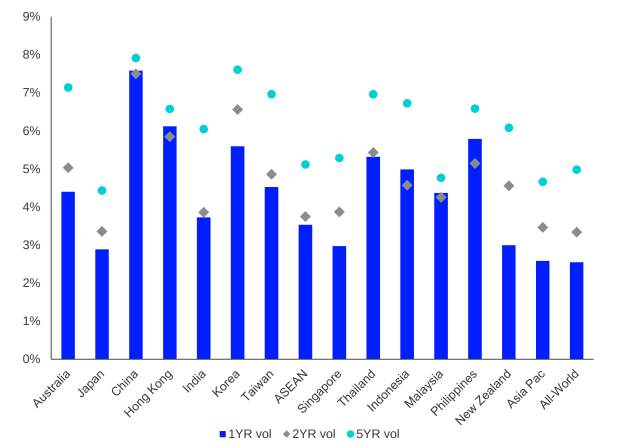


Chart 3: Dividend Yield vs 10YR Range

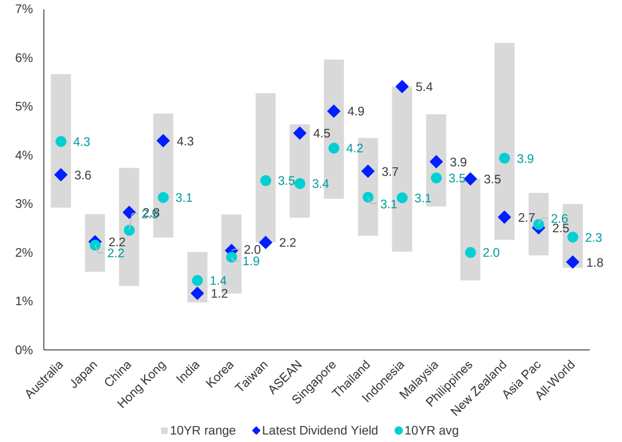


Chart 4: Two Year Forecast EPS Growth vs 12M Revision

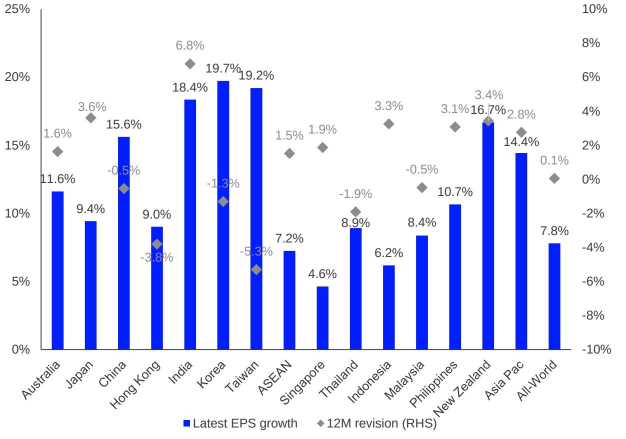
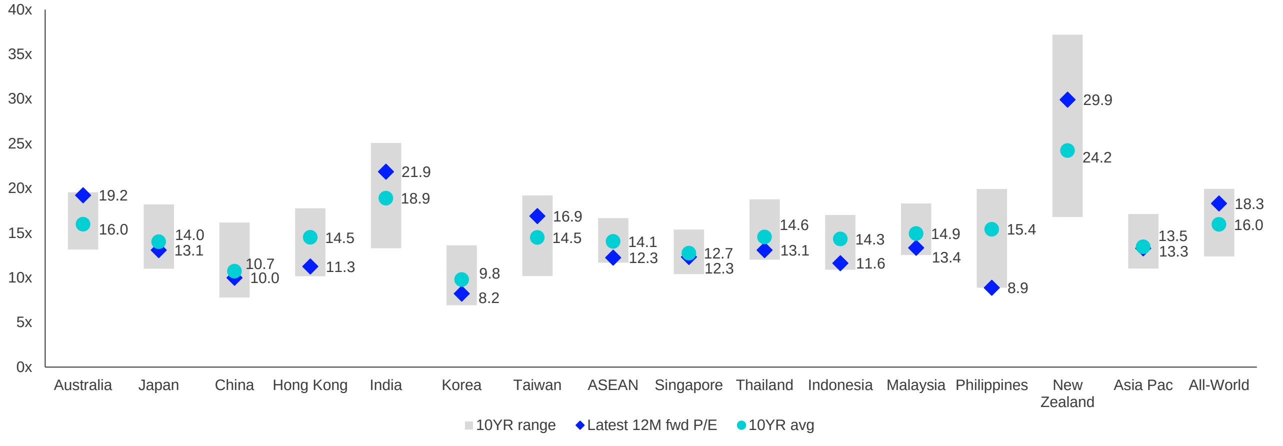


Chart 5: 12M Forward P/E vs 10YR Range



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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	3.8	-0.3	-5.2	-4.6	0.7	3.5	4.4	-7.2	-8.5	14.7			
Telecom	-2.1	2.0	30.3	0.7	-2.4	-15.1	8.9	5.7	-1.3	-9.3	0.9	-2.8	-5.0
Health Care	-2.9	-8.5	-4.8	-26.6	-7.4	-2.9	-4.0		-20.9	-24.6	0.6		-1.0
Financials	4.1	12.7	4.7	-7.4	-6.7	-2.3	-0.6	13.0	7.3	-11.9	-1.8	-12.1	
Real Estate	-3.1	1.7	-16.9	-8.1	-10.0		-10.9	-8.0	-15.8	-25.0		-25.6	
Consumer Discretionary	9.6	8.0	-0.6	0.3	-5.3	-3.1	-3.6	-7.2	-7.5	-7.6	-11.2	-26.9	16.2
Consumer Staples	-2.2	-4.1	-2.7	-0.8	-6.5	-9.1	-14.3	-2.5	-16.5	-12.4	-6.0	-36.0	-3.7
Industrials	0.3	-1.2	-1.4	-5.8	-10.4	-4.2	-2.6	4.6	-12.7	-22.0	-6.5	-15.1	4.6
Basic Materials	-9.4	-6.4	-5.9	-7.6	-10.0	-25.7	-18.8		-14.2	-21.7	-6.6		
Energy	-1.8	-3.4	-8.4	13.6	-9.0	-1.2	-25.4		-8.4	21.9	-0.9	1.0	
Utilities	2.1	-15.3	-5.6	-2.0	-19.3	-14.0		5.0	-15.8	-1.6	-3.7	-16.9	-8.0

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	0.1%	0.0%	-1.5%	-0.2%	0.1%	0.5%	3.3%	-0.1%	-0.6%	0.4%			
Telecom	0.0%	0.1%	1.0%	0.0%	-0.1%	-4.3%	0.2%	0.5%	-0.1%	-0.8%	0.1%	-0.2%	-0.3%
Health Care	-0.3%	-0.7%	-0.2%	-0.1%	-0.5%	-0.2%	0.0%		-1.8%	-0.3%	0.0%		-0.3%
Financials	1.5%	1.7%	0.8%	-3.0%	-1.6%	-0.3%	-0.1%	7.1%	1.2%	-6.8%	-0.7%	-3.3%	
Real Estate	-0.2%	0.1%	-0.4%	-1.4%	-0.2%		0.0%	-1.4%	-0.8%	-0.1%		-6.8%	
Consumer Discretionary	0.7%	1.7%	-0.1%	0.0%	-0.6%	-0.4%	-0.1%	-0.4%	-0.5%	-0.4%	-0.6%	-2.0%	0.1%
Consumer Staples	-0.1%	-0.2%	-0.1%	0.0%	-0.4%	-0.2%	-0.2%	-0.1%	-1.8%	-1.0%	-0.5%	-2.3%	-0.2%
Industrials	0.0%	-0.3%	-0.1%	-0.8%	-1.3%	-0.6%	-0.1%	0.2%	-1.4%	-0.4%	-0.6%	-2.5%	1.0%
Basic Materials	-1.7%	-0.3%	-0.2%	0.0%	-0.6%	-1.5%	-0.3%		-0.3%	-2.5%	-0.5%		
Energy	-0.1%	0.0%	-0.3%	0.0%	-0.9%	0.0%	0.0%		-1.3%	0.4%	0.0%	0.0%	
Utilities	0.0%	-0.2%	-0.1%	-0.2%	-1.0%	-0.1%		0.2%	-1.0%	0.0%	-0.6%	-1.0%	-2.7%

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%	10.9%	26.6%	4.2%	14.2%	16.6%	76.8%	1.0%	8.2%	3.9%				20.8%
Telecom	0.8%	4.1%	4.5%	0.9%	3.9%	26.2%	2.3%	7.8%	11.6%	8.6%	6.7%	8.7%	5.6%	5.1%
Health Care	8.6%	7.1%	4.1%	0.4%	6.3%	7.7%	0.4%		7.7%	1.1%	5.3%		32.1%	5.6%
Financials	37.7%	14.4%	18.5%	39.1%	24.4%	13.1%	10.8%	58.1%	18.9%	56.5%	41.0%	28.3%		20.5%
Real Estate	7.0%	3.4%	2.0%	16.3%	1.4%		0.1%	15.7%	4.6%	0.3%		24.0%		3.3%
Consumer Discretionary	7.8%	21.8%	24.1%	10.4%	11.4%	12.9%	2.1%	5.2%	6.2%	5.4%	4.7%	6.9%	1.0%	15.3%
Consumer Staples	3.6%	5.6%	4.3%	3.8%	6.5%	2.0%	1.0%	3.4%	10.5%	8.2%	8.7%	5.1%	4.9%	4.5%
Industrials	8.2%	26.3%	6.7%	14.9%	12.2%	14.9%	5.2%	4.7%	10.1%	1.7%	9.0%	17.9%	24.6%	14.7%
Basic Materials	16.7%	4.5%	3.2%	0.4%	5.9%	4.3%	1.1%		1.8%	10.7%	6.8%			5.1%
Energy	4.8%	0.8%	3.7%	0.1%	9.5%	1.9%	0.1%		14.7%	2.9%	2.2%	3.1%		3%
Utilities	1.6%	1.2%	2.4%	9.4%	4.3%	0.6%		4.2%	5.8%	0.8%	15.5%	6.1%	31.9%	2.3%

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	5.37	-1.22	7.26	6.78	1.42	-1.85	-1.62				5.93	-4.38	1.70
Telecommunications	0.19	1.93	1.27	0.01	-4.42	-0.09	6.43	-0.51	-1.78	0.56	0.90	1.34	3.38
Health Care	0.43	0.54	-30.00	-0.41	-0.22	-0.56	3.73	3.41	3.08			-0.83	13.63
Financials	-0.50	0.26	0.96	-1.88	0.57	-1.88	-0.51	-0.27		-0.96	1.06	-0.36	-0.02
Real Estate	-0.01	1.41	-0.74	-7.18	-0.06	9.85				-0.65	1.21	-0.14	
Consumer Discretionary	-0.06	0.54	-1.29	-2.07	1.36	0.80	4.81	-1.29	-33.65	1.04	1.19	-1.47	-2.78
Consumer Staples	1.09	-1.28	0.23	11.39	-0.43	2.00	0.99	0.39	-1.99	-1.10	6.62	-0.24	1.39
Industrials	-0.51	-0.87	-2.50	0.17	2.92	0.83	0.92	1.35	0.76	6.98	-0.43	-16.35	-0.85
Basic Materials	1.29	-4.99	-4.79	-0.60	4.27	3.76	8.83	-7.76				11.90	46.05
Energy	1.69	2.35		-5.21	1.05	-2.44	11.10	-2.49		-22.32		2.69	31.57
Utilities	0.99	0.37	-0.11	-7.41	-1.65	-2.63	4.42	2.59	-0.13	0.57	-0.21	-4.83	

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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	0.96	0.42	4.14	4.38	5.09	4.33	5.01
	7-10YR	-0.65	0.61	0.12	4.02	4.69	3.93	3.97
	20+YR	-4.01	0.31	-5.17	4.42	4.85	4.31	4.11
	All	-0.27	0.49	1.41	4.20	4.89	4.14	4.46
APGBI	1-3YR	-1.60	0.51	1.55	2.14	2.50	2.56	2.71
	7-10YR	0.43	0.97	4.45	3.04	3.37	3.31	3.58
	20+YR	2.68	1.92	9.80	2.84	3.16	3.12	3.41
	All	-0.30	0.87	3.91	2.65	3.01	3.00	3.20
Japan	1-3YR	-1.95	1.32	-6.20	0.37	0.21	0.04	-0.04
	7-10YR	-3.75	0.50	-8.02	0.94	0.76	0.59	0.50
	20+YR	-3.09	0.73	-13.66	2.11	1.86	1.73	1.40
	All	-3.26	0.69	-9.33	1.25	1.06	0.91	0.73
China	1-3YR	-1.29	0.29	2.10	1.53	1.89	2.07	2.08
	7-10YR	2.26	0.95	7.69	2.10	2.34	2.46	2.66
	20+YR	6.28	1.72	15.87	2.38	2.61	2.70	3.04
	All	0.69	0.66	5.65	1.84	2.14	2.29	2.43
Australia	1-3YR	-3.45	1.20	-2.23	3.86	4.16	3.69	4.02
	7-10YR	-3.04	1.03	-3.93	4.07	4.36	3.97	4.03
	20+YR	-3.42	-0.20	-9.60	4.62	4.75	4.42	4.40
	All	-3.15	0.98	-3.83	4.01	4.30	3.89	4.03
India	1-3YR	-1.22	-0.44	3.31	6.82	7.15	7.04	7.07
	7-10YR	-0.63	-0.07	5.40	6.98	7.22	7.18	7.21
	20+YR	-1.48	-0.35	6.42	7.06	7.29	7.30	7.35
	All	-1.05	-0.24	5.24	6.97	7.23	7.18	7.23
Indonesia	1-3YR	-2.50	-0.23	2.77	6.61	7.11	6.34	6.03
	7-10YR	-3.18	-0.39	0.96	6.94	7.22	6.62	6.38
	20+YR	-4.51	-1.48	-0.14	7.14	7.17	6.94	6.76
	All	-3.15	-0.52	1.32	6.89	7.20	6.61	6.32
Korea	1-3YR	-3.73	1.82	-4.08	3.08	3.51	3.34	3.69
	7-10YR	-2.54	2.63	-1.62	3.09	3.66	3.40	3.76
	20+YR	-0.39	2.99	4.69	2.96	3.46	3.28	3.64
	All	-1.98	2.51	0.02	3.03	3.54	3.33	3.70
Malaysia	1-3YR	-0.74	0.67	9.81	3.29	3.53	3.36	3.36
	7-10YR	0.23	0.76	10.17	3.73	3.96	3.80	3.86
	20+YR	0.31	0.62	11.18	4.14	4.30	4.18	4.23
	All	-0.19	0.71	10.33	3.70	3.93	3.76	3.80
Singapore	1-3YR	-1.96	0.81	1.93	3.02	3.52	3.13	3.48
	7-10YR	-2.50	0.68	1.31	2.88	3.45	2.90	3.03
	20+YR	-4.13	-0.20	0.75	2.89	3.39	2.86	2.62
	All	-2.70	0.50	1.47	2.91	3.46	2.95	3.08
New Zealand	1-3YR	-3.83	1.09	-2.08	4.21	5.16	4.89	5.21
	7-10YR	-4.03	0.72	-2.80	4.31	4.85	4.55	4.70
	20+YR	-5.79	0.78	-7.64	4.81	5.17	4.87	4.87
	All	-4.10	0.76	-2.95	4.29	4.92	4.61	4.85
Thailand	1-3YR	0.85	1.36	8.22	2.31	2.38	2.27	2.23
	7-10YR	1.51	1.09	10.65	2.52	2.74	2.58	2.55
	20+YR	4.95	1.25	18.62	3.25	3.34	3.33	3.20
	All	1.67	1.26	10.53	2.50	2.68	2.54	2.50
Philippines	1-3YR	0.75	0.09	2.68	6.03	6.49	5.99	6.24
	7-10YR	-0.52	-0.07	2.68	6.19	7.05	6.15	6.42
	20+YR	NA	NA	NA	NA	NA	NA	NA
	All	-0.16	-0.18	2.68	6.15	6.86	6.12	6.38

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Appendix – Fixed income

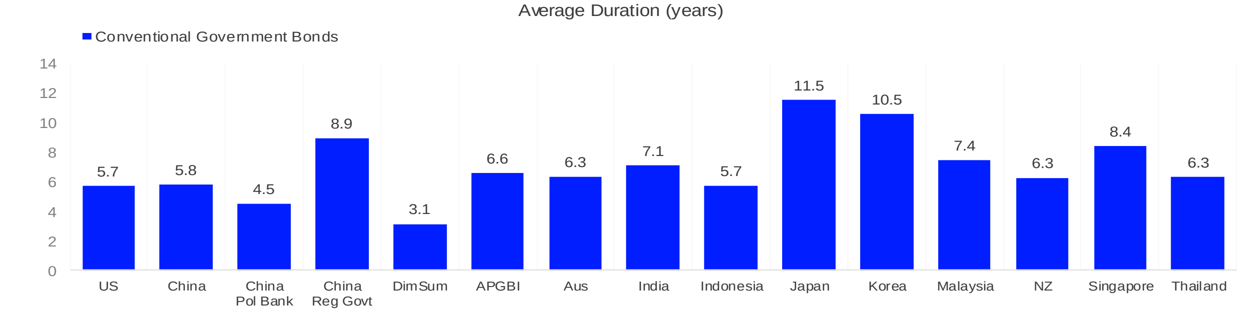
Duration and market value (USD, Bn)

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	2,906.3	1,207.6	1,388.8	12,453.3
China	3.7	7.6	18.2	5.8	714.5	508.4	352.3	2,990.8
China Pol Bank				4.5				3,047.7
China Reg Govt				8.9				3,093.6
DimSum	0.0			3.1	0.0			15.6
APGBI	3.7	7.4	18.4	6.6	1,005.2	816.5	659.5	4,780.8
Aus	3.8	7.3	16.2	6.3	52.5	92.0	18.4	319.0
India	3.4	6.1	12.3	7.1	137.1	246.5	310.5	1,220.2
Indonesia	3.3	6.0	11.5	5.7	37.6	51.7	12.1	237.1
Japan	3.9	8.3	22.9	11.5	344.1	428.1	591.1	2,918.9
Korea	3.7	7.3	19.4	10.5	81.9	66.2	223.9	642.9
Malaysia	3.6	7.2	15.1	7.4	18.2	19.0	18.5	133.7
NZ	3.5	7.0	15.7	6.3	14.1	17.8	4.9	72.1
Singapore	3.6	7.2	19.8	8.4	17.3	12.7	21.2	100.9
Thailand	3.9	7.3	16.5	6.3	42.9	23.8	8.2	164.4

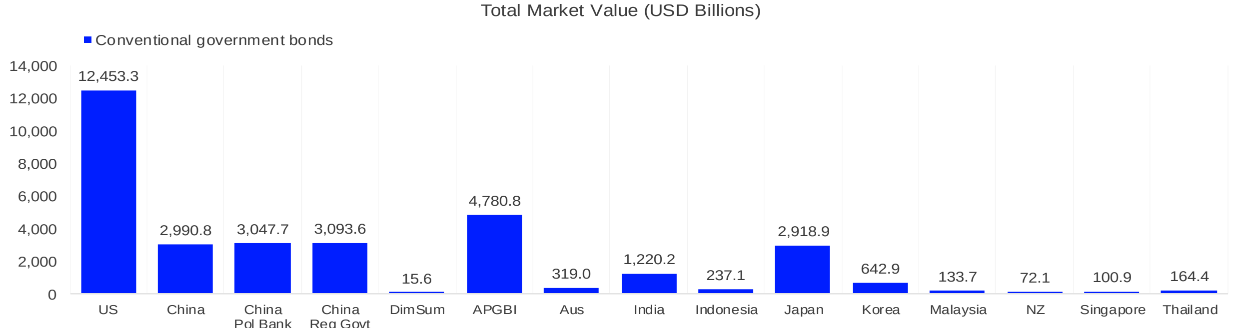
Corporate Bonds						
	Duration			Market Value		
	Inv Grade	High Yield	Overall	Inv Grade	High Yield	Overall
US	6.8	3.8		6,969.8	1,126.0	
China Corp (LC)			2.4			535.6
China Green Onshore			2.5			140.0
China Corp ($)	4.5	2.4	8.9	165.9	18.1	184.0
DimSum			2.7			26.3
EM	5.4	3.6	4.8	479.7	195.9	675.6
EUxUK	4.3	3.1		3,015.6	349.6	

Other Sectors						
	Duration			Market Value		
	Supra	Agency	Corp NR	Supra	Agency	Corp NR
Offshore (DimSum)	2.9	2.7		2.7	4.8	

Average Duration (years)



Total Market Value (USD Billions)



Source: FTSE Russell and LSEG. All data as of January 31, 2025, 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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