

## Message from the Investment Manager



### U.S. is approaching a soft landing

Economic growth momentum remains healthy in the U.S.. U.S. core CPI for Sept rose more than expected, increasing by 0.3% MOM and 3.3% YOY. Labor market data was upbeat in September, with a surge of 254k in hiring. Unemployment rate fell from 4.22% to 4.05%, while the labor participation rate remained strong at 62.7%. With firmer U.S. inflation and strong jobs report, rate market is pricing in fewer rate cuts for the rest of 2024.

The European Central Bank (ECB) has cut its benchmark interest rate for the third time this year, lowering it by 25 basis points to 3.25% in October. The decision is based on its updated assessment of the inflation outlook, the dynamics of underlying inflation and the strength of monetary policy transmission. Year-on-year inflation in the euro zone slowed to 1.7% in September. The ECB indicated that future policy direction will be data-dependent without a pre-committing rate path.

Japan's economic momentum moderated as Manufacturing and Services PMI softened slightly. Wages growth remained strong at 2.9% in scheduled cash earnings, with increasing recognition of the need for sustained wage hike heading into 2025. The Bank of Japan reaffirmed that it will continue to consider raising rate if economic activity and prices meet expectations, with the next hike now forecasted to come in January 2025.

### More aggressive monetary and fiscal measures for China

China surprisingly rolled out a batch of monetary and credit stimulus in late September. The unusual timing likely indicated a strong sense of urgency to arrest the worsening growth slowdown and declining asset prices. The Politburo has shifted to pro-growth stance and pledged for further fiscal spending to support the property market and the economy in general. Further details on the size of stimulus are expected following the NPC Standing Committee meeting in late October to early November, which will determine the medium-term direction of the Chinese stock market.

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