Your Quick Guide to Markets Thus Far

Snapshot

- US Federal Reserve cut rates as expected
- China launches its own Nasdaq-themed STAR market
- UK welcomes a new Prime Minister
- Trade and political tensions continue
- Signs of a Gold rush

1) US Federal Reserve cut rates as expected

As anticipated, the US Fed slashed its rates by 0.25% in July, marking its 1st rate cut since the financial crisis in 2008. Despite encouraging economic data flowing out of the US, the Feds Chairman, Jerome Powell cited the move as an "insurance against downside risk". The move was seen as a defensive one, given the current sluggish global growth environment, and ensuing trade tension pressures.

The US Dollar strengthened in that period, with the support of steady fundamentals – labour, and retail market were seen being resilient despite the on-going noises. The US Treasury did, however, reacted by climbing higher.

2) China's STAR market sees prices skyrocket

China launched its very own Nasdaq-styled tech board in Shanghai. The market launched with its first batch of 25 companies, and posted an average gain of 140% on its 1st day of listing as investors hopped onto the tech-frenzy bandwagon. Companies listed on the exchange market were those related to the high tech industry, and strategic emerging industries, which includes information, biomedicine, and high end equipment with intensive R&D input.

3) May out, Boris in

After numerous rounds of negotiations, Theresa May's failure to deliver on her Brexit promise saw Boris Johnson taking over the helm. The first order of business saw Mr. Johnson handpicking his cabinet, in what is said as "the biggest ever clear out of a cabinet without a change in party power". Threats of a possible "No-Deal Brexit" stoked uncertainty in the investment space, causing the British Pound to continue to tumble against the US Dollar.

4) Tariffs, tensions & missiles

Trade tensions hogged the headlines at the start of the year and has continued to do so as leaders failed to reach a resolution. Instead, tensions have only escalated further, with US President Trump threatening to impose additional tariffs while negotiations between the 2 nations were still on-going. China, obviously is not one to take threats lightly. Brazil saw its soy bean prices soar to a 2-month high as China shifted its soy bean imports away from US to Brazil.

The tariff threat, which came in the form of a twitter post by President Trump, led to the China Yuan falling against the US Dollar, sparking fears that the trade war may lead to a full-blown currency war and cause another bump in the road for global growth. The chain-reaction triggered an equity market sell-off, and Trump was quick to react by accusing China of manipulating its currency.

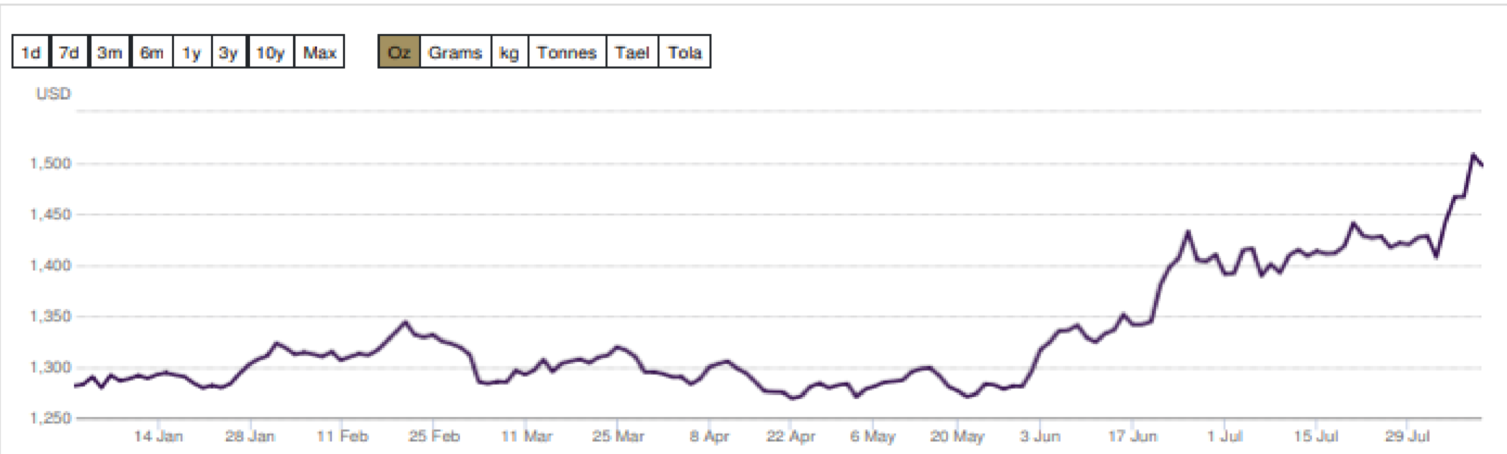
On the other side of the US continent, tensions were also brewing after Japan cut South Korea from its trade "whitelist" – South Korea followed suit, stating they too would be removing Japan from their own list of preferential trade partners. Amidst the market frenzy, North Korea started their own episode by carrying out their missile tests, firing multiple ballistic missiles in a move North Korea has labelled as a warning to South Korea and the US over their joint military drills.

5) It's the Gold rush

Escalating concerns from ongoing tensions have pushed investors to seek solace in safe-haven assets. The Gold spot price have continued to climb higher, hitting a 6-year high when prices jumped above the USD1,500 per troy ounce level.

With fears that global growth would be dampened on the back of no resolution in sight, demand for the precious metal leaped ahead. Central banks joined investors in their pursuit for Gold, pushing demand to a 3-year high in July.

Gold Price (1 January 2019 – 8 August 2019)



Source: FastMarkets, ICE Benchmark Administration, Thomson Reuters, World Gold Council; as at 8 August 2019 in USD terms.

6) An Overview

Given the unresolved tensions, should we just follow the crowd and join the Gold rush? But ponder this, despite the volatility that we have continued to see in global markets, there are still markets that are climbing higher on a month-on-month basis. Being completely in safe haven assets may lead to you missing out on the run in equity markets. But then again, staying completely in the markets while watching the markets yoyo may not be the best cardio exercise you are looking for.

Our thoughts? Diversification of course!

The list of exchange-traded funds ("ETFs") listed on Bursa Securities have continued to expand over the years, providing you with easy access into both local and foreign equity markets, as well as safe haven assets such as Gold. The ease of investing into an ETF provides you with immediate exposure into the desired markets through one single trade, while eliminating the hassle of having multiple global trading accounts, currency conversions, and dragging yourself out of bed at ungodly hours to watch and trade in markets of different time-zones.

Below is a list of available ETFs, and how they have performed thus far.

Index	YTD (%)	MTD (%)	3 months (%)	Stock Code
Commodities				
TradePlus Shariah Gold Tracker	9.1	-0.5	11.4	0828EA
Domestic Bonds				
ABF Malaysia Bond Index Fund	0.6	1.1	1.1	0800EA
Equities				
FTSE Bursa Malaysia KLCI ETF	-3.4	-0.6	-2.3	0820EA
MyETF MSCI Malaysia Islamic Dividend	-5.2	-3.1	-1.8	0824EA
MyETF Dow Jones Islamic Market Malaysia Titans 25	0.0	2.3	6.6	0821EA
TradePlus S&P New China Tracker	6.8	3.8	-3.7	0829EA
CIMB FTSE China 50	8.2	0.3	-4.8	0823EA
MYETF Dow Jones US Titans 50	17.4	0.0	1.4	0827EA
MyETF Thomson Reuters Asia Pacific ex Japan Islamic Agriculture	-3.9	-0.5	-5.3	0826EA
MyETF MSCI SEA Islamic Dividend	2.6	-17.0	1.6	0825EA
CIMB FTSE ASEAN 40	6.0	-0.3	0.8	0822EA

Source: Bloomberg as at 31 July 2019. All returns are quoted in MYR terms

Index of Global Markets

Index	YTD (%)	MTD (%)	3 months (%)
Korea - KOSPI	-7.3	-7.3	-9.9
Malaysia – FBM KLCI	-3.3	-2.2	-0.5
China – FTSE China 50	3.8	-3.5	-8.5
Japan - TOPIX	5.7	-0.2	-0.9
Indonesia – Jakarta Composite Index	6.0	0.8	-0.2
MSCI Asia ex Japan Index	6.7	-2.6	-5.9
Singapore – FTSE Straits Times	6.7	-2.2	-3.9
MSCI Emerging Markets	7.0	-2.1	-4.3
Hong Kong – Hang Seng Index	7.2	-3.3	-6.6
Taiwan – TAIEX	8.4	0.1	-2.3
MSCI World	15.7	0.0	0.0
China – Shanghai Composite	16.6	-2.2	-7.2
Thailand – SET	17.2	-1.6	6.2
US – S&P 500	18.5	0.9	0.8

Source: Bloomberg as at 31 July 2019. All returns are quoted in MYR terms

Disclaimer: This article has been prepared by Affin Hwang Asset Management Berhad (hereinafter referred to as "Affin Hwang AM") specific for its use, a specific target audience, and for discussion purposes only. All information contained within this presentation belongs to Affin Hwang AM and may not be copied, distributed or otherwise disseminated in whole or in part without written consent of Affin Hwang AM. The information contained in this presentation may include, but is not limited to opinions, analysis, forecasts, projections and expectations (collectively referred to as "Opinions"). Such information has been obtained from various sources including those in the public domain, are merely expressions of belief. Although this presentation has been prepared on the basis of information and/or Opinions that are believed to be correct at the time the presentation was prepared, Affin Hwang AM makes no expressed or implied warranty as to the accuracy and completeness of any such information and/or Opinions. As with any forms of financial products, the financial product mentioned herein (if any) carries with it various risks. Although attempts have been made to disclose all possible risks involved, the financial product may still be subject to inherent risk that may arise beyond our reasonable contemplation. The financial product may be wholly unsuited for you, if you are adverse to the risk arising out of and/or in connection with the financial product. Affin Hwang AM is not acting as an advisor or agent to any person to whom this presentation is directed. Such persons must make their own independent assessments of the contents of this presentation, should not treat such content as advice relating to legal, accounting, taxation or investment matters and should consult their own advisers. Affin Hwang AM and its affiliates may act as a principal and agent in any transaction contemplated by this presentation, or any other transaction connected with any such transaction, and may as a result earn brokerage, commission or other income. Nothing in this presentation is intended to be, or should be construed as an offer to buy or sell, or invitation to subscribe for, any securities. Neither Affin Hwang AM nor any of its directors, employees or representatives are to have any liability (including liability to any person by reason of negligence or negligent misstatement) from any statement, opinion, information or matter (expressed or implied) arising out of, contained in or derived from or any omission from this presentation, except liability under statute that cannot be excluded.

Warning Statement: A Prospectus is available for the TradePlus Shariah Gold Tracker and TradePlus S&P New China Tracker, and investors have the right to request a copy of it. Investors are advised to read and understand the contents of the Prospectus dated 28 November 2017 and Supplementary Prospectus dated 2 July 2019 (for TradePlus Shariah Gold Tracker), and Prospectus dated 15 January 2019 and Supplementary Prospectus dated 2 July 2019 (for TradePlus S&P New China Tracker) before investing. The Prospectus has been registered with the Securities Commission Malaysia, who takes no responsibility for its contents. A copy of the Prospectus can be obtained at Affin Hwang Asset Management Berhad's sales offices. As with any forms of financial products, the financial product mentioned herein carries with it various risks. Investors are advised to consider the general and specific risks involved as stipulated in its Prospectus before investing. There are also fees and charges involved when investing in the fund, and investors are advised to consider the fees and charges carefully before investing. The price of units and distribution payable, if any, may go down as well as up and past performance of the fund should not be taken as indicative of its future performance.

Licensing Disclosure Statement & Conditions: The "S&P New China Ex A-Shares Index" is a product of S&P Dow Jones Indices LLC, a division of S&P Global, or its affiliates ("SPDJI") and has been licensed for use by Affin Hwang Asset Management Bhd. Standard & Poor's® and S&P® are registered trademarks of Standard & Poor's Financial Services LLC, a division of S&P Global ("S&P"); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones") and these trademarks have been licensed for use by SPDJI and sublicensed for certain purposes by Affin Hwang Asset Management Bhd. TradePlus S&P New China Tracker is not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, their respective affiliates and none of such parties make any representation regarding the advisability of investing in such product(s) nor do they have any liability for any errors, omissions, or interruptions of the S&P New China Ex A-Shares Index.