Key Take Away for Investment Insights (Monthly) – July 2023

- The Fed has finally paused its interest rate hikes after more than a year of consecutive increases. Overall inflation in the US is significantly lower than that of the Eurozone and the UK. With the BOE facing greater pressure to raise rates, the outlook for the GBP is relatively optimistic. Central banks may maintain high-interest policies for an extended period, keeping bond yields at historically high levels. Asian investment-grade bonds' yields appear relatively attractive.

- Concerns over persistent inflation and slowing economic growth may dampen the markets. Diversifying investments to include companies with strong balance sheets, stable dividend payout, and strong corporate governance (reflected in higher ESG ratings) can help mitigate risks amid volatilities.

- Due to a slower-than-expected economic recovery in China, A-shares and H-shares have underperformed this year. However, the valuations of these two markets are currently at historical attractive levels. It is believed that many bearish factors have already been priced in, and the market anticipates the introduction of more specific economic stimulus. Investors may consider focusing on sectors with policy support, high dividend payouts, attractive valuations, and profit support.

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