

# Quarterly market review and update

Thriving in turbulent times



## Macro

- ▶ President Biden signed a bill suspending the US Government's \$31.4 trillion debt, averting a potential default crisis.
- ▶ IMF warned that global growth in the next 5 years is expected to be the weakest in over 30 years.
- ▶ China's economic recovery remains sluggish. PBoC cut short-term borrowing costs by 10bps, the first cut in 10 months to stimulate growth.
- ▶ Inflation continued to moderate globally.
- ▶ US Fed paused hiking interest rates in May 2023 after 15 months of consecutive hikes. However, the pause is expected to be brief.
- ▶ Financial markets in 2Q 2023 saw frequent fluctuations and volatility due to various risk events.
- ▶ Technology-heavy indices saw a surge in late May 2023, led by the AI boom.



## Malaysia

- ▶ GDP grew by a robust 5.6% year-on-year (YoY) in Q1, fuelled by a strong services sector. Industrial production remains a drag.
- ▶ YoY May 2023 headline inflation fell below 3%. Inflation in 2023 is to remain between 2.8% - 3.8%.
- ▶ BNM raised the OPR by 25bps to 3.00% in May 2023, implied future decisions would be data-dependent.



## Outlook & strategy

- ▶ Cautiously optimistic on the equity market in 2H 2023 as the economy shows early signs of bottoming out, focusing on attractively-valued dividend-yielding stocks with firm fundamentals.
- ▶ Positive on the Malaysian bond market, anticipating the end of BNM's rate hike cycle, but remain cautious about possible OPR hikes if domestic inflation rises or if the US Treasury sells off.

The above information may contain projections or other forward-looking statements regarding future events, targets, management discipline or other expectations. There is no assurance that such events will occur, and the future course may be significantly different from that shown here.



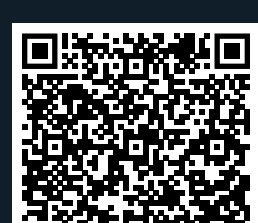
## Be on the lookout

- ▶ US labour market, inflation level & debt concerns.
- ▶ The progression of China's economic recovery.
- ▶ Russia-Ukraine & US-China geopolitical developments.
- ▶ Malaysia state elections in August 2023.

Read our latest Malaysia market review in full here:

[Q2 2023 Malaysia Market review](#)

Scan QR code for more **market updates** in our website



Or click on [Insights](#)

[manulifeim.com.my](http://manulifeim.com.my)

(03) 2719 9271

Manulife Investment Management (M) Berhad  
200801033087 (834424-U)

### Disclaimer

Investing involves risks, including the potential loss of principal. Financial markets are volatile and can fluctuate significantly in response to company, industry, political, regulatory, market, or economic developments. These risks are magnified for investments made in emerging markets. Currency risk is the risk that fluctuations in exchange rates may adversely affect the value of a portfolio's investments.

The information provided does not take into account the suitability, investment objectives, financial situation, or particular needs of any specific person. You should consider the suitability of any type of investment for your circumstances and, if necessary, seek professional advice.

This material, intended for the exclusive use by the recipients who are allowable to receive this document under the applicable laws and regulations of the relevant jurisdictions, was produced by, and the opinions expressed are those of, Manulife Investment Management as of the date of this publication and are subject to change based on market and other conditions. The information and/or analysis contained in this material has been compiled or arrived at from sources believed to be reliable, but Manulife Investment Management does not make any representation as to their accuracy, correctness, usefulness, or completeness and does not accept liability for any loss arising from the use of the information and/or analysis contained. The information in this material may contain projections or other forward-looking statements regarding future events, targets, management discipline, or other expectations, and is only as current as of the date indicated. The information in this document, including statements concerning financial market trends, are based on current market conditions, which will fluctuate and may be superseded by subsequent market events or for other reasons. Manulife Investment Management disclaims any responsibility to update such information.

Neither Manulife Investment Management or its affiliates, nor any of their directors, officers, or employees shall assume any liability or responsibility for any direct or indirect loss or damage or any other consequence of any person acting or not acting in reliance on the information contained herein. All overviews and commentary are intended to be general in nature and for current interest. While helpful, these overviews are no substitute for professional tax, investment, or legal advice. Clients should seek professional advice for their particular situation. Neither Manulife, Manulife Investment Management, nor any of their affiliates or representatives is providing tax, investment, or legal advice. This material was prepared solely for informational purposes, does not constitute a recommendation, professional advice, an offer, or an invitation by or on behalf of Manulife Investment Management to any person to buy or sell any security or adopt any investment strategy, and is no indication of trading intent in any fund or account managed by Manulife Investment Management. No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment. Diversification or asset allocation does not guarantee a profit or protect against a loss in any market. Unless otherwise specified, all data is sourced from Manulife Investment Management. Past performance does not guarantee future results.

### Manulife Investment Management

Manulife Investment Management is the global wealth and asset management segment of Manulife Financial Corporation. We draw on more than a century of financial stewardship to partner with clients across our institutional, retail, and retirement businesses globally. Our specialist approach to money management includes the highly differentiated strategies of our fixed-income, specialized equity, multi-asset solutions, and private markets teams, along with access to specialized, unaffiliated asset managers from around the world through our multimanager model.

These materials have not been reviewed by and are not registered with any securities or other regulatory authority, and may, where appropriate, be distributed by the following Manulife entities in their respective jurisdictions. Additional information about Manulife Investment Management may be found at [manulifeim.com/institutional](http://manulifeim.com/institutional).

**Australia:** Hancock Natural Resource Group Australia Pty Limited, Manulife Investment Management (Hong Kong) Limited. **Brazil:** Hancock Asset Management Brasil Ltda. **Canada:** Manulife Investment Management Limited, Manulife Investment Management Distributors Inc., Manulife Investment Management (North America) Limited, Manulife Investment Management Private Markets (Canada) Corp. **China:** Manulife Overseas Investment Fund Management (Shanghai) Limited Company. **European Economic Area and United Kingdom:** Manulife Investment Management (Europe) Ltd., which is authorized and regulated by the Financial Conduct Authority; Manulife Investment Management (Ireland) Ltd., which is authorized and regulated by the Central Bank of Ireland. **Hong Kong:** Manulife Investment Management (Hong Kong) Limited. **Indonesia:** PT Manulife Aset Manajemen Indonesia. **Japan:** Manulife Investment Management (Japan) Limited. **Malaysia:** Manulife Investment Management (M) Berhad 200801033087 (834424-U). **Philippines:** Manulife Asset Management and Trust Corporation. **Singapore:** Manulife Investment Management (Singapore) Pte. Ltd. (Company Registration No. 200709952G). **South Korea:** Manulife Investment Management (Hong Kong) Limited. **Switzerland:** Manulife IM (Switzerland) LLC. **Taiwan:** Manulife Investment Management (Taiwan) Co. Ltd. **United States:** John Hancock Investment Management LLC, Manulife Investment Management (US) LLC, Manulife Investment Management Private Markets (US) LLC, and Hancock Natural Resource Group, Inc. **Vietnam:** Manulife Investment Fund Management (Vietnam) Company Limited.

Manulife Investment Management, the Stylized M Design, and Manulife Investment Management & Stylized M Design are trademarks of The Manufacturers Life Insurance Company and are used by it, and by its affiliates, under license.