

## Key trends in global markets

- The flight to safety has benefitted safe-haven assets, such as precious metals and the yen.
- Among stocks that we believe would benefit: Accordia Golf Trust from stronger yen and SGX on volatility in financial markets.

**10-Year Treasury.** Over the past nine months, the 10-year Treasury yield has declined from around 3.25% to 1.72% currently. The 30-year Treasury has also staged a similar decline, which translates into an almost 20% rise in long-duration Treasury bonds such as the Vanguard Extended Duration Treasury ETF.

Figure 1: US Government Bonds 10-year yield



Source: KGI Research

**German yield at all-time low.** Yield on the German 10-year bund dropped to an all-time low of negative 0.6%. Meanwhile, the 30-year bund also hit a record low of -0.137%.

Figure 2: German Government Bonds 10-year yield



Source: KGI Research

**Gold finally above US\$1,500.** Gold prices finally broke to a six-year high above the major psychological line of US\$1,500 an ounce, as escalating tensions between the US and China boosted investors' expectations of more monetary easing from central banks.

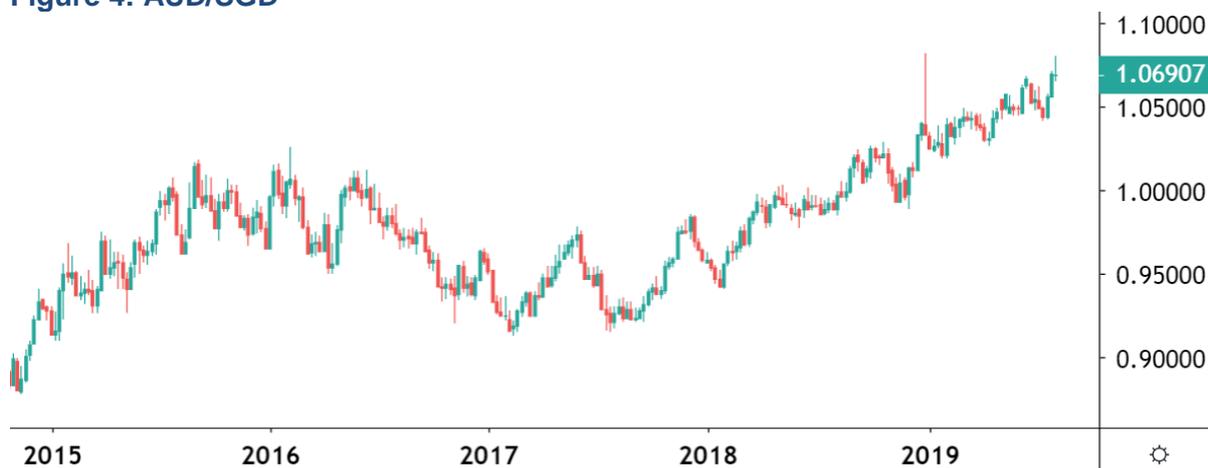
**Figure 3: GOLD US\$/OZ**



Source: KGI Research

**Australian dollar.** The Australian dollar depreciated to AU\$1.08 against the Sing dollar in intra-day trading as it took cues from New Zealand. New Zealand's central bank surprisingly cut interest rates by 50bp, a move which none of the economists forecasted. Companies negatively impacted by a stronger SGD against AUD include ComfortDelGro, SingTel and Frasers Logistics & Industrial Trust.

**Figure 4: AUD/SGD**



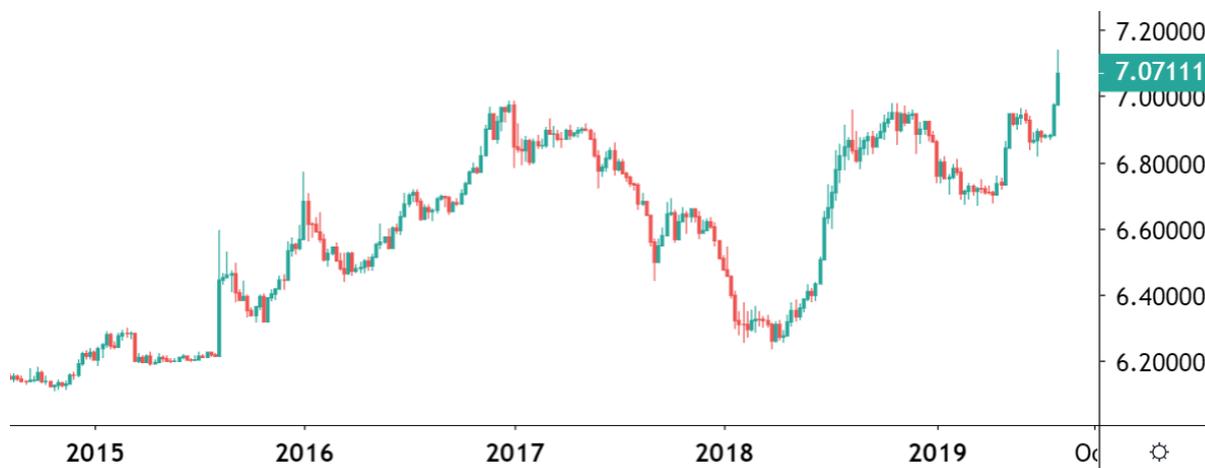
Source: KGI Research

**Yen strength.** The yen has appreciated strongly against the Sing dollar, almost to where it was 3 years ago. Companies that would benefit from a stronger yen include Accordia Golf Trust, Uni-Asia Group and Ascendas Hospitality Trust.



Source: KGI Research

**Offshore renminbi above 7.0 per US Dollar.** Our macro economist expects the offshore renminbi (CNH) to depreciate to 7.20 in the near term. Further out, the renminbi is in a long-term downtrend. The volatility in offshore yuan would benefit SGX's USD/CNH FX derivative, which has seen a 140% YoY increase in volume in its FY2019. Trading for SGX's USD/CNH futures hit a record high of US\$10 billion per day on Monday.



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