AHAM CAPITAL
ASSET MANAGEMENT

MONTHLY COMMENTARY

# AHAM Capital Private Retirement Scheme (PRS) November 2024

## KEY HIGHLIGHTS


- The S&P 500 surged by 5.73% in November, buoyed by increased clarity surrounding the US presidential election.
- The victory of Donald Trump sparked optimism for market-friendly policies, including potential tax cuts, deregulation, and a focus on economic growth.
- Markets reacted positively to key developments in President-elect Trump's administration, particularly the nomination of Scott Bessent as Treasury Secretary.
- Core PCE came in at 2.8% y-o-y, for the month, the highest level since April 2024. However, it is still a significant improvement from the peak of close to 6% in 2022.


- In Asia, the MSCI Asia ex-Japan index declined by 3.36%. The prospect of a Trump presidency sparked jitters uncertainty into the region, as a stronger US dollar and potential tariff hikes echoed concerns seen during Trump's first term in 2016.
- However, dynamics are markedly different now, with supportive Fed policies, an overvalued USD, and low regional stock valuations offering some buffers for risk assets.
- In China, the MSCI China index fell 4.40%, weighed down by jitters over Trump's trade tariff threats.


- Malaysia's benchmark KLCI remained relatively resilient, ending the month flat with a 0.47% gain.
- Malaysia's economic fundamentals remain solid, with GDP expanding by 5.3% y-o-y in 3Q2024, matching expectations.
- The 10-year Malaysian Government Securities (MGS) yield fell by 11 basis points to 3.81% in November.
- Bank Negara Malaysia held the Overnight Policy Rate (OPR) steady at 3.00% during its policy meeting.

## Monthly Market Review

The S&P 500 surged by 5.73% in November, buoyed by increased clarity surrounding the U.S. presidential election. The victory of Donald Trump sparked optimism for market-friendly policies, including potential tax cuts, deregulation, and a focus on economic growth.

Markets reacted positively to key developments in President-elect Trump's administration, particularly the nomination of Scott Bessent as Treasury Secretary. Bessent, a seasoned money manager with a reputation for fiscal prudence, struck a reassuring tone for investors. His moderate stance on tariffs, advocacy for deficit reduction, and a target of achieving 3% GDP growth by 2028 through deregulation have helped to temper inflationary fears and boost market confidence.

Initially, the election results triggered a sharp rise in U.S. Treasury yields, with the benchmark 10-year yield climbing as high as 4.47%. However, a dovish tone from the US Federal Reserve (Fed), which emphasized its data-dependent approach, calmed markets, pulling the 10-year yield back to 4.17% by month's end.

Core Personal Consumption Expenditures (PCE) came in at 2.8% y-o-y, for the month, which is highest level since April 2024. However, it is still a significant improvement from the peak of close to 6% in 2022. As such, the inflation data is unlikely to alter the Fed's policy path significantly when it meets for its last FOMC meeting for the year in December.

In Asia, the MSCI Asia ex-Japan index declined by 3.36% as the prospect of a Trump presidency sparked jitters uncertainty into the region, as a stronger US dollar and potential tariff hikes echoed concerns seen during Trump's first term in 2016. However, dynamics are markedly different now, with supportive Fed policies, an overvalued USD, and low regional stock valuations offering some buffers for risk assets.

Foreign outflows from emerging market equities, excluding China, reached $16 billion since Trump's election, underscoring investor caution. ASEAN markets, particularly Indonesia and the Philippines, bore the brunt of these outflows, declining by 6–7% as rising US Treasury yields prompted a shift of funds to the US.

In China, the MSCI China index fell 4.40%, weighed down by jitters over Trump's trade tariff threats. In response to slowing economic growth, the National People's Congress Standing Committee announced a 10 trillion renminbi debt package aimed at easing local government financing strains. However, investors were underwhelmed by the stimulus, viewing it as insufficient against the backdrop of potential trade conflicts with the US.

Domestically, Malaysia's benchmark KLCI remained relatively resilient, ending the month flat with a 0.47% gain. Technology stocks led the recovery, driven by the anticipated "Trump Trade," which is expected to strengthen the US dollar. Export-oriented sectors, including technology, gloves, and manufacturing, also benefitted from the USD rally and continued global supply chain diversification efforts.

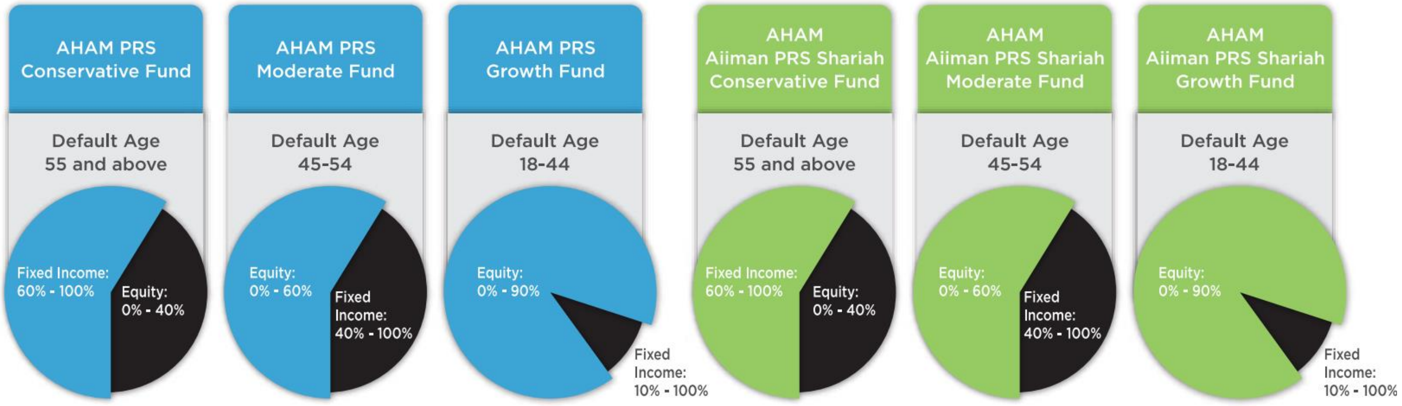
Malaysia's economic fundamentals remain solid, with GDP expanding by 5.3% y-o-y in 3Q2024, matching expectations. Year-to-date growth stands at 5.2%, according to Bank Negara Malaysia (BNM). While the outlook is positive, some caution persists over inflation risks, once subsidy adjustments are implemented.

In the fixed income space, the 10-year Malaysian Government Securities (MGS) yield fell by 11 basis points to 3.81% in November. BNM held the Overnight Policy Rate (OPR) steady at 3.00% during its policy meeting. While the central bank's tone remained neutral, it acknowledged the Ringgit's recent weakness and provided assurance that it has ample buffers to manage currency volatility.

## Our Suite of Offerings

Let AHAM Capital be your wealth partner.

We offer a range of Private Retirement Scheme (PRS) Funds that cater to different risk appetites and ages.

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