AIA Investment Management HK Limited
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Market GPS
投資「友」導

健康長久好生活

Eyeing on faster rate hike and balance sheet reduction
注視加快加息和縮減資產負債表

The March FOMC minutes revealed long-awaited details of the Federal Reserve's balance sheet reduction plan and signaled one or more 50-basis point increases in coming meetings. The Federal Reserve (the Fed) is sending a strong commitment to fight elevated inflation in the US. According to the latest economic data, the consumer price index climbed 8.5% year-on-year (yoy) in March and the core consumer price index also rose 6.5% yoy, the highest in around 40 years for both indices.

As of the end of March, the Federal Reserve's assets stood at US$8.9 trillion, more than double the amount compared with early 2020 when the central bank announced its quantitative easing stimulus measures. With consideration of the elevated inflation and tight labor market, the Federal Reserve signaled the commencement of balance sheet reduction as early as May FOMC meeting with a monthly cap of about US$60 billion for treasury securities and about US$35 billion for agency mortgage-backed securities. Assuming a steady reduction of the aggregate monthly cap of US$95 billion, the projected size of the Fed balance sheet will shrink by near US$3 trillion by the end of 2024, which would be equivalent to 12% of the US GDP. The Fed also emphasized potential adjustment of the runoff details in light of economic and financial developments.

3月份聯邦公開市場委員會會議記錄揭示了市場期待已久有關聯儲局資產負債表縮減計劃的細節，並暗示在未來的會議上上調息率一次或多次50個基點。聯儲局正在發出堅定的承諾，以對抗國內高通脹情況。根據最新的經濟數據，3月份消費者價格指數按年上漲8.5%，而核心消費者價格指數也按年上升6.5%，兩個指數均升至接近40年來的最高水平。

截至3月底，聯儲局的資產為8.9萬億美元，較2020年初央行宣布量化寬鬆刺激措施時高出逾倍。考慮到通脹上升和勞動力市場緊張，聯儲局暗示最早可能在5月份的聯邦公開市場委員會會議上開啟縮減資產負債表，當中國債上限約為每月600億美元，機構擔保房地產抵押貸款證券的上限約為每月350億美元。假設每月穩步縮減總上限950億美元，預計到2024年底聯儲局資產負債表規模將縮減近 3萬億美元，相當於佔美國GDP約12%。聯儲局亦強調了將根據經濟和金融發展情況可能對縮表細節進行調整。

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In addition to the run-off road map, the Fed indicated a more aggressive move of rate hikes. It may become the first time in 20 years for the Fed to raise rate by 50 basis points. With the shift in expectations, yield for 2-year treasuries edged higher than that of 10-year treasuries in early April. Comparing with that in April 2021, 2-year yield has been moving upward quicker than 10-year yield as the short end of the curve is more closely linked to movements of fed funds rate.

除了縮表路線圖外，聯儲局表示將會採取更積極的加息舉措，可能成為20年來首次加息50個基點。隨著對加息預期的轉變，2年期國債息率曾於4月初超過10年期國債息率。與去年4月相比，2年期國債息率的上升速度快於10年期國債息率，主要原因是孳息短端部分與聯邦基金利率的變動更為密切。

Source 資料來源: AIMHK,CEIC

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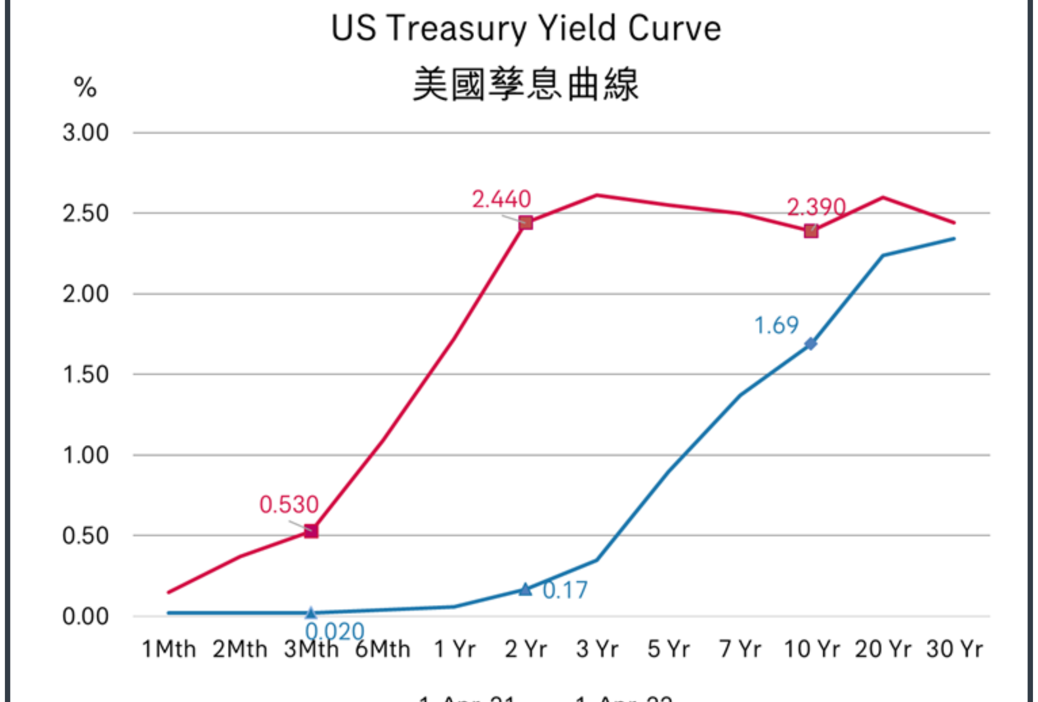
There are some fears in the market that the yield curve inversion probably predicts an imminent economic recession. But it should be viewed as a warning rather than a reliable recession indicator. One of reasons behind that is the balance sheet reduction of the Federal Reserve may likely drive yields higher on the long end. In addition, the US economic fundamentals remain solid, and the above-trend growth may continue, sustaining a strong labor market.

孳息曲線倒掛，引發市場對預示未來經濟可能陷入衰退的憂慮。不過，孳息曲線倒掛應被視為一個警示，而非一個可靠的經濟衰退指標。其背後的原因之一是聯儲局縮表可能會推高長端息率。此外，美國經濟基本面保持穩健，高於趨勢的增長可能持續，支持強勁的勞動力市場。



Source 資料來源: AIMHK,CEIC

Major Economic & Market News

Asia Pacific

- In March, the FTSE MPF Greater China Index went down by 4.4% in the HKD term. Within the region, the CSI 300 Index was the underperformer, losing 7.8% in the HKD term. In the onshore Chinese A-shares markets, consumer discretionary and materials sectors underperformed due to concerns on surging Omicron cases and rising commodity prices.
- The Hang Seng Index lost 3.2% in March. The Hang Seng Commerce and Industry Sub-index which is dominated by Chinese ecommerce firms went down sharply by 5.5%. Investors fretted that resurgence in coronavirus cases in China might prompt more cities to lock down, hurting the earnings outlook of Chinese companies listed in Hong Kong.
- In local currency term, the Nikkei 225 Index recorded 4.9% monthly gain in March and outperformed most of its major global peers. However, from the perspective of US dollar-based investors, the gain was completely wiped out by the depreciation of the JPY. Against the USD, the JPY depreciated by more than 5% in March. Although the KOSPI gained 2.2% in March, economic outlook of South Korea remains uncertain after the presidential election. In March, the IHS Markit South Korea Manufacturing PMI dropped to a four-month low of 51.2 against the backdrop of partial economic lockdown in certain cities in China and rising commodity prices.

主要經濟與市場新聞

亞太區

- 三月份富時強積金大中華指數（以港元計算）下跌4.4%。區內的滬深300指數表現較差，以港元計算下跌7.8% 。於在岸中國A股市場，由於擔心Omicron病例激增和大宗商品價格上漲，非必需消費品和材料板塊表現落後。
- 恒生指數在三月份下跌了3.2%。 由中國電子商務公司主導的恒生商業和工業分項指數大幅下跌5.5%。投資者擔心中國國內冠狀病毒病例的反彈，可能會促使更多城市採取封城措施，從而損害在香港上市的中國公司的盈利前景。
- 以當地貨幣計算，日經225指數在三月份錄得4.9%的月度漲幅，表現優於全球其它主要股票指數。 然而，從以美元為基礎的投資者角度來看，這收益完全被日元貶值所抵消。在三月份，日元兑美元貶值超過5%。儘管KOSPI指數在三月份上漲了2.2%，但韓國在總統大選後的經濟前景仍不明朗。 三月份IHS Markit韓國製造業採購經理指數跌至51.2這四個月低點，原因是中國個別城市的經濟封鎖和大宗商品價格上漲。

Major Economic & Market News

US

- The S&P 500 Index snapped a two-month losing streak and closed 3.6% higher in March. Market sentiment stabilised as cease-fire talks between Ukrainian and Russian officials were underway. Also, the 25 basis-point hike in the Fed Fund Rate was in line with market expectation.
- In March, US consumer price inflation accelerated to 8.5% year-on-year, the highest yearly price increase in 40 years. Military tensions between Ukraine and Russia, the world's second largest oil and natural gas producer, drove up energy prices and further worsened inflationary pressure. Economic outlook remains uncertain on the back of rising inflation. In March, the ISM Manufacturing PMI declined to 57.1, the lowest reading since September 2020. The University of Michigan Consumer Sentiment Index declined to more than a decade low of 59.4.

Europe

- The Euro Stoxx Index lost 0.4% in March and underperformed the S&P 500 Index and the Nikkei 225 Index on concerns about military conflict between Russia and Ukraine. The IHS Markit Eurozone Composite PMI declined to 54.9 in March from 55.5 a month ago. Business sentiment in Europe was weakened by geopolitical tensions in Eastern Europe and rising energy prices.

主要經濟與市場新聞

美國

- 標準普爾500指數經歷了連續兩個月的下跌後，在三月份高收3.6%。市場情緒隨著烏克蘭和俄羅斯官員之間的停火談判開始後趨於穩定。 此外，美國聯邦基金利率被上調25個基點的幅度，亦符合市場的預期。
- 三月份美國消費物價指數按年增加8.5%，為四十年以來最高的年度漲幅。 烏克蘭與俄羅斯這世界第二大石油和天然氣生產國之間的軍事緊張局勢，推高了能源價格，並進一步加劇了通脹壓力。經濟前景在通脹上升的背景下仍存不確定性。 三月份ISM製造業採購經理指數降至57.1，為2020年九月以來的最低水平。 密歇根大學消費者信心指數跌至59.4這十多年來的低點。

歐洲

- 受到俄羅斯和烏克蘭之間的軍事衝突所拖累，歐洲斯托克指數在三月份下跌0.4%，表現遜於標準普爾500指數和日經225指數。IHS Markit歐元區綜合採購經理指數從一個月前的55.5降至三月份的54.9。東歐地緣政治緊張局勢和能源價格上漲均削弱了歐洲的商業信心。

Financial Market Performance: Year-to-date Ended March
金融市場表現：年初至今截至三月底

Equity Indices 股票指數	Month-end Readings 月底讀數	YTD Change: % 年初至今變動：%
Developed Countries 發達國家		
Dow Jones 道瓊斯工業平均指數	34,678	-4.6
Euro Stoxx 歐元斯托克指數	435	-9.2
Nikkei 225 日經平均指數	27,821	-3.4
East Asia 東亞		
CSI 300 滬深300指數	4,223	-14.5
Hang Seng Index 恆生指數	21,997	-6.0
KOSPI 韓國綜合股價指數	2,758	-7.4
Developing Countries 發展中國家		
SENSEX 印度股市指數	58,569	0.5
Bovespa 巴西股市指數	119,999	14.5
RTSI 俄羅斯股價指數	1,021	-36.0

Currencies (vs USD) 貨幣 (兌美元)	Month-end Readings 月底讀數	YTD Change: % 年初至今變動：%
Developed Countries 發達國家		
EUR 歐元	1.11	-2.0
GBP 英鎊	1.32	-2.6
CAD 加元	1.25	2.4
AUD 澳元	0.75	3.3
JPY 日圓	121.4	-5.2
East Asia 東亞		
CNY 人民幣	6.34	0.5
KRW 韓圜	1,212	-1.9
SGD 新加坡元	1.35	-0.1
TWD 新台幣	28.62	-3.1
THB 泰銖	33.26	0.2

Commodities 商品	Month-end Readings 月底讀數	YTD Change: % 年初至今變動：%
CRB 商品指數	634	9.7
Oil (WTI) 原油價格	101	33.5
Gold (LBMA) 黃金價格	1,942	7.5
Copper (LME) 銅價	10,337	6.7

10-Year Govt Bond Yields 國債息率 (10年期)	Month-end Readings 月底讀數	YTD Change: bps 年初至今變動：基點
US 美國	2.32	80
Eurozone 歐元區	0.62	81
Japan 日本	0.22	13
China 中國	2.80	2

Source 資料來源: CEIC

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