

Global Stock Markets: Approaching a new year at a crossroad

EQUITY STRATEGY TEAM

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TRADING MATTERS SERIES:
NEWS FOCUS

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a major news event*

United States

The US markets sparked a broad rally as a spate of solid corporate earnings and upbeat forecasts stoked the markets' risk appetite.¹ For 2023Q3, 82% of S&P 500 companies have reported a positive EPS surprise and 62% of S&P 500 companies have reported a positive revenue surprise, as of 17 Nov 2023.² Similar to what the markets saw during the 2023Q3 results season, companies that reported earnings beats saw a smaller boost to share prices while those that missed expectations experienced larger negative price moves.³

The US markets have priced in the soft US inflation data for Oct 2023 and have reinforced market expectations that a Goldilocks-style soft landing will emerge in the year ahead, with the Federal Reserve able to ease monetary policy despite a relatively strong labour market.⁴ Despite falling inflation, it might not dent gold's rally.⁴ Geopolitical problems are among other risks to the stock market heading into 2024, with the markets closely watching the war in the Middle East. While these developments have not triggered market panic, the markets continue to monitor carefully ongoing risks.

China & Hong Kong

Recent macro data has been mixed. China's policymakers sent out further signals to support growth momentum with a fiscal budget expansion within a year and the approval of the issuance of an additional CNY1T sovereign bond (CGB).³ The format of budget revision within a fiscal year is a rare move and is a positive surprise.³ It would lift fiscal deficit to 3.8% of GDP.⁵ Coupled with what the "National Team" purchases in the A-share market, China's policymakers have sent a strong signal that growth is a top priority.³

With the roll out of easing measures intensifying since end-August/early September and only half of the additional CGB issuance being implemented in 2023Q4, the markets believe it will take time for these measures to make an impact and for fundamentals to catch up in 2024.³

Singapore

Several economists have upgraded their full-year outlook for Singapore after third-quarter growth figures suggested the beginning of a recovery.⁶ This comes as gross domestic product (GDP) grew 1.1% year-on-year in 2023Q3, revised from an advance estimate of 0.7% year-on-year. Despite the Straits Times index remaining flattish on the year-to-date basis, the markets are looking for opportunities in large cap companies that offers good dividend yield.



United States

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

Despite the US indices are trading upward, the amount of daily traded value in the exchanges are in fact getting lower. Overall, growth in the global economy is expected to slow in 2024, hit by elevated interest rates and cooler growth in the world's two largest economies, the US and China. Therefore, the market continues to lean defensive and maintain preference for sectors such as consumer staples and utilities.³



Walmart Inc (WMT US)

- A record number of shoppers are expected to shop Black Friday sales either in-store or online this weekend with the day after Thanksgiving projected as the busiest day, according to the National Retail Federation [Bloomberg, 23 Nov 2023]
- Walmart introduced parcel stations in stores to speed up the delivery of goods. The retail giant said in a blog post it will have more than 40 parcel stations in stores by the end of the year, with many already operating for the holiday shopping season [MT Newswires, 22 Nov 2023]

Market Cap [USD]	421.96 Billion
Current Price	156.77
Analysts' 12M Target Price	178.39
Upside/Downside from Analyst Consensus [%]	13.79%
Indicated Yield	1.45%



Procter & Gamble (PG US)

- As consumers seek savings, lower-priced alternatives are gaining popularity. Procter & Gamble's broad portfolio range wins more market share in shampoos and deodorants, at Unilever's expense. Price hikes might be less pronounced within a few quarters as inflation eases and companies protect against volume erosion [Bloomberg Intelligence, 15 Nov 2023]

Market Cap [USD]	356.46 Billion
Current Price	151.24
Analysts' 12M Target Price	163.64
Upside/Downside from Analyst Consensus [%]	8.20%
Indicated Yield	2.49%



Costco Wholesale Corp (COST US)

- Costco Wholesale continues to execute well amid persistent demand for food and household essentials. Margins may be aided by supply-chain disruptions easing and improving inventory. E-commerce could show continuing weakness as shoppers pivot away from big-ticket merchandise. Spending on discretionary items is likely to remain soft as consumers focus more on essentials. Costco has shown itself to be a model of retail resilience, with same-store sales strong enough to maintain long-term growth [Bloomberg, 27 Sep 2023]

Market Cap [USD]	263.39 Billion
Current Price	594.90
Analysts' 12M Target Price	599.60
Upside/Downside from Analyst Consensus [%]	0.79%
Indicated Yield	0.69%



Coca-cola Co (KO US)

- Coca-Cola Europacific Partners and Aboitiz Equity Ventures agreed to jointly acquire Coca-Cola Beverages Philippines from the Coca-Cola Company for US\$1.8 Billion [Bloomberg, 20 Nov 2023]
- Coca Cola disagrees with a US Tax Court ruling that could cost it US\$882 million, but tax observers say it could be challenging for the company to get it overturned on appeal [Bloomberg, 10 Nov 2023]

Market Cap [USD]	252.75 Billion
Current Price	58.46
Analysts' 12M Target Price	64.51
Upside/Downside from Analyst Consensus [%]	10.35%
Indicated Yield	3.15%



Hong Kong

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

New home sales data remains one of the key data to be monitored to gauge the effectiveness of the implemented policy.³ The equities market is likely to stay rangebound in the near term. The markets are potentially looking into high-yielding quality defensives and selected companies that have demonstrated stronger-than-expected growth amid challenging macro environment such as consumer staples.^{3,7}

Nongfu Spring Co Ltd (9633 HK)

- With a wide range of offerings, Nongfu Spring is set to capitalize on Chinese consumers' evolving preference for prioritizing healthy living. Nongfu Spring could record robust revenue and earnings growth in the medium term, as stabilizing input costs boost margins through 2025 [Bloomberg Intelligence, 01 Nov 2023]

Market Cap [USD]	65.20 Billion
Current Price	45.20
Analysts' 12M Target Price	49.98
Upside/Downside from Analyst Consensus [%]	10.57%
Indicated Yield	1.67%

Budweiser Brewing Co APAC (1876 HK)

- Budweiser APAC's environmental performance could lead regional peers due to its solid water policy, commitment to circular packaging and increasing adoption of renewable electricity in the medium term. Yet it might need to more aggressively curb greenhouse gas emissions to match peers' energy efficiency [Bloomberg Intelligence, 24 Nov 2023]

Market Cap [USD]	24.02 Billion
Current Price	14.14
Analysts' 12M Target Price	21.90
Upside/Downside from Analyst Consensus [%]	54.90%
Indicated Yield	2.10%

CK Hutchison Holdings Ltd (1 HK)

- CK Hutchison Holdings extended the long stop date to fulfill the conditions for its planned new mobile network in Italy to 12 Feb 2024, as more time is needed to secure consent from certain third parties [MT Newswires, 06 Nov 2023]
- CK Hutchison's long-term rating was affirmed by S&P at A [Bloomberg, 26 Oct 2023]

Market Cap [USD]	19.58 Billion
Current Price	39.85
Analysts' 12M Target Price	55.67
Upside/Downside from Analyst Consensus [%]	39.69%
Indicated Yield	7.13%

China Resources Beer Holding (291 HK)

- The profitability of China Resources Beer could recover this year on the back of softer key raw-material prices. A combination of selling-price adjustments, an optimized product mix, hotter temperatures and consumers returning to nightlife spots as well as restaurants could support a low-teen percentage increase in sales in 2024. The firm's partnership with Heineken might help deepen its push into the premium segment in China. [Bloomberg, 01 Nov 2023]

Market Cap [USD]	15.06 Billion
Current Price	36.20
Analysts' 12M Target Price	62.76
Upside/Downside from Analyst Consensus [%]	73.36%
Indicated Yield	1.78%



Singapore

Below are the top 4 largest **real estate investment trusts** based on market cap listed in Singapore

Generally said the elevated interest rate environment posed challenges for interest rate sensitive sectors like Singapore REITs, thus share prices likely have been priced in. With potential rate cuts in 2024,⁵ it likely stimulates growth and may potentially see Singapore REITs outperforming the Straits Times Index in 2024.



CapitaLand Integrated Comm Trust (CLCT SP)

- Asia's REITs and listed property stocks rally following surges in US peers overnight after a cooler-than-expected inflation print sparked hopes that the Federal Reserve could be done with its aggressive interest-rate hiking cycle [Bloomberg, 15 Nov 2023]
- CapitaLand China Trust posted net property income (NPI) of 316.4 million yuan (S\$60.5 million) for the third quarter ended Sep 2023, up 1.2% from 312.5 million yuan a year prior [Bloomberg, 28 Oct 2023]

Market Cap [USD]	9.17 Billion
Current Price	1.84
Analysts' 12M Target Price	2.13
Upside/Downside from Analyst Consensus [%]	15.60%
Indicated Yield	5.76%



CapitaLand Ascendas REIT (CLAR SP)

- The trust acquired a new data center in Watford, United Kingdom for S\$214.4 million in Aug 2023. Management shared that the asset is occupied by five investment-grade tenants from various industries such as technology, retail, energy, and financial services [Morningstar, 01 Nov 2023]
- CapitaLand Ascendas REIT's 2H income could rise on higher rents, S\$885M of acquisitions this year to 17 Oct and a S\$16M asset enhancement, partly offset by a S\$35M disposal [Bloomberg Intelligence, 30 Oct 2023]

Market Cap [USD]	9.17 Billion
Current Price	2.79
Analysts' 12M Target Price	3.08
Upside/Downside from Analyst Consensus [%]	10.32%
Indicated Yield	1.13%



Mapletree Logistics Trust (MLT SP)

- Mapletree Logistics Trust has issued about 6.5 million units at S\$1.68 a piece as payment for fees related to some of its properties [MT Newswires, 17 Nov 2023]
- Mapletree Logistics Trust will divest three properties as part of its efforts to rejuvenate its portfolio through selective divestures [Business Times, 11 Nov 2023]

Market Cap [USD]	5.83 Billion
Current Price	1.57
Analysts' 12M Target Price	1.76
Upside/Downside from Analyst Consensus [%]	11.97%
Indicated Yield	5.78%



MAPLETREE PAN ASIA COM TRUST (MPACT SP)

- Frasers Centrepoint Trust's green efforts, which include progressively reducing greenhouse gas emissions by 2035, could bring it closer to its target of net-zero carbon emissions by 2050. Two of its malls are part of Singapore's first distributed district cooling network, which would reduce the REIT's energy consumption and carbon emissions [Bloomberg Intelligence, 22 Nov 2023]

Market Cap [USD]	5.30 Billion
Current Price	1.35
Analysts' 12M Target Price	1.60
Upside/Downside from Analyst Consensus [%]	18.81%
Indicated Yield	6.64%

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