

Global Stock Markets: Balancing the outlook of 2024

EQUITY STRATEGY TEAM

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United States

Robust operating metrics for large-cap tech firms look set to continue to be supportive, while generative artificial intelligence will underpin selected tech beneficiaries.¹ While markets may have priced in a soft landing, the risk of a more pronounced weakening in economic activity cannot be discounted. Cyclical pressures from the delayed impact of prior rate hikes could set in, as household savings decline and bank lending standards tighten.¹

US growth is projected to fall from an estimated 2.4% in 2023 to 1.5% in 2024.² Fears of recession and falling inflation are likely to make the US Federal Reserve pivot from rapid interest rate hikes to measured rate cuts in the second half of the year. Policymakers may seek to reflate the economy rather than aim for further disinflation.¹ Overall, the economic outlook in 2024 is set to turn broadly favourable for financial markets.¹ The US presidential election could be a source of market volatility though, likely more pronounced only in 2H2024 and the election result may prompt major changes globally.

China & Hong Kong

The recent aggressive policy easing measures by the Chinese government³ could provide some near-term support to share prices. However, rising risks of a recession in the US, uncertainties arising from elections in the region (Taiwan, Indonesia, India) and structural challenges in China are potential offsetting factors.¹

The expectation of peaking US rates and therefore the stabilisation of US-China yield spread could bring the focus back to companies' fundamentals and support a trading rebound in the near term.¹ However, consensus earnings estimates for offshore Chinese equities appear to be cautiously optimistic but vulnerable to downward revision. A sustainable re-rating would hinge on further coordinated policy support, a recovery in the real estate market and corporate earnings outlook.¹

Singapore

Singapore is known for its defensive quality and attractive dividend yields. With the bumper dividends in the past few quarters, Singapore banks provided some of the highest dividend yields in the region. However, the projected macroeconomic slowdown in 2024 could dent the outlook for loans growth.⁴ With interest rates widely expected to ease off from 2023 levels in 2024, this could potentially impact net interest margin.⁴

Singapore companies which are heavily reliant on external demand are likely to face a challenging environment of slower sales in 2024.⁴ However, domestically focused and cash-rich companies are able to differentiate and even register growth.⁴

The outlook in 2024 is likely to improve for both the real estate and REIT sectors as interest rates come off.⁴ In terms of valuations, both real estate and REIT sectors are trading at close to 10-year lows in terms of price-to-book. The underperformance in 2023 is likely to see some reprieve as rates ease off.⁴



United States

Below are the top 4 largest **consumer staples** companies based on market cap listed in US

The US may potentially face a mild recession in 2H2024 potentially resulting in the Fed pivoting to rate cuts. This shift presents opportunities, but a judicious sector and stock selection process will still be important. Look out for quality growth and defensive value sectors, including consumer staples.¹



Walmart Inc (WMT US)

- Walmart is optimising every part of its supply chain, including stores, and has already invested over US\$9B to upgrade more than 1,400 locations. The retailer also recently announced it is adding parcel stations to its stores to boost delivery operations [Dow Jones Newswires, 15 Dec 2023]
- Walmart could benefit from higher merchandise sales and therefore, see its profitability improve, amid lower prices for essentials. [Dow Jones Newswires, 15 Dec 2023]

Market Cap [USD]	421.74 Billion
Current Price	156.65
Analysts' 12M Target Price	178.49
Upside/Downside from Analyst Consensus [%]	13.94%
Indicated Yield	1.46%



Procter & Gamble (PG US)

- Product breadth and positioning at Procter & Gamble and L'Oreal place them among beauty, home- and personal-care companies better able to protect their 2024 margins, which could improve for the sector as inflation eases. Consumer confidence might improve in the euro zone in 2H even as the global discretionary spending squeeze continues [Bloomberg intelligence, 15 Dec 2023]

Market Cap [USD]	342.41 Billion
Current Price	145.28
Analysts' 12M Target Price	163.76
Upside/Downside from Analyst Consensus [%]	12.72%
Indicated Yield	2.59%



Costco Wholesale Corp (COST US)

- Costco Wholesale reported "solid" earnings per share growth in fiscal Q1 despite below-average comparable sales, but its special dividend could potentially impact fiscal year 2024 EPS [Bloomberg, 16 Dec 2023]

Market Cap [USD]	298.01 Billion
Current Price	671.60
Analysts' 12M Target Price	655.31
Upside/Downside from Analyst Consensus [%]	-2.43%
Indicated Yield	0.61%



Coca-cola Co (KO US)

- Coca-Cola established the roles to accelerate its teams' adoption of generative AI tools in their day-to-day work [Bloomberg, 20 Nov 2023]

Market Cap [USD]	252.14 Billion
Current Price	58.32
Analysts' 12M Target Price	65.01
Upside/Downside from Analyst Consensus [%]	11.47%
Indicated Yield	3.16%



Hong Kong

Below are the top 4 largest **communication services** companies based on market cap listed in Hong Kong

Tentative signs of a cyclical market bottom are beginning to emerge in the Chinese and Hong Kong's equities markets. As such, an industry mix could benefit more from the policy easing support.¹ The markets are on a positive watch on sectors such as communication services, especially for those focusing on "value-for money".¹

Tencent Holdings Ltd (700 HK)

- Beijing's top gaming regulator published draft rules broadly designed to clamp down on practices that encourage players to spend more money and time online. Among other things, they include a ban on rewards for frequent log-ins, forced player duels and a vague prohibition on any content deemed to violate state secrets [The Straits Times, 22 Dec 2023]

Market Cap [USD]	333.47 Billion
Current Price	274.00
Analysts' 12M Target Price	445.01
Upside/Downside from Analyst Consensus [%]	62.41%
Indicated Yield	0.88%

China Mobile (941 HK)

- China Mobile raised the bar by sweeping 11 awards in the November 2023's Opensignal Mobile Network Experience Report for Hong Kong, following its remarkable achievement in which it won multiple awards in the prestigious Opensignal 5G Global Awards 2022. CMHK successfully maintains its leading position in both 5G download and upload speed, establishing the company's unrivaled status as the most awarded 5G network in Hong Kong [PRNewswire, 07 Dec 2023]

Market Cap [USD]	174.15 Billion
Current Price	61.75
Analysts' 12M Target Price	82.32
Upside/Downside from Analyst Consensus [%]	33.31%
Indicated Yield	7.51%

China Telecom Corp Ltd (728 HK)

- Chinese telecom industry's Revenue growth steadies in January-November 2023 [MT Newswires, 26 Dec 2023]
- China Telecom added 3.31 million 5G package subscribers in Nov 2023, taking its total number of 5G users to roughly 314.63 million as of 30 Nov 2023 [MT Newswires, 20 Dec 2023]

Market Cap [USD]	62.65 Billion
Current Price	3.46
Analysts' 12M Target Price	5.09
Upside/Downside from Analyst Consensus [%]	47.05%
Indicated Yield	6.88%

Kuaishou Technology (1024 HK)

- Kuaishou Technology plans to repurchase up to HK\$2.5 billion of company shares from 19 Dec 2023 to 24 May 2024 [MT Newswires, 19 Dec 2023]
- Kuaishou Technology swung to a profit in the 2023Q3 from a loss a year earlier on higher revenue and lower expenses [Dow Jones Newswires, 21 Nov 2023]

Market Cap [USD]	27.86 Billion
Current Price	50.10
Analysts' 12M Target Price	86.64
Upside/Downside from Analyst Consensus [%]	72.94%
Indicated Yield	N/A



Singapore

Below are the top 4 largest **property companies and REITs** based on market cap listed in Singapore

The US Federal Reserve has signalled three rate cuts⁵ in 2024 and the anticipated end to the rate hike cycle is likely to be positive for interest rate sensitive stocks that have been sold down in the past 1-2 years. As property and REITs have suffered the brunt of the selling pressure, a recovery is possible in 2024.⁴



CapitaLand Integrated Comm Trust (CLCT SP)

- CapitaLand Investment has leased out an additional 9,720 square feet of space at Capital Tower in Singapore for nine years and 11 months from CapitaLand Integrated Commercial Trust. The lease will start on 16 Feb 2024 and CapitaLand Investment will pay roughly SG\$11 million for the entire lease period to CapitaLand Integrated Commercial Trust (MT Newswire, 12 Dec 2023)

Market Cap [USD]	10.06 Billion
Current Price	2.00
Analysts' 12M Target Price	2.14
Upside/Downside from Analyst Consensus [%]	6.80%
Indicated Yield	5.30%



CapitaLand Ascendas REIT (CLAR SP)

- CapitaLand Ascendas REIT will exercise options to divest three logistics properties in Australia for a total consideration of AU\$64.2 million. The properties are 77 Logistics Place, 62 Sandstone Place and 92 Sandstone Place (MT Newswire, 20 Dec 2023)

Market Cap [USD]	9.82 Billion
Current Price	2.96
Analysts' 12M Target Price	3.08
Upside/Downside from Analyst Consensus [%]	4.09%
Indicated Yield	1.07%



Mapletree Logistics Trust (MLT SP)

- Mapletree Logistics Trust has agreed to acquire a newly completed grade A warehouse in Delhi, India, for 900 million Indian rupees. Spanning 51,446 square meters, the property is a single-story warehouse newly completed in mid-2022 and is fully leased to a local third-party logistics operator (MT Newswire, 13 Dec 2023)

Market Cap [USD]	6.36 Billion
Current Price	1.69
Analysts' 12M Target Price	1.77
Upside/Downside from Analyst Consensus [%]	4.62%
Indicated Yield	5.37%



MAPLETREE PAN ASIA COM TRUST (MPACT SP)

- Mapletree Pan Asia Commercial Trust has a relatively solid balance sheet vs. peers with 40.7% leverage in 2Q of fiscal 2024 ending March, slightly above the 40% level that most SREITs are comfortable with through economic cycle. This is due to its merger with Mapletree North Asia Commercial Trust in 2022 (Bloomberg Intelligence, 20 Dec 2023)

Market Cap [USD]	5.95 Billion
Current Price	1.50
Analysts' 12M Target Price	1.61
Upside/Downside from Analyst Consensus [%]	7.27%
Indicated Yield	5.97%

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