

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.

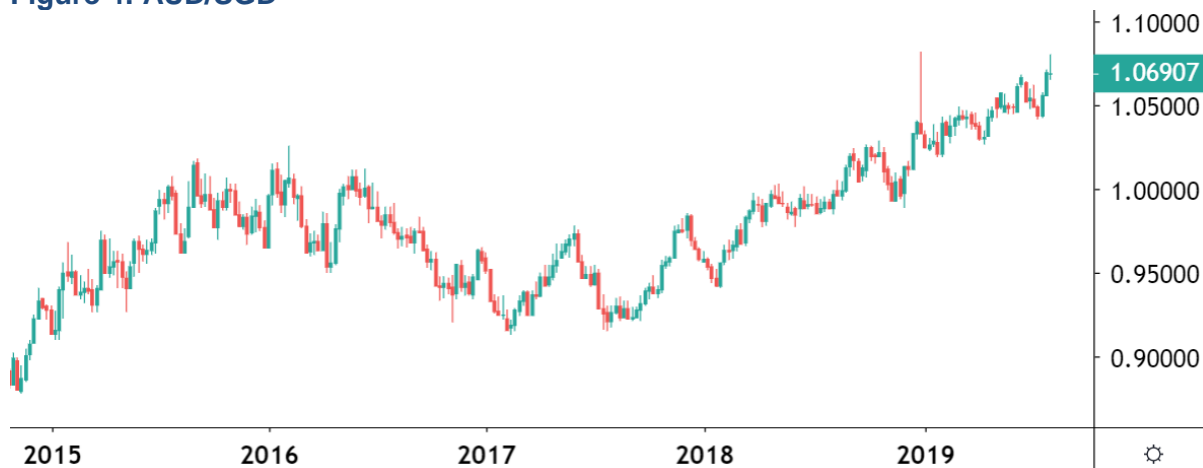
Figure 3: GOLD US\$/OZ



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



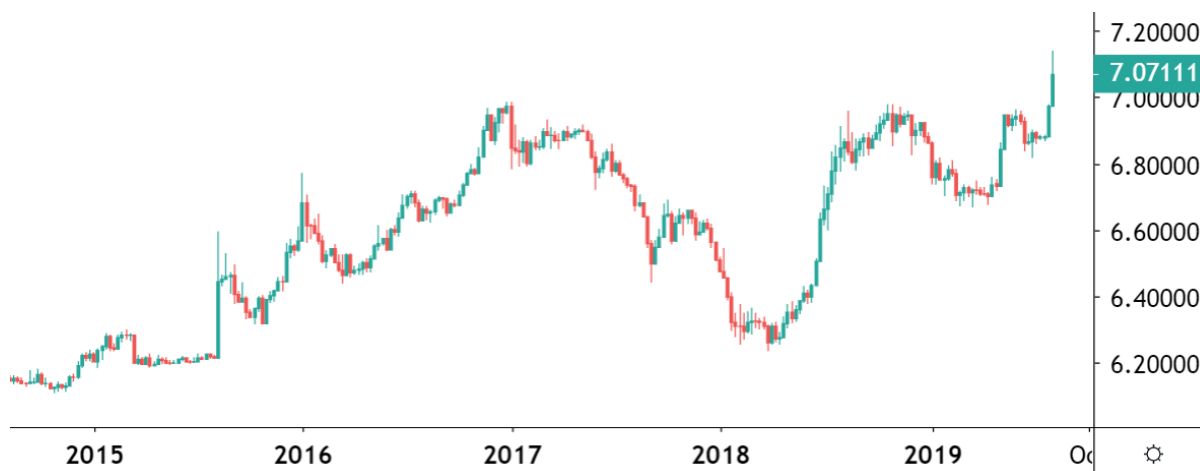
Source: KGI Research

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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