



Markets Across the World

Quarterly Update

Q3 - July, August & September, 2023



Americas

U.S.

- In Q3, the S&P 500 fell 3.76% v/s the MSCI World Index which fell 4%. Year-to-date - as of 31st October - the S&P 500 was up 9.67% v/s the World Index return of 6.19% . Weighing on investor sentiment was the Fed's signal that inflation could prove difficult to tame while indicating higher interest rates for longer.
- As per S&P Global Ratings, the economy is projected to grow 2.3% in 2023 and 1.3% in 2024.
- The 10-year Treasury yield - the benchmark for global borrowing costs - surged 75 basis points to 4.6%, resulting in bond market losses.

Canada

- The S&P/TSX Composite Index fell 3.28% in Q3, while year-to-date - as of 31st October - the index was down 2.93%.
- The central bank has hiked interest rates to a 22-year high of 5%, but it does not see inflation slowing to its 2% target until mid-2025. Presently CPI (Consumer Price Index) clocked in at 2.8% in June 2023. The economy is predicted to stagnate in the second half of 2023 and growth to remain weak through the first half of 2024.
- Canadian home sales fell for a third straight month in September, as five-year bond yields are at 4.461% its highest level in 16 years. Mortgage rates tend to track bond yields with a lag and at a premium.

EMEA (Europe, the Middle East and Africa)

United Kingdom

- The FTSE All- Share Index rose 0.72% in Q3, while the year-to-date - as of 31st October – the index fell by 4.29%.
- The country faces challenges to its recovery as energy price shocks and tight labour markets push inflation to record levels. The UK Chancellor has signalled that fighting inflation is his priority rather than making tax cuts.
- GDP growth in Q2 2023 was 1.8%, higher than in Q4 2019 (before the start of the pandemic) exceeding the growth of France and Germany but trailing behind other G7 countries for the same time period.

Germany

- The DAX fell 4.32% in Q3, while year-to-date - as of 31st October – it was up 5.27%.
- Officials forecast the economy to shrink by 0.4% this year due to a combination of weak international trade, high energy prices and high inflation. The economy is predicted to grow 1.3% in 2024. Inflation is estimated to be 6.1% this year.

Middle East and North Africa Region

- The Dow Jones MENA Index fell 2% in Q3, and year-to-date - as of 31st October – the index was down 4.89% in USD terms.
- As per the IMF (International Monetary Fund), growth is expected to accelerate in 2024 after a slowdown this year but structural challenges will weigh in the medium term. Lower oil production and tighter policy conditions in the region's emerging market and middle-income economies are a drag on growth.
- The region faces headwinds due to the conflict in West Asia.

APAC (Asia-Pacific)

China

- The CSI 300 Index fell 5.22% in Q3, while year-to-date - as of 31st October - the index was down 8.11%. Stocks experienced sharp declines in August, with doubts growing over the country's recovery. Crisis in the property market and persistent tensions with the West have also weighed on sentiment.
- The World Bank estimates a 5.1% expansion for 2023 and has cut its GDP growth estimate for 2024 to 4.4% from 4.8%.
- In Q3, foreign investors sold net \$10.97 billion shares, hitting the largest quarterly net selling since 2014. However, they were net buyers of shares in electric vehicle-related stocks, appreciating Chinese manufacturers' competitiveness.

Hong Kong

- The Hang Seng Index fell 7.75% in Q3, while year-to-date - as of 31st October – it was down 15.05%.
- Government officials estimate growth of 4.0% to 5.0% this year, the economy shrank by 3.5% in 2022. Officials forecast tourism and private consumption will drive growth while exports remain subdued due to weak demand from China and the rest of the world.
- In August, the Hong Kong dollar suffered its biggest monthly decline since 1985, falling 0.6%, as interest rates dropped and pessimism toward China's economy weighed on the stock market.

Taiwan

- The TAIEX index fell 4.28% in Q3, while year-to-date - as of 31st October – the index was up 12.49%.
- The islands GDP is estimated to expand 1.61%, a downward revision from earlier estimation of 2.04%. For 2024, GDP is expected to grow 3.32%.
- Taiwanese exports fell 9.51% from last year amid rising interest rates and global economic woes.

Japan

- The TOPIX Index rose 0.11% in Q3, continuing its strong year-to-date performance. As of 31st October, it was up 20.64%. In September, the index reached a 33 year high. Foreign investors sold net \$10.7 billion of stocks seeking to book profits.
- The yen's purchasing power fell to a historic low in August, as it continues to lose value against other major currencies amid the central banks accommodative monetary policy stance to fight prolonged deflation.

Thailand

- The SET index fell 2.35% in Q3, and year-to-date - as of 31st October - it was down 17.70%. The double-whammy of a surprise rate hike and government spending worries impacted Thai assets.
- Concerns over additional government borrowing led to the Thai baht falling 2.8% in September making it the worst-performing currency in Asia.
- Thailand's central bank expects the economy to grow 2.8% this year and 4.4% in 2024. Last year's growth was 2.6%.

Vietnam

- The VN Index rose 2.55% in Q3, and year-to-date - as of 31st October – the index was down 1.5%.
- The economy grew 5.33% in Q3 from a year earlier. However, it is below the 6% to 7% expansion recorded prior to the pandemic, suggesting that the government's growth target of 6.5% will be missed.
- The services sector driven by retail and tourism boosted economic output in Q3 while dull demand for exports overshadowed support from monetary easing via rate cuts.

Singapore

- The STI rose 0.32% in Q3, while year-to-date - as of 31st October – it was down 5.49%. From a sector perspective, STI banks, comprised of DBS, OCBC and UOB, led the net institutional fund inflow in Q3 accounting for a combined S\$596 million.
- The city-states officials lowered the GDP growth forecast to 0.5% – 1.5%, from 0.5% – 2.5% for 2023. The economy grew 3.6% in 2022. The slow economy poses a challenge for Singapore, which is grappling with inflation, a lacklustre global economy and a protracted global electronics downturn.

Indonesia

- The IDX Composite rose 3.63% in Q3, while year-to-date - as of 31st October – the index was down 1.44%.
- As per an Asian Development Bank report, the economy is expected to grow 5.0% in 2023, as domestic demand replaces commodity exports as the driver of growth. For 2024, the economy is projected to grow 5.0%. Headline inflation is expected to average 3.6% this year.
- The rupiah was one of emerging Asia's worst-performing currencies in Q3 with higher crude oil prices, higher US yields and a strong dollar likely to further weigh down the rupiah.

Australia

- The S&P/ASX 200 fell 2.73% in Q3, while year-to-date - as of 31st October – it was down 2.38%.
- The country recorded a budget surplus of \$14.2 billion in the past 12 months through June 2023, the first since 2008 as a tight labour market and elevated commodity prices swelled the nation's coffers. Still, the windfall is not set to last as mineral prices fall and a tightening of monetary policy pushes up unemployment.
- Analysts forecast the economy to grow 1.1% in 2023 and 1.4% in 2024, weighed down primarily by sluggish growth in household spending as inflation weighs on households.

*Year to date Index Data is as of 31st October 2023 and taken from Investing.com. Returns are calculated on a price basis. Quarter return data represents the return of an index in the July – September 2023 Quarter.

Note: Financial reporting period is different for different countries. For simplicity, we have considered the calendar period of January 01, 2023 to December 31, 2023. The quarter under focus is Q3, comprising the months of July, August and September of 2023.

