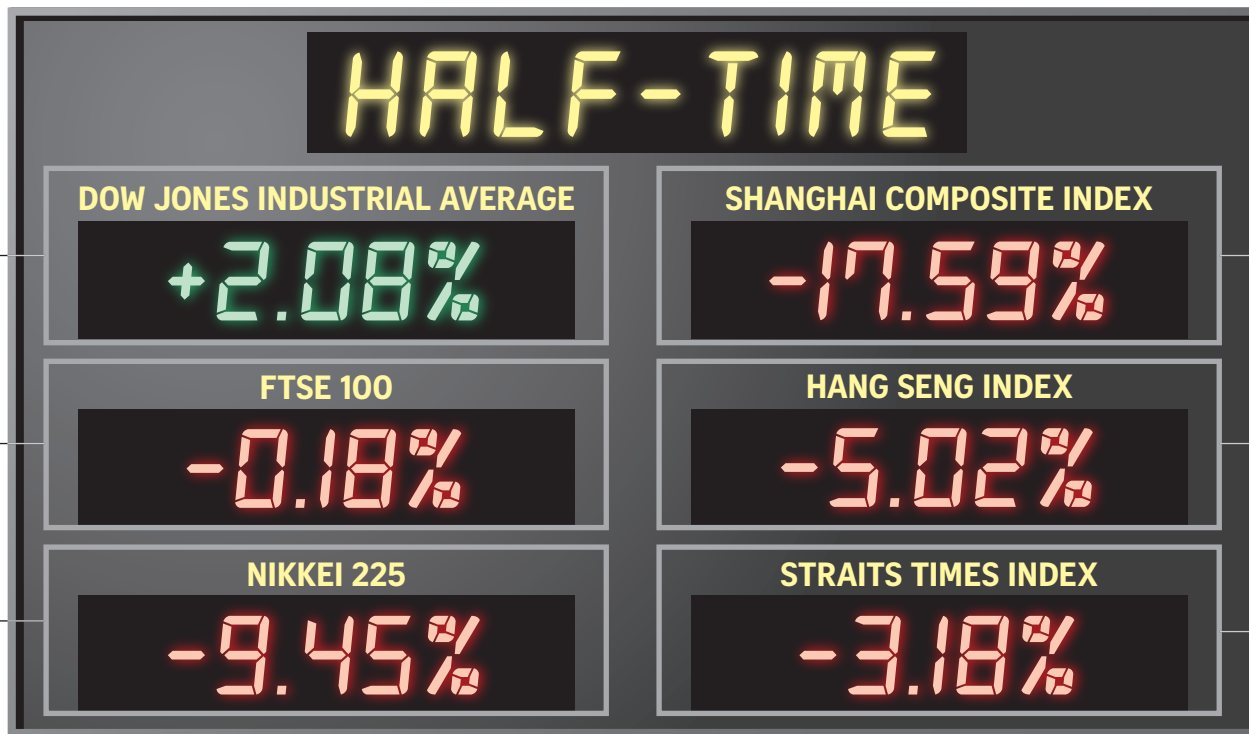


How key markets are faring

The US market has outperformed the world so far this year and is looking to break the current resistance level, CMC Markets analyst Margaret Yang said. The buzz around the presidential election may, however, distract that push, in which case Wall Street will be range-bound in the coming months. Job growth has become a source of concern too, after weak payroll growth data last week.

All eyes are on the Brexit referendum. The British pound is already taking a beating now, and a yes vote will turn short-term volatility into long-term uncertainty for both the UK markets and economy, Aviva Investors global chief executive Euan Munro has warned.

Opinions are mixed on Japan's outlook. Many felt that Abenomics has failed to stimulate the economy, but Bank of Singapore chief economist Richard Jerram noted that fundamentals are still sound, with job vacancies rising and wages on a growth trend. More policy support may be on the way, he added.



The market crash is more of a normalisation from the giddy heights in previous years. Recent talk of an "L-shape" recovery has raised concerns of a long period of slow growth. But BlackRock Asian equities head Andrew Swan sees positive changes on the ground, citing ongoing efforts to cut excess production capacity while the new, service economy continues to grow.

A preferred gateway into China, Hong Kong will rise and fall with the Chinese markets. But the low valuation of H shares – Hong Kong-listed Chinese companies – continues to be attractive, with an average price-to-earnings ratio of just six to seven times.

The local market is very exposed to international events, while Singapore's subdued economic growth offers no reason to cheer. But the sell-off since last year has pushed Singapore stocks to around a five-year low, with STI offering some 4 per cent yield on a price-to-earnings ratio of 11 times, making the local market a good offer for long-term investors, Ms Yang said.

