

A complex network diagram with numerous nodes and connecting lines, overlaid on a white diagonal band that runs from the top-left to the bottom-right. The nodes are represented by small black and grey circles, and the lines are thin grey lines. The background is white.

Nice Talent Asset Management

MONTHLY UPDATE

2019 APR

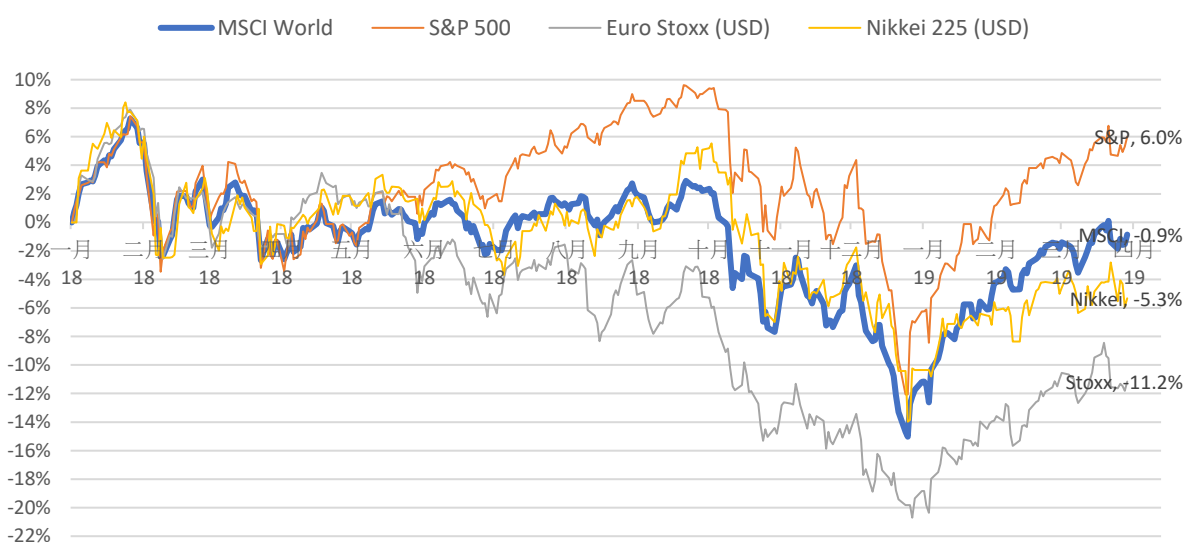
Market in Mar

With lack of update from China-USA trade talk, investors switched their focus to economic outlook. A series of weak economic figures in major countries stoked fears of slowing global economic growth, and deadlock in Brexit increased market uncertainty. These factors reduced investors' interest in risky assets and spurred the demand in safety assets. US and German 10-year treasury yields dropped to their lowest levels in more than one year. In response to worsening economic outlook, more central banks joined US Federal Reserve to become more dovish on their monetary policies.

Equity Market

Entering into March, equity rally lost its steam as weak economic data refresh concerns about global economic growth and optimism over China-USA trade deal faded. Toward month-end, resumption of the trade talks and some upbeat economic data improved market sentiment. In the month, S&P 500, Euro Stoxx and Nikkei 225 returned +1.79%, -0.21% and -0.34% (in USD) respectively.

	MSCI World	S&P 500	Euro Stoxx	Nikkei 225
Feb 2019	503.48	2,784.49	362.51	21,385.16
Mar 2019	508.55	2,834.40	366.94	21,205.81
Return (USD)	+1.01%	+1.79%	-0.21%	-0.34%



source: Bloomberg

The Forward price earnings ratio ("Fwd. P/E") of SPX was 17.06x, above its 7yrs historical average ("7YHA") of 16.61x; the Fwd. P/E of SXXE and NKY were 13.58x and 15.45x, below their 7YHA of 14.26x and 17.23x respectively.

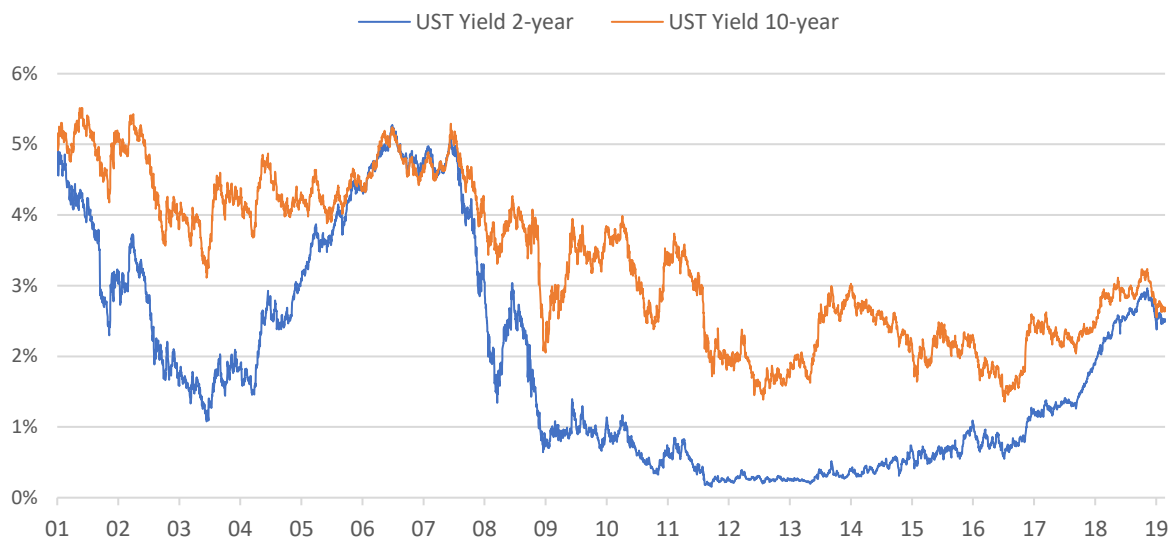
With Q1 2019 recently ended, we will skip the reporting on Quarterly financial reporting this month and resume in our next report when such information becomes available.

Bond Market

Intensified fears of global economic slowdown propped up demand for treasury bonds and pushed down the yields. US 10-year treasury yield hit its lowest level since December 2017 and German 10-year bond yields dived below zero for the first time since October 2016. In addition, US treasury 10-year yield sank below three-month yield for the first time since 2007.

In response to worsening economies, central banks became more dovish. US Federal Reserve projected no further rate hike this year and announced to end balance sheet reduction in September. ECB delayed its first rate hike to next year, and may delay further if needed. BOJ decided to maintain its ultra-low interest rate policy.

	US Treasury Yield - 5 Yrs	US Treasury Yield - 10 Yrs	EU Treasury Yield - 5 Yrs	EU Treasury Yield - 10 Yrs	Bloomberg Barclays US Aggregate Bond Index
Feb 2019	2.512%	2.715%	-0.277%	0.183%	3.206%
Mar 2019	2.233%	2.405%	-0.450%	-0.070%	2.934%
Δ (bps)	-27.9	-31.0	-17.3	-25.3	-27.2



source: Bloomberg

Commodity Market

Gold price initially rose due to FED's projection of no rate hike this year and fears of economic slowdown. However, US dollar then strengthened as more central turned dovish which pared the gain in gold price.

Oil prices rallied as OPEC-led production cuts and US sanctions on Venezuela and Iran spurred concerns on tightening supplies. Later, weak economic data stoked worries about global demand which limited the rally in oil prices.

Macroeconomic

Major countries released weak economic data in the month. In USA, manufacturing activity in February reached its lowest level since November 2016 and new home sales fell more than expected in January. German manufacturing contracted in March for a third straight month while factory activity across the eurozone looked equally dismal. Japanese manufacturers' confidence hit its weakest in two-and-a-half years in March. China set its 2019 economic growth target to 6.0%-6.5%, lower than last year's goal of around 6.5%. Also, the country had its steepest decline in exports in three years, slowest growth in factory output on record and the most shrinkage in industrial profits since late-2011.

Below list includes the major events/news of the month:

- There were many updates about Brexit as approaching to its original deadline. Theresa May first secured changes on her Brexit deal from EU in a bid to win approval from the Parliament but members of parliament (MPs) rejected still. The MPs then voted for delay in Brexit and rejected no-deal Brexit. Later, EU allowed the deadline to be extended to 22 May if MPs backed May's deal, or 12 April if the deal is still not passed and UK has to offer a new plan or choose no-deal Brexit.
- China and USA officers kept saying that they were close to a deal. Both sides resumed high-level trade talks in Beijing by the end of March.
- Canada approved extradition process for Huawei's CFO Meng Wanzhou. On the other hand, Huawei filed a lawsuit challenging a law signed by Trump in August that restricts federal agencies from doing business with Huawei.
- After the USA and North Korea failed to reach an agreement at their summit last month, a senior North Korean official warned that the country may suspend negotiations with USA over its nuclear arsenal, as a sign of pressure on USA, while USA imposed first new sanctions on North Korea.
- Italy endorsed China's ambitious "Belt and Road" infrastructure plan, becoming the first major Western power to back the initiative to help revive the struggling Italian economy

Nice Talent's Current View

Now it is a tug-of-war between Bull and Bear. On the one hand, central banks turning dovish and market expectation of more liquidity to be released would prop up risky asset prices. On the other hand, terrible economic data and inverted yield curve stoke fears on recession and risk aversion. These two opposite forces shall induce more volatility in the coming two months. There are some clues from the wide dispersion in views on equities over next 12 months: estimates for S&P 500 ranging from rising 25% to falling 10%, while estimates for Stoxx 600 ranging from a 15% rise to a more than 20% drop. This illustrates the lack of consensus across the market. We expect the volatility sustains until a period of consistently good (or bad) signals to reinforce a clear direction.

Moreover, we shall not overlook the impact of possible no-deal Brexit as, at the time of this writing, UK is still in deadlock on the progress of reaching consensus on Brexit deal.

Given the expectation of higher volatility in the coming 2 months, we suggest tactical trading to capture short-term trends for returns. Also, we recommend to focus on sectors with secular growth stories, such as info tech companies in AI development, battery manufacturers for electric vehicles and 5G infrastructure suppliers, which we believe to be more resilient to market downturn. Despite of the wide dispersion on views to equities, we anticipate any recession detected would be mild and disappear quickly in the coming 1 year. While IMF had warned economic slowdown, we believe corporates to continue achieving reasonable earnings in the coming 1 ~ 2 years. In addition, with neutral / loose monetary policies sentiment amongst Central Banks, equity market is likely to be supported to higher valuation. In light of such view, investors may benefit from accumulating more equities when corrections are observed in the coming 6 months.

Economic outlook does not seem to be improving and each economic forecast seems to be worsening. As such, unless economic signals become stable or marginally improve, we expect no Central Banks to raise interest rate in 2019. We anticipate bond price may experience some technical correction in the coming 3 months before moving to higher valuation levels. It would be advisable to accumulate bonds with preference for issuers having strong balance sheets. While USD-denominated issuers from China appears to be attractive from the perspective of being backed by the China Government, we don't find their valuation attractive. In fact, we found USD investment grade bond issued by some companies from USA, Mexico, UK and Russia offering better upside opportunities.

In light of above, market uncertainty would support gold price but not likely to have much upside in 2019. We anticipate gold price may be range-bound traded in 2019 and investors could consider accumulating whenever technical price weakness is observed and partially take profit from tactical

trading. We believe any upside opportunities for gold price would be in 2020. For now, accumulating gold when price is below USD1,270 / ounce is worth consideration.

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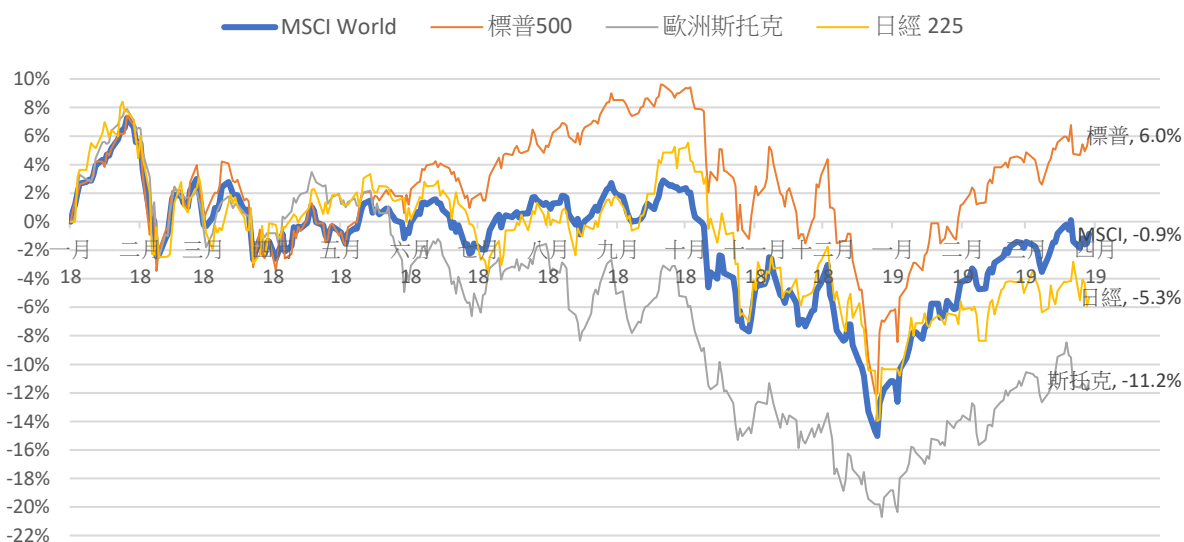
三月市況

鑑於缺乏有關中美貿易磋商的新報導，投資者轉移視線至經濟前景。主要國家的一連串疲弱經濟數據激起對環球經濟增長減速的恐慌，而脫歐僵局增加市場的不穩定性。這些因素減低投資者對風險資產的興趣及刺激對避險資產的需求。美國和德國十年期國債孳息率跌至它們逾一年多的低位。應經濟前景轉差，更多央行加入美國聯儲局行列將它們的貨幣政策變得更鴿派。

股票市場

進入三月，股票升勢失去動力，因疲弱經濟數據恢復對環球經濟增長的憂慮，而對中美貿易協議的憧憬退卻。接近月尾，新一輪貿易磋商和一些向好的經濟數據改善市場情緒。於月內，標普 500、歐洲斯托克和日經 225 分別回報+1.79%、-0.21% 和 -0.34%（以美元計）。

	MSCI World	標普 500	歐洲斯托克	日經 225
2019 年 2 月	503.48	2,784.49	362.51	21,385.16
2019 年 3 月	508.55	2,834.40	366.94	21,205.81
回報 (美元)	+1.01%	+1.79%	-0.21%	-0.34%



來源: Bloomberg

標普 500 指數的預測市盈率為 17.06 倍，高於其七年平均值 16.61 倍；歐洲斯托克和日經的預測市盈率分別為 13.58 倍和 15.45 倍，低於它們的七年平均值 14.26 倍和 17.23 倍。

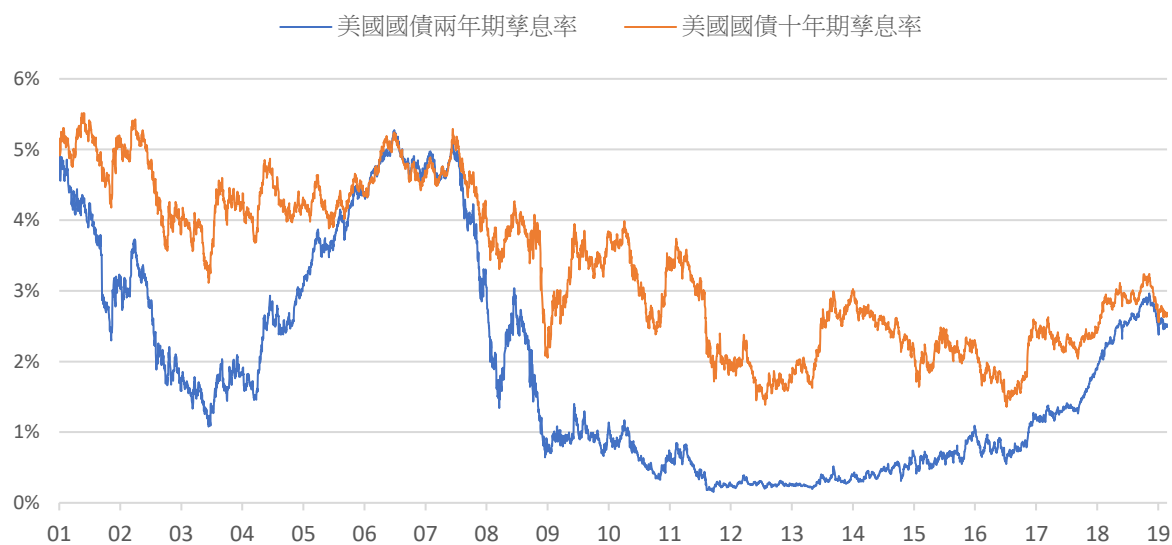
由於 2019 年第一季剛完結，我們於本月剔除季度財務報告，當相關資料出爐時將於下月回復報導。

債券市場

對全球經濟放緩的恐懼加深，支持對國債的需求及推低孳息率。美國十年期國債孳息率跌至 2017 年 12 月以來低位，而德國十年期債亦自 2016 年 10 月首次跌至負利率。另外，美國十年期國債孳息率自 2007 年首次低於 3 個月孳息率。

應經濟持續惡化，央行們亦轉趨鴿派。美國聯儲局預測今年內不會加息，並宣佈於九月終止縮表。歐洲央行推遲首次加息至明年，並在有需要的情況下可再度押後。日本央行維持它的超低息政策。

	美國國債 5 年期孳息率	美國國債 10 年期孳息率	歐洲國債 5 年期孳息率	歐洲國債 10 年期孳息率	Bloomberg Barclays US Aggregate Bond Index
19 年 2 月	2.512%	2.715%	-0.277%	0.183%	3.206%
19 年 3 月	2.233%	2.405%	-0.450%	-0.070%	2.934%
Δ (bps)	-27.9	-31.0	-17.3	-25.3	-27.2



來源: Bloomberg

商品市場

金價首先上升，由於聯儲局預測今年將不會加息及市場對經濟放緩的恐慌，但隨後因各央行轉趨鴿派令美元上升，削去金價的升幅。

油價上升，因油組所領導的減產及美國對委內瑞拉和伊朗的制裁刺激對供應緊縮的憂慮。其後，疲弱的經濟數據激起對環球需求的擔憂，限制油價的升幅。

宏觀經濟

主要國家的疲弱經濟數據加深對環球經濟放緩的恐慌。在美國，二月份製造業活動跌至自 2016 年 11 月以來的低位，而一月份新屋銷售跌幅超過預期。德國三月份製造業連續收縮三個月，而歐元區工廠活動亦同樣不景氣。日本三月份製造商信心為兩年半來最弱。中國設定 2019 年經濟增長目標為 6.0% 至 6.5%，低於去年目標 6.5%。此外，中國有著三年來最急的出口跌幅、工廠產出增長為有紀錄以來最慢及工業企業盈利創 2011 年以來最大收縮。

另外，歐洲央行削減對未來三年增長及通脹的預測，承認歐洲經濟減速比之前的想法更長及更深。

下列包括上月一些主要事件：

- 因接近原本的限期，有關脫歐的更新湧現。文翠珊首先獲歐盟同意修改她的退歐協議，意圖取得國會通過，但議會成員仍然否決。他們跟著投選延後脫歐並拒絕硬脫歐。其後，歐盟容許限期延後：如果議會成員支持文翠珊的協議，新限期會是 5 月 22 日；如果協議仍未能通過，新限期會是 4 月 12 日，而英國需要提出新方案或選擇硬脫歐。
- 中國和美國持續示意它們將近達成協議。雙方於三月尾在北京恢復高級別貿易磋商。
- 加拿大批準華為首席財務官孟晚舟的引渡程序。另一邊廂，華為提告特朗普去年 8 月簽署法案禁止聯邦機構與華為有生意往來屬違法。
- 美國和北韓於上月的峰會未能成功達成共識，其後一名北韓高級官員警告，該國可能暫停就核武庫問題與美國舉行的談判，為對美國施壓的跡象，而美國則對北韓實施新制裁。
- 意大利簽署中國的「一帶一路」基建計劃，成為第一個主要西方國家支持該倡議，以幫助復甦掙扎中的意大利經濟。

俊賢目前看法

現時為牛市與熊市之間的拉鋸。一方面，央行們轉鴿和市場預期更多流動性將被釋放，支持風險資產價格。另一方面，糟糕的經濟數據和孳息率倒掛激起對衰退的恐慌和避險情緒。這兩度相對的力量將於未來兩個月引發更大波幅。對未來十二個月股市的分異看法可提供一些端倪：市場對標普 500 的預測介乎上升 25% 至下跌 10%，而對斯托克 600 的預測介乎上升 15% 至下跌 20%。這說明市場上缺乏一致的看法。我們預期波幅將維持直至有一段時間維持有好（或壞）的訊息以加固一個明確方向。

再者，我們不能忽視可能發生的硬脫歐所帶來的影響，因為在撰寫此文之時，英國就脫歐協議達成共識的進度上仍處於僵局。

鑒於預期未來兩個月波幅提高，我們建議戰術性交易以捕捉短期趨勢作回報。另外，我們建議集中具長期增長潛力，例如於人工智能發展的資訊科技公司、電動汽車電池製造商和 5G 基建供應商。我們認為這些板塊受大市下滑的影響較少。儘管市場對股市看法差異大，但我們預料未來一年衰退跡象會是溫和及很快消失。雖則國際貨幣基金警告經濟減速，但我們相信企業將會於未來一至兩年繼續達到合理盈利。再者，央行們的中性/寬鬆貨幣政策取態或會支持股市至高估值。按照這看法，如在未來六個月市況回落時吸納股票，投資者或可受惠於此。

經濟前景看似不會改善而每個經濟預測亦似乎惡化。因此，除非經濟訊號變得穩定或微微改善，否則我們預期無央行會於 2019 年內加息。我們預料債券價格或在未來三個月邁向更高估值前會經歷一些技術性調整。吸納一些發行人具強健資產負債表的債券或會是可取之行。雖然以中國政府會支持的角度來看，中國發出的美元債看似吸引，但我們發覺其估值並不吸引。事實上，我們發現由美國、墨西哥、英國及俄羅斯發出的投資級別美元債可提供更好的上升機會。

根據以上看法，市場不確定性將會支持金價，但於 2019 年不似會有太大上升空間。我們預料金價或會在 2019 年於區間上落，而投資者可考慮於技術性低位吸納，並以戰術性交易獲取部份盈利。我們相信金價上升會發生於 2020 年。現況值得考慮於每安士 1,270 美元水平吸納黃金。

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