



Nice Talent Asset Management

MONTHLY UPDATE

2019 FEB

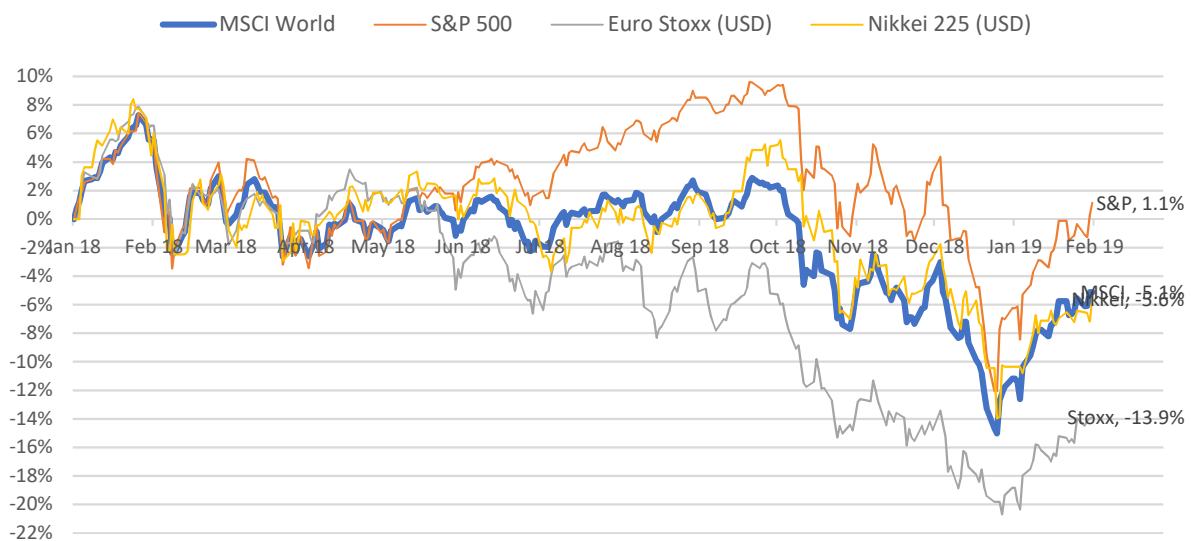
Market in Jan

In January, investors recovered from risk-off sentiment as those negative factors in December got overturned by improvements – positive comments from China and USA after trade talks fueled optimism on solving the trade dispute, FED’s tone changed from hawkish to accommodative, and US federal government shutdown ended temporarily. Despite signs of slowing economic growth around the world, especially China and Eurozone, investors embraced risky assets once again which resulted in big rallies in equity and oil prices.

Equity Market

Equity markets made a great comeback in January, after the selloff in December. S&P 500, Euro Stoxx and Nikkei 225 returned **+7.87%**, **+6.08%** and **+5.31%** (in USD) respectively. S&P 500 recorded its best monthly performance since October 2015 and its best January since 1987. Optimism on trade talks, dovish comment from FED, and better-than-expected results from some US companies boosted investor’s risk appetite and equity prices.

	MSCI World	S&P 500	Euro Stoxx	Nikkei 225
Dec 2018	455.66	2,506.85	328.49	20,014.77
Jan 2019	486.71	2,704.10	349.17	20,773.49
Return (USD)	+6.81%	+7.87%	+6.08%	+5.31%



source: Bloomberg

Valuations of major indices remained below their historical averages. The Forward price earnings ratio (“Fwd. P/E”) of SPX was 16.07x, slightly below its 7yrs historical average (“7YHA”) of 16.52x; the Fwd. P/E of SXXE and NKY were 12.67x and 15.02x respectively, below their 7YHA of 14.20x and 17.34x.

Please refer to below table for consolidated information on current quarter's financial reporting from the constituents of the above-mentioned indices. For companies within the indices which had announced earnings, the percentages of "Positive Earnings Outcome" for US, Europe and Japan markets were strong, mild and weak, respectively.

	Reported / Total	Positive	Earnings Outcome Inline	Negative
S&P 500	219 / 500	73%	2%	25%
EURO STOXX	27 / 284	56%	0%	44%
NIKKEI 225	70 / 225	47%	0%	53%

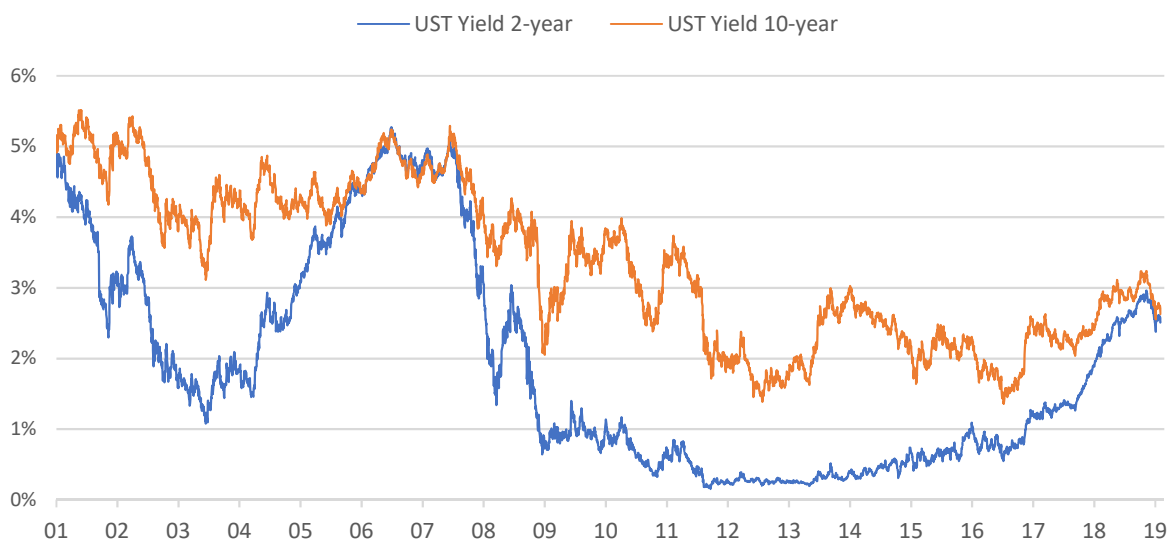
source: Bloomberg

Bond Market

Despite strong rally in equities, demand for bonds remained. US 10-year treasury yield was 2.63% on Jan 31, dropped slightly from 2.68% on Dec 31. The spread between US 10-year and 2-year treasury yields was around 17 bps, slightly above its tightest level since Jun 2007 recorded in Dec.

FED has largely shifted its policy from Dec, when it raised interest rates and hinted more rate hikes. In January, FED Chairman Powell expressed the central bank's wait-and-see stance on next rate hike and even its willingness to end the balance sheet reduction. He expected US economy to remain solid, but perceived rising uncertainty about US economic outlook from global concerns like China-USA trade dispute, Brexit, and weaker global economy has emerged.

	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
Dec 2018	2.511%	2.684%	-0.312%	0.242%	3.280%
Jan 2019	2.437%	2.629%	-0.316%	0.149%	3.221%
Δ (bps)	-7.4	-5.5	-0.4	-9.3	-5.9





source: Bloomberg

Commodity Market

Gold price jumped to its highest level since May 2018 on dovish comments from FED and geopolitical tension. Oil price rallied to its highest level since Nov as the China-USA trade talks eased some fears about global economic slowdown and the OPEC-led supply cuts tightened supply.

Macroeconomic

Economic data in major countries pointed to slower growth. Economic growth of China last year was at the slowest pace in 28 years. The country also recorded the first manufacturing PMI contraction in 19 months, the biggest drop in monthly exports in two years, and the first annual drop in car sales since 1990. Eurozone's economy expansion in 2018 was at its slowest pace since 2014. Within that, Italy's economy contracted for the second consecutive quarter at the end of last year, technically in recession. US manufacturing activity slowed sharply to a two-year low in December, amid a plunge in new orders and hiring at factories.

World Bank and IMF cut their forecasts for global economic growth in 2019, citing downside risks like elevated trade tensions, Brexit and China's slowing economy.

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

- Two rounds of trade talk were held in January at vice-ministerial and ministerial level, which did not result in any agreement to solve the trade dispute; after that, Trump said to meet Xi in February but later changed to no meeting before the March trade deal deadline
- The Brexit deal proposed by Theresa May was rejected by British Parliament, and European Commission President Jean-Claude Juncker then said the deal cannot be renegotiated in despite of the voting result

- US government shutdown ended at record 35 days as President Trump signed bill to temporarily fund the government for three weeks until Feb 15, but he suggested that he would force another partial government shutdown if lawmakers do not provide funding for a wall along the Southwest border
- Chinese telecom equipment continued to face challenges in global markets, for example, Germany was considering to bar Huawei from 5G networks and a bipartisan group of US lawmakers introduced bills to ban sale of US chips to Huawei and ZTE
- US government levelled 23 criminal charges against Huawei and its CFO Meng Wanzhou, which included violating US sanctions on Iran and stealing trade secrets from T-Mobile, and also issued a formal request to extradite Meng to USA
- Geopolitical tension worsened as global powers were divided over Venezuela's crisis: USA and some EU countries support the opposition leader Guaido, while China and Russia support the elected leader Maduro

Nice Talent's Current View

Since beginning of this year, overall equity markets have performed very well. However, we stay cautious about the optimism.

The recent rally in equity may be questionable. First, among the companies with better-than-expected results, some of them had greatly reduced their forecast beforehand which led to positive surprise. Second, we see the recent equity price appreciations partially attributed to investors rebalancing their portfolios after overselling their equity positions. Third, the strong rally was not supported by corresponding fund flow. According to estimates from research service Lipper, investors took USD 944 million out of US domestic stock funds in January, while US-based bond funds pulled in USD 16.7 billion over the same period. Investors' confidence in equity is weak still.

There seems over-optimism about the trade talks. No actual progress was made from the meetings last month and Trump administration keep hardline stance on China not only on trade but on a wide range of security and foreign policy issues. Trump also insists Mar 1 as the "hard-deadline" to reach a trade deal with China in order to avoid additional tariff. Moreover, the Trump administration has argued that those same tariffs may be needed even after a trade deal is reached, to ensure China sticks to the deal. Thus, we remain cautious on the trade dispute.

Besides the China-USA trade war, there are a series of event risks – Brexit, Venezuela crisis, withdrawal of USA and Russia from the Intermediate-range Nuclear Forces (INF) Treaty – which can evolve to be influential to the markets.

Considering the factors above, we expect the economic outlook to drive corporate sales and profit is still directionless. Therefore, investors may focus on range-bound trading in coming six months.

The recent dovish comments from FED Chairman signal fewer rate hikes. One thing to note, the minutes from FED's Dec meeting showed that some participants expressed an interest in new tools to provide firmer control of the fed fund rate, which may put pressure on bond pricing. On the other hand, the market uncertainties aforementioned may counteract against the downward pressure. Hence, investors may consider quality bonds for their portfolios, with preference in USD-denominated issues from Asia.

Gold price has risen substantially which reflects market uncertainty being higher than before. Our view on gold price has changed from positive to neutral toward USD 1,380 per troy ounce level.

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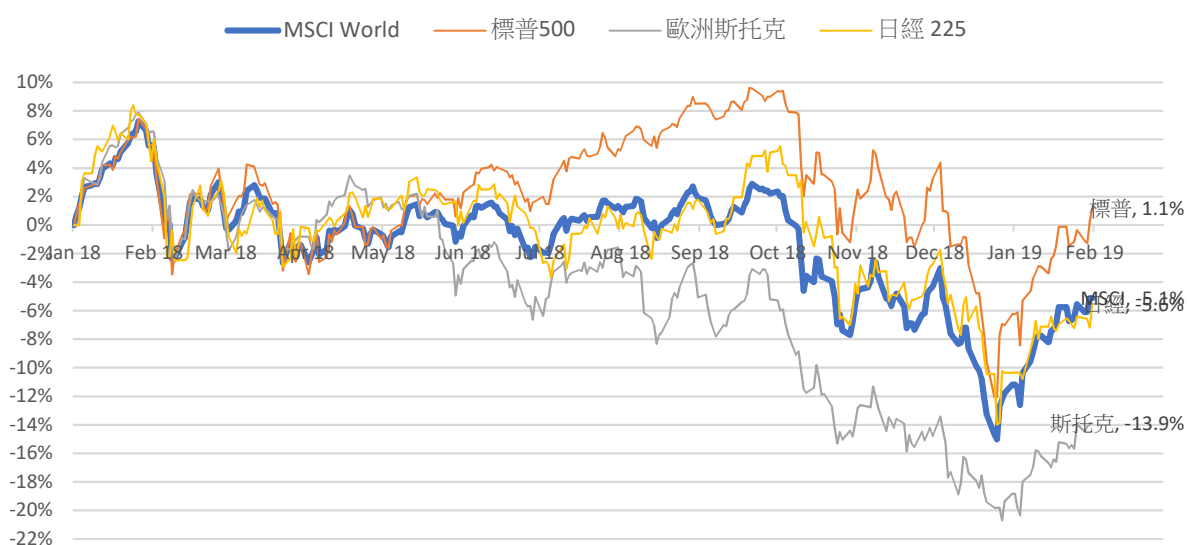
一月市況

在一月，投資者由避險情緒中回復，因於十二月發生的負面因素有所逆轉 – 中美雙方在貿易會談後發表的正面言論燃起對解決貿易糾紛的樂觀情緒、聯儲局的語調由鷹派轉向寬鬆及美國聯邦政府停擺暫時結束。儘管環球經濟增長有放慢跡象，尤其是中國及歐元區，投資者再度投入風險資產，導致股票和油價大幅攀升。

股票市場

股票市場在十二月沽售後，於一月收復失地。標普 500、歐洲斯托克和日經 225 分別回報 +7.87%, +6.08% 和 +5.31%（以美元計）。標普 500 錄得 2015 年 10 月以來最好的按月表現，及 1987 年以來最好的一月份。對貿易會談的樂觀情緒、聯儲局的鴿派言論和好過預期的公司業績增加投資者對風險的興趣和股票價格。

	MSCI World	標普 500	歐洲斯托克	日經 225
2018 年 12 月	455.66	2,506.85	328.49	20,014.77
2019 年 1 月	486.71	2,704.10	349.17	20,773.49
回報 (美元)	+6.81%	+7.87%	+6.08%	+5.31%



來源: Bloomberg

主要指數的估值仍低於其歷史平均值。標普 500 指數的預測市盈率為 16.07 倍，稍低於其七年平均值 16.52 倍；歐洲斯托克和日經的預測市盈率分別為 12.67 倍 和 15.02 倍，低於它們的七年平均值 14.20 倍和 17.34 倍。

請參考以下列表有關上述指數中的企業最近所發出的季度財務報告。根據美國、歐洲及日本已發佈的業績，優於預期的所佔比例分別為強、中、弱：

	已公佈 / 總數	好過預期	盈利結果 符合預期	差過預期
標普 500	219 / 500	73%	2%	25%
歐洲斯托克	27 / 284	56%	0%	44%
日經 225	70 / 225	47%	0%	53%

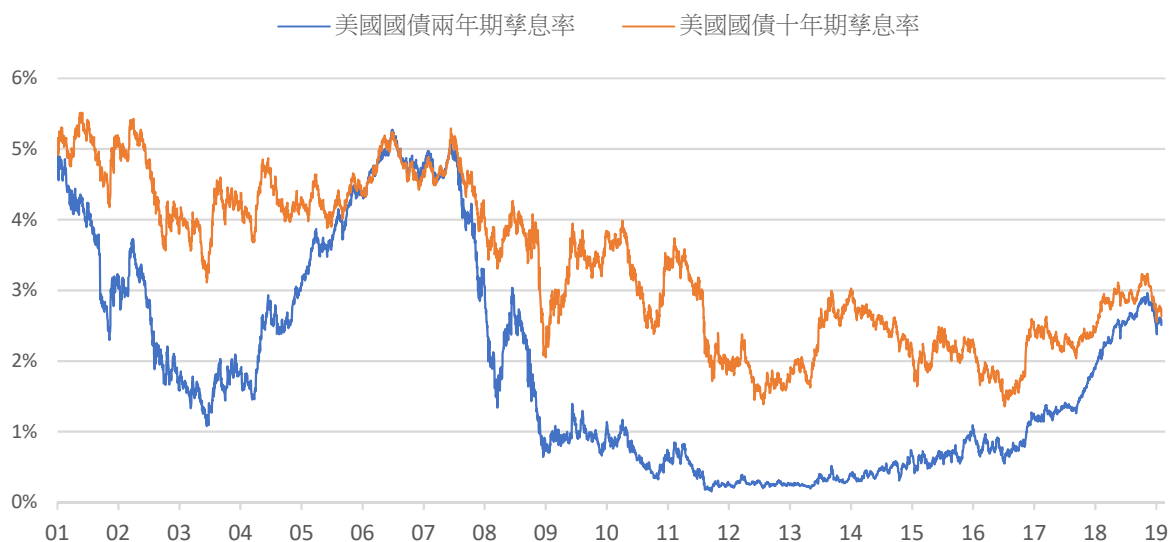
來源: Bloomberg

債券市場

儘管股票大幅上升，債券的需求仍然持續。美國十年期國債孳息率於 1 月 31 日為 2.63%，相對 12 月 31 日的 2.68% 稍為下跌。美國十年期和兩年期的孳息率差距約 17 點子，稍高於 12 月錄得自 2007 年 6 月以來最窄的水平。

聯儲局大幅改變自 12 月的政策立場，當時該局提升利率及示意更加息。於 1 月，聯儲局主席鮑威爾表示央行對下次加息抱觀望態度，甚至願意暫停縮表。他預期美國經濟維持強勁，但察覺中美貿易糾紛、脫歐和轉弱的環球經濟對美國經濟前景所帶來的不穩定性已浮現。

	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
18 年 12 月	2.511%	2.684%	-0.312%	0.242%	3.280%
19 年 1 月	2.437%	2.629%	-0.316%	0.149%	3.221%
Δ (bps)	-7.4	-5.5	-0.4	-9.3	-5.9





來源: Bloomberg

商品市場

金價升至 2018 年 5 月以來高位，受惠於聯儲局鴿派言論和地緣政治緊張。油價升至 11 月以來高位，因中美貿易會談舒緩對全球經濟放緩的恐慌及油組所帶領的減產收緊供應。

宏觀經濟

主要國家的經濟數據均指向增長減慢。中國上年的經濟增長為 28 年來最慢，另外亦錄得製造業採購經理指數 19 個月以來首次收縮、按月出口兩年來最大跌幅和汽車銷售自 1990 年來首次按年下跌。歐元區 2018 年經濟增長是 2014 以來最慢。當中，意大利經濟於年尾連續兩季收縮，技術上進入衰退。美國製造業活動顯著減慢至兩年來低位，因新訂單和工廠招聘大幅減少。

世銀和國際貨幣基金組織均削減 2019 年環球經濟增長預測，引述下行風險如貿易緊張升溫、脫歐和中國經濟放緩。

下列包括上月一些主要事件：

- 兩輪副部級和部長級貿易磋商在 1 月舉行，但未有達成任何協議解決貿易糾紛；其後，特朗普稱將於 2 月與習近平會面，但之後改變指在 3 月貿易協議限期前不會會面
- 文翠珊提議的脫歐協議遭英國議會否決，而歐盟委員會主席容克之後指，不論投票結果，該協議沒有再談判空間
- 美國政府停擺以歷史性 35 日結束，總統特朗普簽署法案暫時支薪政府運作三星期至 2 月 15 日，但表示如果議員依然不撥款興建西南邊境圍牆，他將會令政府再次局部停擺
- 中國通訊設備在環球市場繼續面對挑戰，例如德國在考慮阻擋華為參與 5G 網絡，及美國兩黨議員提出法案禁止出售美國晶片予華為和中興

- 美國政府對華為及其首席財務官孟晚舟提出 23 刑事指控，當中包括違反美國對伊朗的制裁和竊取 T-Mobile 商業機密，並正式發出引渡孟晚舟至美國的要求
- 世界勢力在委內瑞拉危機上分歧，令地緣政治緊張惡化：美國及多個歐盟國家支持反對派領袖瓜伊多，而中國及俄羅斯則支持當選領袖馬杜羅
- 美國總統特朗普和北韓領袖金正恩之間的第二次會面計劃於二月尾在越南舉行

俊賢目前看法

自年初以來，股票市場普遍表現非常好。然而，我們對此樂觀情緒抱審慎態度。

最近的股票升勢或存疑。第一，在業績好過預期的公司中，有些事先大幅調低預測以致盈喜。第二，我們所見，近期的股票價格上升可部份歸因於投資者在 12 月超賣手上股票後在 1 月重新平衡組合所致。第三，強勁升勢未有相應資金流作支持。根據研究機構理柏估計，在 1 月有 9.44 億美元由美股基金流走，而同期美債基金錄得 167 億美元流入，這顯示投資者對股票的信心依然疲弱。

市場對貿易會談似乎過於樂觀。上月會談並未達成任何協議，而特朗普政府除了貿易外，在保安和外交問題上對中國維持強硬立場。特朗普還堅持 3 月 1 日為與中國達成協議以避免進一步關稅的「硬性限期」。再者，特朗普政府曾主張就算協議達成，或需要同樣關稅以確保中國遵守協議。因此，我們對貿易糾紛仍然謹慎。

除了中美貿易戰外，亦有一連串事件風險 – 脫歐、委內瑞拉危機、美俄退出《中程導彈條約》 – 可演變成對市場有所影響的因素。

考慮到以上因素，我們預期驅使企業收入和盈利的經濟前景仍未明朗，所以投資者或可在未來六個月專注波幅買賣。

最近聯儲局的鴿派言論示意加息次數減少。有一點要注意，在聯儲局 12 月的會議紀錄顯示，一些官員表示有興趣以新工具對聯邦基金利率作更鞏固的控制，這或對債券帶來下行壓力。另一方面，上述的市場不確定因素或抵消下行壓力。因此，投資者可考慮具質素債券，看好亞洲發出的美元債。

金價大幅上升，反映市場不穩定性比之前為高。我們對金價的看法由正面調至中性，看每安士 1,380 美元水平。

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