

North American Equities

The US stock market struggled with elevated volatility amid escalating trade tensions between the US and China, news of another round of tariff increases and recession fears in Europe. Also, yields on 10-year US Treasury bonds dipped below those on two-year issues, often regarded as a recession indicator. Within the broader US equity market, energy stocks were especially weak performers due to low oil prices and fears that decelerating global economic growth would curb demand. Stocks in the financials sector were also notable laggards, pressured by low interest rates. Conversely, the dividend-paying utilities and real estate sectors posted gains.

We remain constructive on the outlook for US stocks but have become a bit more cautious. US economic growth remains healthy, buoyed by a resilient consumer. However, rising trade war uncertainty and decelerating global economic growth remain concerns.

European Equities

European stocks recaptured some losses at the end of the month as President Trump and Chinese officials made conciliatory remarks on trade, raising hopes for a deal, and political parties in Italy agreed to form a new government.

The overall gains masked bouts of shifting sentiment and direction caused by uncertainty surrounding trade, economic fundamentals, and central bank intentions. Investor concerns around these issues remain elevated, hence we expect further volatility may be in store.

Apart from economic slowdowns in China, Germany and the eurozone, investor concerns also include worsening trade relations between the world's three largest blocs, which are undermining the automotive, technology, mining and banking industries; political instability in Italy and the country's strained relationship with the European Union (EU); and Britain's exit from the EU, which remains mired in uncertainty ahead of the extended exit date of October 31.

北美股票

美國股市備受波動性加劇的困擾，主要受中美貿易緊張局勢升級、新一輪加徵關稅的消息及歐洲經濟衰退憂慮等因素的衝擊。而且，美國十年期國庫券孳息跌至低於兩年期孳息水平，這經常被視作反映經濟衰退的指標。在美國整體股票市場，能源股表現特別疲弱，主要受油價偏低及憂慮環球經濟增長放緩將壓抑能源需求的拖累。金融股亦明顯表現落後，主要受低利率的壓力影響。相反，派發股息的公用事業及房地產行業錄得升幅。

我們仍然看好美國股市前景，但取態略較審慎。美國經濟增長仍然處於健康水平，受穩健的消費所帶動。然而，貿易戰的不確定性增加，以及環球經濟增長步伐減慢，仍然是市場關注的因素。

歐洲股票

歐洲股市在月底收復部份失地，美國總統特朗普及中國官員就貿易作出具和解意味的言論，提高達成協議的希望，加上意大利的政黨同意組成新政府，都帶動大市回升。

雖然整體大市在月內上升，但受到貿易、經濟基本因素及央行意向等不明朗因素影響，市場情緒和走向其實有所轉變。投資者仍然高度關注這些議題，因此，我們展望大市將會進一步加劇波動。

除中國、德國及歐元區經濟放緩外，投資者的關注亦包括：世界三大集團貿易關係惡化，這損害汽車、科技、採礦及銀行等行業；意大利政局不穩及該國與歐盟的緊張關係；以及英國在已延長的 10 月 31 日限期前脫離歐盟方面仍然充斥不明朗因素。

Japan Equities

The market declined in August on the continuation of trade tariffs between the US and China, declining economic relations between Japan and South Korea and fears of a US recession due to the inversion of the US yield curve.

All these macroeconomic factors put negative pressure on the Japanese market due to fears of an earnings decline. However, the domestic economy continued to show signs of strength recording the lowest unemployment level since 1991 in July at 2.2% and growing domestic capital expenditure forecasts from corporates.

The yen strengthened against the US dollar in early August, but stabilised at around 106.

The best performing sectors over the month were real estate, retail and brokers, while the worst performing sectors were oil, metal products and shipping. Real estate and construction saw a small recovery in August as a large project announcement in Central Tokyo from Mori Trust showed confidence in the long-term outlook for the industry.

Pacific Asia Equities

The market's perception of trade risk has declined over the last month. Trade talks between the US and China are expected to resume and both sides seem intent on creating a better atmosphere for the next round. The easing of trade tensions and better-than-feared economic data in the US helped ease investor concerns about an impending recession, lifting bond yields.

In our view, economic uncertainty caused by the fickle nature of trade negotiations has kept recession risks elevated. The shift in the tone of trade negotiations that has contributed to the recent improvement in market sentiment could easily be reversed. Against this backdrop, we continue to favour reasonably valued stocks with quality growth prospects.

In North Asia, China's adoption of 5G next year and the localisation theme where China is looking to source components from non-American suppliers have created new opportunities for Chinese, Hong Kong and Taiwanese companies to capture market share from their US counterparts. A benign interest rate environment should bode well for Southeast Asian markets, especially Indonesia.

Hong Kong & China Equities

Looking ahead, while trade tensions will continue to be one of the swing factors to market movements, we believe investors should refocus on sound macro and corporate fundamentals – the two key drivers for Hong Kong/China equities.

日本股票

日本股市在 8 月份下跌，主要受中美兩國繼續相互加徵關稅、日本與南韓經濟關係惡化及美國孳息曲線倒掛觸發美國衰退憂慮等因素拖累。

上述宏觀經濟因素全部對日本市場構成負面壓力，因為投資者憂慮企業盈利倒退。然而，日本國內經濟持續展現強勢，7 月份失業率為 2.2%，是自 1991 年以來新低，而企業預測的國內資本開支水平亦呈現增長。

日圓兌美元於 8 月初轉強，但於 106 水平附近靠穩。

月內表現最佳的行業為房地產、零售及經紀行，而表現最差行業為石油、金屬產品及航運。房地產及建築業於 8 月份略為復甦，因為 Mori Trust 宣佈於東京中部地區發展一個大型項目，反映行業對長期前景有信心。

亞太股票

市場對貿易風險的關注在月內淡化。投資者預期中美兩國將會恢復貿易談判，雙方亦似乎有意為下一輪談判營造較好的氣氛。貿易緊張局勢緩和及美國經濟數據優於恐慌水平，有助減輕投資者對經濟即將衰退的關注，帶動債券孳息上升。

我們認為，變幻莫測的貿易談判結果引致經濟不明朗因素，衰退風險因而高企。貿易談判論調的轉變帶動市場投資氣氛在近期改善，但這隨時會輕易逆轉。在這環境下，我們繼續看好具備優質增長潛力及估值合理的股票。

在北亞地區，中國於明年採用 5G 技術，以及中國尋求向非美國供應商採購零件的本地化主題，已為中國、香港及台灣企業創造了奪取美國同業市場佔有率的新機會。良好的利率環境應利好東南亞市場前景，尤其是印尼。

香港及中國股票

展望未來，儘管貿易緊張局勢將持續導致市場波動，但我們認為投資者應重新聚焦於穩健的宏觀及企業基本因素，亦即中港股市的兩大關鍵利好因素。

Additionally, in the midst of heightened volatility, Hong Kong's defensive nature could prove to be a safe haven in the near-term, particularly utilities and telecommunications.

Given the news of the MSCI China A-share weight increase and FTSE A-shares inclusion, Chinese equities as an asset class continue to grow in importance and we have seen an increase of foreign fund inflows to Chinese equities.

Healthcare Equities

Healthcare, along with other defensive sectors, held up well as continued concerns regarding trade disputes, slowing global growth and a temporary inversion of the US Treasury yield curve spurred volatility globally.

Fundamentals within the healthcare equipment & supplies industry remain attractive. That said, we believe sustainable revenues and earnings are now more fully reflected in the risk-adjusted return profiles of many of these stocks.

Within the healthcare providers & services industry, we see continued threats to select healthcare supply chain companies, specifically pharmacy retailers and drug wholesalers. We expect these companies to see heightened pressures from decelerating drug inflation as well as opiate litigation liability.

Mergers and acquisitions activity in the healthcare sector appears to be increasing as we approach the later stages of a multi-year capital markets financing window, and we expect the historic run of initial public offerings and secondary offerings to wane in the months ahead.

Notwithstanding the upcoming 2020 US presidential election, we believe that the defensive characteristics of the sector coupled with strong organic growth in selected companies should provide continued outperformance over a full market cycle.

Pacific Asia Bond

Developments in Sino-US trade tensions are likely to take the limelight of financial markets and be a potential catalyst for further market volatility. Developed market (DM) central banks have generally responded by adopting monetary policy easing measures to offset the rising external uncertainty, subsequently leading to a rise in the number of negative yielding DM government bonds. Both factors in combination may continue to put pressure on US Treasury yields. Asian economies face external headwinds arising from softer global demand and the potential for a widening trade war. In this environment, we favour Asian bond markets with supportive economic fundamentals and attractive yields, which may also be appealing in a negative

此外，隨波動性加劇，香港市場的防守性質在短期內有望成為資金避風港，特別是公用事業及電訊業。

受 MSCI 中國 A 股權重增加及富時涵蓋 A 股的消息影響，中國股票作為單一資產類別的重要性持續增加，而且我們亦看到流入中國股票的外國資金增加。

康健護理股票

康健護理業與其他防守型行業表現穩健，未受持續出現的多項關注所影響。其實，投資者關注貿易糾紛、環球增長放緩及美國國庫券孳息曲線短暫倒掛，觸發環球市場波動性加劇。

康健護理設備與供應業的基本因素仍然吸引。儘管如此，我們認為當中不少股票的風險調整後回報水平已較為全面反映可持續的收入及盈利。

在康健護理供應與服務業方面，我們看到康健護理供應鏈內某些公司持續面對威脅，特別是藥房零售商及藥品批發商。我們預期，藥品加價步伐放緩及鴉片訴訟責任會導致這些公司面對日益加劇的壓力。

隨著資本市場持續多年的融資窗口進入後期階段，康健護理業的併購活動呈現上升趨勢。此外，我們預期康健護理業的首次公開招股及配股熱潮將在未來數月消退。

儘管受到美國 2020 年總統選舉的影響，我們認為行業的防守特徵及個別公司的強勁自然增長應能帶動行業在整個市場週期持續表現優於大市。

亞太債券

中美貿易磨擦料成為金融市場焦點所在，並成為市場加劇波動的潛在因素。整體上，已發展市場央行的回應是以寬鬆貨幣政策來抵銷外部不確定性的增加，繼而引致已發展市場政府債券出現負孳息的數目增加。兩項因素的結合或會持續導致美國國庫券孳息受壓。亞洲經濟正面對來自環球需求疲軟及貿易戰潛在擴大的外部阻力。此時，我們看好經濟基本因素具支持力及收益率吸引的亞洲債券市場，而在已發展市場債券孳息處於負數的環境下，上述市場亦或許較具吸引力。

DM bond yield backdrop.

From a regional perspective, Asian central banks have room to adopt further accommodative monetary policies to offset the impact from trade tensions. This is expected to be a supportive backdrop for Asian local currency bond markets. High quality Asian credits are likely to be well supported in the near-term during periods of uncertainty.

RMB Bond

In response to slowing economic growth, China's central bank has now cut the reserve requirement ratio (RRR) in early September by 50 basis points (bps) for all banks with an additional 100 bps cut for qualified city commercial banks. The RRR for large banks will be lowered to 13%. This represents the third time the People's Bank of China has cut the RRR this year and will release 900 billion yuan in liquidity to support the economy. It remains to be seen if the additional liquidity will successfully translate to credit creation and it will be interesting to monitor the upcoming loan growth numbers. The US dollar/renminbi is now expected to trade in the new range of 7.10-7.20 per dollar.

With the US rate cut cycle being more prudent than market expectations, the interest rate differential between China and the US will likely keep the US dollar strong against other major trading partners' currencies. Global interest rates are expected to move lower or remain relatively stable. While the risk of global recession appears to be increasing, the economic data is not sufficiently weak to support this argument at this stage.

從地區角度看，亞洲各地央行具備採取進一步寬鬆貨幣政策的空間，從而抵銷貿易磨擦帶來的影響。這將為亞洲本地貨幣債券市場帶來支持力。在不明朗階段中，優質亞洲信貸將在短期內獲得充裕的支持。

人民幣債券

為回應經濟增長步伐放緩，中國人民銀行於 9 月初把所有銀行的法定存款準備金率（存準率）下調 50 個基點，而合資的城市商業銀行則額外削減 100 個基點。大型銀行的存準率將會下調至 13%。這是中國人民銀行今年第三度下調存準率，並藉此釋放 9,000 億元人民幣流動資金以支持經濟。額外的流動資金能否成功轉化為信貸仍有待觀察，投資者將密切監察即將發表的貸款增長數據。現時，美元 / 人民幣預期於全新的 1 美元兌 7.10 至 7.20 人民幣範圍內上落。

由於美國減息週期較市場預期審慎，中美兩國的息差料將帶動美元兌其他主要貿易夥伴的貨幣維持強勢。環球利率預期會下降或維持相對穩定。儘管環球衰退風險似乎正在增加，但現時經濟數據的疲弱程度仍然不足以支持這個論點。

資料來源：宏利資產管理（香港）有限公司

Source: Manulife Asset Management (Hong Kong) Limited

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