

Market Review

Global markets performed strongly in April, despite the COVID-19 situation in India posing uncertainty over the effectiveness of vaccines. COVID-19 cases in UK and US showed an improving trend, given that vaccination programmes went well in both countries. On the other hand, India's second wave is quite serious, raising concerns over the resurgence in the number of cases worldwide if vaccines are less effective toward this new variant of the virus. Meanwhile, US President Joe Biden unveiled his next USD 1.8 trillion stimulus package focusing on universal preschool, free community college, national paid leave program and child care spending caps. Against this backdrop, MSCI Asia ex Japan was up 2.41% in April (in USD terms, net dividends excluded), underperforming the MSCI World Index which gained 4.52% during the month (in USD terms, net dividends excluded).

CANBERRA • BEIJING • HONG KONG

Australia

- Australia All Ordinary Index was up 3.90% in April (in local currency terms, net dividends excluded).
- Outperformance from Information Technology and Materials.
- Underperformance from Energy and Consumer Staples.
- The Australian yield curve flattened with the 2-year yield flat at 0.09% whilst the 10-year bond yield went down 11bps to 1.70%.
- During the month, the Australian Dollar (AUD) appreciated against the US Dollar (USD) as the USD index went down.
- The Reserve Bank of Australia (RBA) reiterated its commitment to keep policy accommodative for as long as is needed to pull down unemployment and push inflation higher, signalling the cash rate would remain at 0.1% until at least 2024.
- 1Q Consumer Price Index (CPI) was up 0.6% quarter-on-quarter (qoq), which remained far below the RBA's target band of 2 - 3%.

China

- MSCI China Index was up 1.33% in April (in USD terms, net dividends excluded).
- Outperformance from Healthcare, Materials and Consumer Staples.
- Underperformance from Real Estate, Utilities and Financials.
- China's first quarter GDP growth came in at 18.3% yoy, reflecting the base effect of a catastrophic first quarter last year.
- CPI rose 0.4% yoy compared to the 0.2% contraction in the prior month.

- The quarterly Central Politburo meeting kept the overall policy stance largely unchanged but policy priorities were given to industrial upgrade, digitalization, carbon neutrality, new energy and domestic demand recovery.
- With vaccinations accelerating and the pandemic under control, it is expected that the services sector growth to pick up again and drive overall economy throughout the rest of the year.

Hong Kong

- MSCI Hong Kong Index was up 3.08% in April (in USD terms, net dividends excluded).
- Outperformance from Information Technology and Consumer Staples.
- Underperformance from Consumer Discretionary and Utilities.
- Locally, the government eased some of the social distancing measures, including an extension of dine-in services and increasing the number of people per table if staff and customers are vaccinated.
- Headline CPI growth picked up by 0.5% year-on-year (yoy) in March.
- The modest sequential expansion in CPI was led by rising energy and food prices, whereas housing price continued to ease and declined by 0.2% month-on-month (mom).
- Hong Kong's unemployment rate turned down to 6.8% in March from 7.2% in February, while total employment also increased by 0.4% mom.

NEW DELHI • JAKARTA • TOKYO • KUALA LUMPUR

India

- MSCI India Index was down -0.97% in April (in USD terms, net dividends excluded).
- Outperformance from Healthcare, Materials and Communication Services.
- Underperformance from Real Estate, Consumer Staples and Consumer Discretionary.
- Amidst strong performance of global equities, Indian equities underperformed due to the second wave of COVID-19 infections locally and related regional curbs on mobility.
- However, unlike the first wave, the on-going second wave while far more ferocious on both infections and fatalities, is likely to be compressed in time and therefore should have lesser impact on economic activity.
- Policy support also remains much more aggressive and proactive with the Reserve Bank of India recently announcing the G-Sec acquisition programme (GSAP 1.0) whereby it will purchase additional government bonds.
- Looking ahead, valuations may face headwinds as the support from low yields wanes but earnings improvement should keep equities supported broadly even as the pace becomes more calibrated.

Indonesia

- MSCI Indonesia Index was down -0.86% in April (in USD terms, net dividends excluded).
- Outperformance from Consumer Discretionary and Materials.
- Underperformance from Healthcare and Utilities.
- Indonesia's real GDP contracted by 0.7% yoy in 1Q21, at a more moderate pace than the 2.2% shrinkage in the previous quarter.
- Bank Indonesia kept the 7-day reverse repo rate, deposit and lending facility rates unchanged.
- On inflation, March headline inflation stood at 1.37% yoy, in line with compressed domestic demand, maintained exchange rate stability and the Bank's policy to anchor inflation expectations to the target corridor.
- In the short-term, continued volatility is expected in the market as investors are concerned with the rising yields and the emergence of a more contagious COVID-19 strain.

Japan

- MSCI Japan Index was down -1.52% in April (in USD terms, net dividends excluded).
- In light of its cyclical and industrial tilt, Japan should benefit from an improving global economy and a weakening yen, which makes exports competitive.
- The economic recovery is likely to outpace that of the Eurozone but underperform the US in 2021.
- It is expected that the export sector will remain the main driver of growth, benefiting from the global upcycle in capex. This was reflected in the surge of machinery orders early this year.
- However, the slow pace of vaccination and repeated outbreaks in major cities cast a shadow over the outlook for domestic demand.
- Hence, inflation is expected to stay close to zero and the pass-through of imported inflation from a weaker yen and rising commodity prices will be limited.

Malaysia

- FTSE Bursa Malaysia Index was up 1.79% in April (in local currency terms, net dividends excluded).
- Outperformance from Health Care and Transport.
- Underperformance from Energy and Financials.
- On the commodities side, oil prices continued to rally on global optimism on economic recovery as well as ongoing production cuts, the WTI closed at USD63.6/barrel and Brent at USD67.3/barrel.
- Palm oil prices maintained at record levels, given the supply-demand mismatch in the sector arising from labour shortages.
- Elsewhere, Malaysia witnessed an uptick in COVID-19 cases in late April, exacerbated by the local transmission of highly contagious strains, which will lead to tighter measures ahead of the festive period in May.

WELLINGTON • MANILA • SINGAPORE • BANGKOK

New Zealand

- New Zealand SE 50 Index was up 1.36% in April (in local currency terms, net dividends excluded).
- During the month, the New Zealand Dollar (NZD) appreciated against USD as the USD index went down.
- The Reserve Bank of New Zealand (RBNZ) kept the official cash rate (OCR) at a record low of 0.25%, while also continuing the NZD100 billion quantitative easing and Funding for Lending Programme (FLP) tools, both introduced last year to support a market hit by the COVID-19 pandemic.
- RBNZ stated that monetary stimulus should continue to ensure its inflation and employment targets are met.
- RBNZ also expects that inflation will spike in the near term, even exceeding the 2% target midpoint, due to supply chain disruptions and rising oil prices.
- It reiterated that the outlook still remains highly uncertain and that meeting its targets will necessitate considerable time and patience.
- 1Q CPI was 0.8% qoq, led by transport and housing prices.

The Philippines

- MSCI Philippines Index was down -0.21% in April (in USD terms, net dividends excluded).
- Outperformance from Communication Services and Financials.
- Underperformance from Real Estate and Industrials.
- Philippines headline inflation edged down to 4.5% yoy in March from 4.7% yoy in February, the decline attributed to stable weather conditions in previous months, which slowed down price movements of vegetables, fruits, and fish.
- With January inflation being at 4.2% yoy, all readings in the first quarter were above the target range of 2 - 4% set by the Central Bank.
- The Central Bank revised up its 2021 average inflation forecast to 4.2% in March from the 4.0% forecast announced in February.
- The market remains positive given the structural tailwinds and the domestic-driven nature of this economy.

Singapore

- MSCI Singapore Index was up 2.73% in April (in USD terms, net dividends excluded).
- Outperformance from Financials and Communication Services.
- Underperformance from Consumer Discretionary and Consumer Staples.
- In April, Purchasing Managers' Index (PMI) edged up to 50.9 from 50.8 in the previous month.
- CPI rose to 1.3% yoy from 0.7% yoy a month earlier amid strengthening consumption in the wake of the pandemic.
- Over the longer-term, the pace of Singapore's economy and equity market is expected to recover is premised on the reopening of its borders due to its regional and global exposures, which means their economic recovery will likely recover later than Indonesia/Philippines.

Thailand

- MSCI Thailand Index went down -1.38% in April (in USD terms, net dividends excluded).
- Outperformance from Information Technology, Materials and Communication Services.
- Underperformance from Industrials, Consumer Staples and Financials.
- March exports were on the upside, jumping 8.5% yoy, in contrast with the decline of 2.6% in the prior month.
- Meanwhile, imports rose 14.1% yoy, lower than the 22.0% surge in February.
- Looking forward, the recent surge in new daily COVID-19 cases is expected to continue over the next few weeks before cooling down thereafter.
- For this reason, any market correction could provide a good trading opportunity, especially on re-opening economy plays such as the banking and petrochemical sectors.

ASIA PACIFIC MARKET MONTHLY COMMENTARY

April 2021

Index (as of end April 2021)	Return (dividend excluded) in local currency				Return (dividend excluded) in USD			
	1 Month	3 Months	1 Year	YTD	1 Month	3 Months	1 Year	YTD
Australia All Ordinary	3.90%	6.11%	30.24%	6.42%	5.37%	6.83%	53.67%	6.53%
CSI 300	1.49%	-4.27%	30.95%	-1.68%	2.80%	-4.43%	42.70%	-0.65%
Hang Seng China Enterprises	-1.34%	-3.42%	7.81%	0.81%	-1.24%	-3.58%	7.61%	0.64%
Hang Seng Index	1.22%	1.56%	16.56%	5.49%	1.32%	1.39%	16.34%	5.31%
India National	-0.20%	7.51%	49.06%	5.20%	-1.49%	5.89%	51.12%	3.77%
Jakarta Composite	0.17%	2.27%	27.12%	0.28%	0.72%	-2.60%	30.91%	-2.47%
Nikkei 225	-1.25%	4.15%	42.68%	4.99%	-0.18%	-0.24%	39.59%	-0.83%
Korea Composite	2.82%	5.77%	61.63%	9.55%	4.62%	6.36%	77.05%	6.98%
FTSE Bursa Malaysia KLCI	1.79%	2.25%	13.77%	-1.57%	3.01%	0.95%	19.47%	-3.49%
New Zealand SE 50	1.36%	-3.72%	18.39%	-3.46%	3.84%	-4.14%	37.69%	-3.80%
Philippine SE Composite	-1.12%	-3.66%	11.76%	-10.77%	-0.33%	-3.80%	17.00%	-11.00%
FTSE Singapore Straits Times	1.67%	10.88%	22.64%	13.17%	2.94%	11.08%	30.20%	12.71%
Taiwan Weighted	6.91%	16.04%	59.81%	19.24%	9.21%	16.33%	70.13%	19.94%
Bangkok SET	-0.26%	7.92%	21.62%	9.23%	0.10%	3.73%	26.38%	5.10%
MSCI AC Asia ex Japan	1.77%	1.16%	40.56%	5.57%	2.41%	0.91%	44.98%	4.93%
MSCI AC Pacific ex Japan	2.17%	1.25%	37.46%	5.75%	3.15%	1.25%	45.07%	5.29%
Dow Jones Industrial	2.71%	12.98%	39.14%	10.68%	2.71%	12.98%	39.14%	10.68%
S&P Composite	5.24%	12.57%	43.56%	11.32%	5.24%	12.57%	43.56%	11.32%
FTSE 100	3.82%	8.78%	18.11%	7.88%	3.45%	7.88%	7.60%	6.51%
CAC 40	3.33%	16.12%	37.12%	12.93%	5.84%	15.06%	50.71%	11.11%
DAX 30	0.85%	12.68%	39.35%	10.33%	3.30%	11.65%	53.16%	8.55%
MSCI Europe	1.96%	10.22%	27.73%	9.07%	4.10%	9.40%	39.91%	7.77%
MSCI World	3.91%	10.79%	39.80%	9.87%	4.52%	10.41%	43.16%	9.25%

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