

# Weekly Market Recap

Asia Pacific | 11 Dec 2017

## Week in review

			Survey	Actual	Prior
EU	PMI Composite	Nov	57.5	57.5	56.0
U.S.	Consumer Sentiment	Dec	98.8	96.8	98.5
CN	Consumer Price Index y/y	Nov	1.8%	1.7%	1.9%
CN	Producer Price Index y/y	Nov	5.8%	5.8%	6.9%

## Week ahead

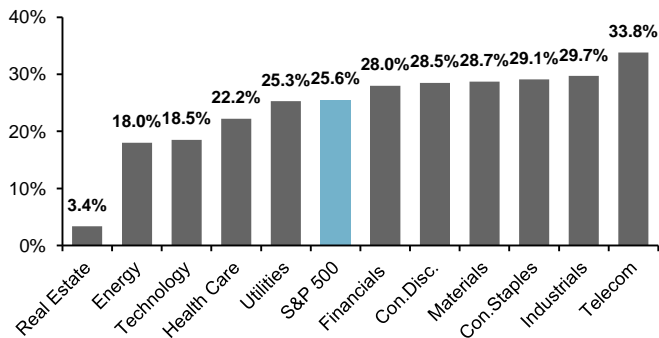
- 11/12 - **U.S.** - JOLTS
- 14/12 - **CN** - Retail Sales
- 14/12 - **CN** - Fixed Asset Investment
- 14/12 - **U.S.** - Retail Sales
- 14/12 - **CN** - Industrial Production

## Thought of the week

Recent headlines have been dominated by U.S. tax reform, as the U.S. Senate have successfully passed their version of the tax bill recently. While the final tax bill will undoubtedly look quite different from what has been proposed in both the House and the Senate, the critical question is which companies stand to benefit the most, or the least, from the proposed reforms. As shown in the chart below, there is significant dispersion across S&P 500 sectors when it comes to the effective tax rates. Technology companies have enjoyed low tax rates by setting up operations globally while telecommunications and industrials have the highest effective tax rates across all the sectors in S&P 500. With equity correlations remain at multi-year lows, adopting an active approach focused on corporate fundamentals should help investors benefit from the potential impact of the tax reform.

## Chart of the week

When it comes to tax rate, not all sectors are created equal

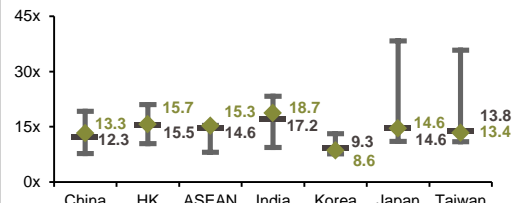


## EQUITIES (Indices: 4 Dec to 8 Dec)

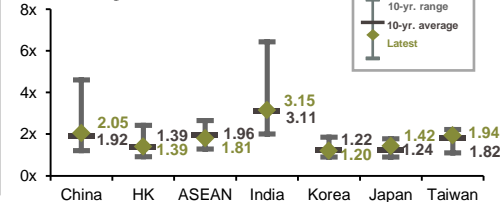
	% w/w	% m/m	% YTD
MSCI AC Asia Pac ex JP U\$	-0.5	-1.9	28.8
MSCI AC Asia Pac ex JP	-0.2	-2.0	24.0
MSCI US	0.3	2.2	18.5
MSCI Europe U\$	0.5	0.0	19.5
MSCI EM U\$	-0.5	-2.1	28.8
MSCI World U\$	0.2	1.1	18.4
<b>Countries</b>			
Hong Kong Hang Seng	-1.5	-0.9	30.2
Taiwan SE Weighted	-1.9	-3.9	12.4
Korea SE Composite	-0.5	-3.5	21.6
Japan Topix	0.4	-0.8	18.8
MSCI Japan U\$	-0.4	-1.0	20.1
Shanghai SE A Share	-0.8	-3.7	6.0
MSCI China U\$	-0.2	-2.5	46.6
Singapore Straits Times	-0.7	0.1	18.9
KLCI Composite	0.2	-1.3	4.8
Bangkok SET	0.4	-0.5	10.6
Philippine SE Composite	2.0	-2.4	21.4
Jakarta SE Composite	1.3	-0.3	13.9
MSCI ASEAN U\$	0.5	1.4	21.8
India BSE100	1.4	0.0	28.1
ASX All Ordinaries	0.0	-0.2	6.3

## Asian equity markets valuations

Consensus forward (NTM) P/E Ratios



Trailing P/B Ratios



GOVT 10-YEAR YIELDS	8/12/2017	Change (bps)		
		w/w	m/m	YTD
China	3.94	0	3	87
India	7.10	4	17	47
Korea	2.49	0	-5	40
UK	1.28	5	5	18
Germany	0.31	0	-2	10
Japan	0.04	1	2	1
US	2.38	2	5	-7
Australia	2.53	-1	-4	-23
Thailand	2.37	-1	8	-28
Singapore	2.07	-6	-5	-48
Indonesia	6.68	-1	7	-121

CURRENCIES	8/12/2017	Change (%) (per USD)*		
		w/w	m/m	YTD
Euro EUR/USD	1.1752	-1.0	1.4	11.4
Korea USD/KRW	1.093	-0.6	2.0	10.5
Malaysia USD/MYR	4.0880	0.0	3.4	9.7
Thailand USD/THB	32.67	-0.2	1.4	9.6
UK GBP/USD	1.3376	-0.8	2.1	8.3
Taiwan USD/TWD	30.01	0.0	0.6	7.4
Singapore USD/SGD	1.3530	-0.4	0.7	6.8
India USD/INR	64.47	0.0	0.8	5.3
China USD/CNY	6.6176	-0.1	0.3	5.0
Canada USD/CAD	1.2862	-1.0	-0.9	4.3
Australia AUD/USD	0.7511	-1.1	-2.1	3.7
Japan USD/JPY	113.54	-0.7	0.1	2.7
Swiss USD/CHF	0.9944	-1.0	0.6	2.2
Indonesia USD/IDR	13,548	-0.2	-0.2	-0.6
Philippines USD/PHP	50.51	-0.3	1.6	-1.6
New Zealand NZD/USD	0.6846	-0.2	-1.1	-1.8

COMMODITIES	8/12/2017	Change (%)		
		w/w	m/m	YTD
Crude Oil (WTI, \$/bbl)	57.32	-1.8	0.9	6.6
Nat. Gas (HH, \$/mm BTU)	2.75	-3.2	-13.0	-25.9
Silver (\$/troy oz)	15.83	-3.6	-6.9	-2.6
Gold (\$/troy oz)	1,251	-1.9	-2.6	9.1
DJ/UBS Commodity Index	84.01	-2.9	-4.1	-4.0
Copper (\$/ton)	6,539	-2.9	-4.0	18.9

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Source: Consensus Economics, FactSet, MSCI, J.P. Morgan Asset Management.

All returns in local currency unless stated otherwise.

\* Currencies' return are based on foreign currencies per U.S. dollar. An appreciation of the foreign currency against the U.S. dollar would be positive and a depreciation of the foreign currency against the U.S. dollar would be negative.

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