

Market Review

Global equity markets rebounded strongly in April after the sharp sell-off in March. The main catalyst was the containment of the spread of the coronavirus (COVID-19) in some major economies, paving the way for a relaxation in lockdown measures and a re-start in manufacturing activity. Monetary and fiscal policy action from central banks and governments continue to support economies through the crisis and provide market liquidity, prompting a recovery in investor sentiment. MSCI World Index ignored the huge swings in oil prices and gained +11.77% (in USD terms, net dividends excluded) in April. Meanwhile, MSCI Asia ex Japan Index fell behind, gaining +7.90% (in USD terms, net dividends excluded).

CANBERRA • BEIJING • HONG KONG

Australia

- The Australia All Ordinary Index was up +6.91% in April (in local currency terms, net dividends excluded).
- Outperformance from Energy and Information Technology.
- Underperformance from Consumer Staples and Utilities.
- The Australian yield curve steepened slightly, with the 2-year bond yield down to 0.23% whilst the 10-year bond yield was up to 0.91%.
- The Australian dollar (AUD) appreciated in April against the US Dollar (USD) as the USD Index fell.
- Consumer Price Index (CPI) was up 2.2% year-on-year, higher than that in 4Q (1.8% year-on-year).
- Employment rose by 5,900 in March, with most of these positions being part-time while full-time employment decreased by 400.
- The participation rate stayed at 66.0% while the unemployment rate was up from 5.1% to 5.2%.

China

- As economic activities started to normalize gradually in March, China posted a strong gain of +6.62% (MSCI China Index, in USD terms, net dividends excluded) in April but underperformed Asian and other emerging markets.
- Outperformance from Healthcare, Materials and Communication Services.
- Underperformance from Financials, Energy and Real Estate.
- Manufacturing Purchasing Managers' Index (PMI) in April came at 49.4 compared to 50.1 in March.

- Although real GDP contracted 6.8% year-on-year in 1Q, March activity rebounded from the weak data prints in January and February.
- March Consumer Price Index (CPI) came in at 4.3% year-on-year compared to 5.2% in February.
- Although the trade activity in March was more resilient than expected, given the expected weakness in global demand, the Chinese leadership has turned more decisively towards easing.

Hong Kong

- Although MSCI Hong Kong Index posted a strong gain of +7.29% in April (in USD terms, net dividends excluded), it was one of the biggest laggards in Asia.
- Outperformance from Healthcare, Consumer Discretionary and Communication Services.
- Underperformance from Consumer Staples, Industrials, and Financials.
- No new local cases of the COVID-19 were recorded for 15 consecutive days in April and thus, the government announced that it would resume most public services on 4 May.
- Underlying CPI rose 2.6%, slower than 3.1% in February, largely due to the smaller increase in pork prices.
- The labour market remains under pressure, with unemployment rate rising to 4.2% in March.
- In particular, employment in the retail, accommodation and food services sectors dropped sharply by 12.4% year-on-year.

NEW DELHI • JAKARTA • TOKYO • SEOUL • KUALA LUMPUR

India

- MSCI India Index rebounded sharply in April and gained +11.51% (in USD terms, net dividends excluded).
- Outperformance from Healthcare, Energy and Consumer Discretionary.
- Underperformance from Consumer Staples, Utilities, and Industrials.
- Headline manufacturing PMI for April came in at 27.4 compared to 51.8 in March.
- Exports contracted 34.6% year-on-year in March vs. an expansion of 2.91% in February while imports contracted by 28.7% in March vs. a growth of 2.48% in February.
- At the end of the month, India entered the third phase of its lockdown (now extended up to 17 May), but with a certain degree of relaxations in restrictions in conducting the economic activity.
- The Reserve Bank of India (RBI) announced several measures to ensure financial stability, incentivize banks to lend and hence, support growth and provide liquidity support to various financial intermediaries.

Indonesia

- The Indonesian equity market gained +3.57% (MSCI Indonesia Index, in USD terms, net dividends excluded).
- Outperformance from Materials, Industrials and Healthcare sectors.
- Underperformance from Financials and Energy.
- Bank Indonesia entered into a USD 60 billion repurchase facility with the US Federal Reserve (Fed) to help contain dollar liquidity amidst falling foreign exchange reserves.
- The Indonesia Rupiah gained a staggering 7.5% vs. the US Dollar against this backdrop.
- Consumer prices rose by 2.7% year-on-year in April compared to 3% in March.
- Trade activity remained weak; exports contracted 0.2% year-on-year and imports contracted 0.8% in March.

Japan

- Tokyo stocks posted a positive return of +4.60% in April (MSCI Japan Index, in USD terms, net dividends excluded).
- Many Japanese companies are exporters that could be hurt by a stronger yen, which acts as a safe haven in times of extreme volatility.
- The Japanese economy is expected to sink into a deep recession, as most countries go through a double shock of collapses in both internal and external demand.

- The soft lockdown imposed by the government in April will weigh further on domestic consumption, after the March contraction likely exceeded the one that came after the 2011 Earthquake.
- Proposed cash handouts will help, but are only expected to be approved by lawmakers in late May or June.

Korea

- The Korean equity market gained +10.99% (KOSPI, in local currency terms, net dividends excluded) in April but underperformed other Asian equity markets despite strong 1Q earnings results.
- Outperformance from Utilities, Materials and Industrials.
- Underperformance from Healthcare.
- GDP in the first quarter fell to -1.4%, due to a hit on consumer spending and trade activity.
- Manufacturing PMI contracted to 41.6 in April amidst plummeting demand.
- Industrial production in March contracted to 7.1% year-on-year compared to 11.3% in February.
- Consumer prices rose 0.1% year-on-year while the unemployment rate came in at 3.8% in March.
- The trade balance decreased to USD -0.9 billion in April compared to USD 4.6 billion in March.

Malaysia

- The FTSE Bursa Malaysia Index saw its first monthly gain of the year after registering +2.18% in April (in local currency terms, net dividends excluded).
- Foreign selling in April was offset by domestic bargain hunting activities as investors picked up stocks in sectors that have been sold down significantly, positioning for the rebound once the Movement Control Order (MCO) is lifted.
- Outperformance from Technology and Transport.
- The Malaysian government extended the MCO twice during the month, to slow the spread of COVID-19.
- The Ministry of International Trade and Industry estimated that the economy was operating at only 45% of its capacity due to the implementation of the MCO throughout April.

WELLINGTON • MANILA • SINGAPORE • TAIPEI • BANGKOK

New Zealand

- The New Zealand SE 50 Index went up (+8.87%, in local currency terms, net dividends excluded) in April.
- The New Zealand Dollar (NZD) appreciated in April against the US Dollar while the USD Index went flat.
- 1Q CPI was up 0.8% quarter-on-quarter, higher than that in 4Q (0.5% quarter-on-quarter). The main drivers were alcoholic beverages, tobacco and food prices.
- The data was not impacted much by the 1-month lockdown enforced in New Zealand at the end of March to stop the spread of the coronavirus.

The Philippines

- The Philippines gained of +7.80% (MSCI Philippines Index, in USD terms, net dividends excluded) in April.
- Outperformance from Consumer Discretionary, Consumer Staples and Communication Services.
- Underperformance from Financials.
- Inflation eased to 2.5% year-on-year in March from 2.6% in February with the rise in food prices partially offset by the sharp decline in fuel prices.
- Following an interest rate cut of 0.5% in March, the Bangko Sentral ng Pilipinas (BSP) unexpectedly cut policy rates by another 0.5% to 2.75% as another pre-emptive response to a contraction in economic activity.
- BSP also announced a regulatory change to facilitate financing for small businesses.
- Trade balance in February came in at a deficit of USD 1.7 billion vs. a deficit of USD 3.5 billion in January.

Singapore

- The Singapore equity market added +5.48% (MSCI Singapore Index, in USD terms, net dividends excluded) in April.
- Outperformance from Information Technology, Consumer Staples and Industrials.
- Underperformance from Financials and Real Estate.
- February retail sales contracted by 8.9% month-on-month compared to a 0.2% expansion in January.
- With the lockdown extended until June, weakness in domestic demand dragged CPI down 0.3% month-on-month due to declining fuel and services prices.
- As expected, the Monetary Authority of Singapore re-centred the band within which it manages the Singapore Dollar on the current spot rate and shifted to a zero appreciation rate to allow for a potential depreciation and to help alleviate the pressure on the economy.

Taiwan

- Taiwan's stock market rebounded strongly in April with a gain of +11.14% (MSCI Taiwan Index, in USD terms, net dividends excluded) and was one of the best performing markets in Asia.
- Outperformance from Industrials, Consumer Discretionary and Materials.
- Underperformance from Communication Services and Consumer Staples.
- Taiwan's government announced additional stimulus funding in early April bringing the total stimulus package to USD 35 billion.
- Manufacturing PMI came in at 42.2 in April compared to 50.4 in March.
- Industrial production increased by 10.4% year-on-year in March compared to 20.7% increase in February indicating a pick-up in activity.
- Export data contracted while imports increased 0.5% year-on-year in March, leading to a trade surplus of USD 2.8 billion in March, down from USD 3.3 billion in February.

Thailand

- Thailand's equity markets posted a strong gain of +12.64% in April (MSCI Thailand Index, in USD terms, net dividends excluded) despite the negative macro backdrop and the spill-over effect of the spread of COVID-19 on global tourism and trade.
- Outperformance from Consumer Discretionary, Industrials and Utilities.
- Underperformance from Communication Services, Financials and Healthcare.
- Exports contracted 2.2% year-on-year in March compared to an expansion of 3.6% in February.
- Inflation fell to -0.5% year-on-year in March from 0.7% in February, potentially allowing for further rate cuts from the Bank of Thailand (BOT).
- These measures include providing low cost loans to SMEs through commercial banks, and preserving corporate bond liquidity through the Corporate Bond Liquidity Stabilisation Fund.

ASIA PACIFIC MARKET MONTHLY COMMENTARY

April 2020

Index (as of end April 2020)	Return (dividend excluded) in local currency				Return (dividend excluded) in USD			
	1 Month	3 Months	1Year	YTD	1 Month	3 Months	1Year	YTD
Australia All Ordinary	6.91%	-23.27%	-14.87%	-19.68%	14.16%	-25.10%	-20.96%	-25.32%
CSI 300	4.91%	-3.42%	-1.18%	-5.60%	5.18%	-5.40%	-5.90%	-7.06%
Hang Seng China Enterprises	4.65%	-1.95%	-13.01%	-10.09%	4.65%	-1.77%	-11.94%	-9.61%
Hang Seng Index	4.41%	-6.34%	-17.02%	-12.58%	4.41%	-6.17%	-16.01%	-12.11%
India National	11.35%	-20.11%	-18.67%	-21.11%	11.31%	-24.67%	-25.25%	-25.60%
Jakarta Composite	0.63%	-23.11%	-29.25%	-27.50%	7.30%	-31.35%	-34.08%	-34.19%
Nikkei 225	4.52%	-14.80%	-11.18%	-16.42%	5.85%	-13.37%	-7.19%	-14.79%
Korea Composite	10.99%	-8.09%	-11.62%	-11.38%	10.89%	-10.10%	-15.27%	-15.89%
FTSE Bursa Malaysia KLCI	2.18%	-9.85%	-15.95%	-13.12%	1.42%	-15.00%	-19.92%	-18.11%
New Zealand SE 50	8.87%	-9.77%	3.23%	-8.00%	12.15%	-14.85%	-5.47%	-16.72%
Philippine SE Composite	6.07%	-21.62%	-29.03%	-27.78%	6.86%	-21.08%	-26.74%	-27.55%
FTSE Singapore Straits Times	3.77%	-18.36%	-24.28%	-20.11%	4.58%	-21.31%	-27.14%	-23.91%
Taiwan Weighted	10.96%	-6.29%	-1.78%	-10.21%	12.22%	-5.33%	1.50%	-9.98%
Bangkok SET	13.93%	-15.29%	-23.35%	-18.81%	15.32%	-18.56%	-24.53%	-24.99%
MSCI AC Asia ex Japan	7.56%	-6.93%	-9.75%	-10.58%	7.90%	-8.06%	-10.54%	-12.17%
MSCI AC Pacific ex Japan	6.91%	-8.83%	-9.46%	-11.23%	8.29%	-9.87%	-10.84%	-13.46%
Dow Jones Industrial	12.40%	-12.82%	-7.37%	-13.68%	12.40%	-12.82%	-7.37%	-13.68%
S&P Composite	13.73%	-8.87%	-0.21%	-9.02%	13.73%	-8.87%	-0.21%	-9.02%
FTSE 100	7.82%	-16.07%	-17.56%	-18.92%	7.49%	-11.04%	-13.59%	-13.63%
CAC 40	6.26%	-19.55%	-16.38%	-21.86%	5.10%	-21.21%	-19.02%	-24.45%
DAX 30	11.79%	-14.44%	-10.02%	-16.16%	10.58%	-16.20%	-12.85%	-18.94%
MSCI Europe	7.67%	-14.93%	-12.46%	-16.34%	7.06%	-17.39%	-14.75%	-19.50%
MSCI World	11.56%	-11.01%	-4.55%	-11.30%	11.77%	-11.60%	-4.95%	-12.20%

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