

Multi-Asset Performance Summary – January 2023

This monthly note summarises performance trends across key asset classes and detailed segments of equities and fixed income.

Global financial markets had a strong start to the year with positive returns recorded across the board in the first month of the year. Signs of inflation cooling, evidence of soft yet resilient global growth and China re-opening boosted the risk-on sentiment. The month started with December US payroll data release which showed strong labour market conditions but signs of wage growth slowing down. US Inflation releases (Headline CPI, Core CPI, Core PCE) also confirmed the slowdown in price pressures in December. In addition, upbeat US 4Q 22 GDP pointed to better economic outlook than expected. Soft data out of the US (ISM and PMI surveys), however, still pointed to growth slowdown. On the other hand, the largest positive economic surprise was out of Eurozone where the recession probabilities were the highest going into 2023. Both hard data (4Q 22 GDP, retail sales) and soft data releases (PMI survey, consumer confidence) signalled that the region could be able to skirt a projected economic downturn this year. In Asia, China-reopening plans continued to support the risk-on rally. In addition, economic data out of China (Q4 22 GDP, industrial production, retail sales, and fixed asset investment) surprised on the upside.

In terms of central bank action- the BoJ kept its yield curve control policy unchanged defying market expectations. The Fed, the ECB and the BoE did not have any meeting scheduled in January. However, markets digested mixed commentary from the central bankers. ECB speakers, led by Christine Lagarde pressed on the importance of staying course with hawkish monetary policy. Fed speakers were split between hawkish and dovish camp. Market expectations of a 25bp rate hike at the Fed meeting on 1st February firmed with several Fed speakers supporting a smaller rate hike.

Fixed income: Global Aggregate bond index rose by 3.3% in January. The returns were broad-based across the fixed income assets with the decline in UST yields driving the rally in corporate credit. Global HY was the top performer, recording monthly returns of 4.2%. Global Corporate IG slightly lagging, gaining 4%. In fact, US IG bonds posted their best January monthly performance since 1975. US Treasuries rose 2.5%, led by long-term US Treasuries. In EM, LCY bonds were the best performers, adding gains of 4.1%. EM USD sovereign recorded returns of c3.4%.

Equities: Global equities kick-started the year on a strong note. The broad MSCI All Country World index of developed and emerging market equities recorded positive returns in three out of four weeks of January, gaining 7.2%. DM equities and EM equities recorded returns of 7.1% and 7.9% respectively. Within DM equities, Netherlands, Germany and France outperformed in USD terms. In EM, Latin America outperformed the most. APac ex-Japan recorded monthly returns of 8.6%. EM EMEA lagged the other regions, gaining 2.3% with the GCC recording flat performance in January. Amongst sectors, long-duration sectors outperformed the most on prospects of slowing Fed interest rate hikes. Consumer discretionary was the best performer, recording returns of 14.1%. Communication Services and IT were also amongst the top performers, gaining 13.1% and 10.5% respectively. On the other hand, healthcare and utilities posted negative returns.

Commodities: Commodities started the year on a weak note with Commodities Aggregate Index recording marginal losses of 0.9%. Gold prices rose 5.7% helped by the prospects of slower rate increases and USD weakness. Silver prices were mainly unchanged, while platinum prices fell 5.6%. Energy prices recorded monthly decline of 1.7%, despite rising in the second half of January on improving China demand outlook. Industrial metals prices jumped sharply, boosted by prospects of pick-up in China economic activity.

FX: The USD weakened in January, continuing its depreciating trend since November 2022. Given the backdrop of broad USD weakness, majority of the currencies strengthened against the USD. EUR appreciated against the USD, helped by USD weakness and improved economic outlook of the region. GBP strengthened 2% against the USD. USDJPY declined, ending the month at 130 level.

Others: Cryptocurrencies index rose by 42.1% in January. Global REITs also recorded strong monthly gains of 9.2%.

Prerana Seth

Fixed Income Strategist
Tel: +971 (0)2 696 2878
prerana.seth@adcb.com

Kishore Muktinutalapati

Head - Investment Strategy
Tel: +971 (0)2 696 2358
kishore.muktinutalapati@adcb.com

Mohammed Al Hemeiri

Analyst
Tel: +971 (0)2 696 2236
mohammed.alhemeiri@adcb.com

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Exhibit 1: Performance of major asset classes

| Asset classes* | 1Y | YTD | 6M | 3M | 1M |
|---|--------|-------|-------|-------|-------|
| Bloomberg Galaxy Cryptocurrencies index | -45.4% | 42.1% | -7.9% | 5.6% | 42.1% |
| Global REIT | -13.9% | 9.2% | -5.6% | 11.5% | 9.2% |
| Global Equities | -9.6% | 7.1% | 1.7% | 10.6% | 7.1% |
| Global HY Credit | -6.7% | 4.2% | 5.1% | 10.1% | 4.2% |
| Global Aggregate Bonds | -11.7% | 3.3% | -1.6% | 8.7% | 3.3% |
| HF Fund weighted Composite | -2.1% | 0.0% | 0.3% | 0.9% | 0.0% |
| Commodity Aggregate | 3.7% | -0.9% | -8.2% | -1.4% | -0.9% |
| Dollar Index spot | 5.8% | -1.4% | -3.6% | -8.5% | -1.4% |

Source: Bloomberg, and ADCB Asset Management | Notes: *based on Bloomberg total return indices in USD terms as at close of January 31, 2023.

Exhibit 2: Performance of major global bond indices

| Global bond indices* | 1Y | YTD | 6M | 3M | 1M |
|-------------------------------|--------|------|-------|-------|------|
| Global High Yield | -6.7% | 4.2% | 5.1% | 10.1% | 4.2% |
| EM Local currency sovereign | -4.7% | 4.1% | 3.8% | 11.7% | 4.1% |
| US IG | -9.3% | 4.0% | -0.9% | 8.9% | 4.0% |
| Global Corporate | -10.6% | 4.0% | -0.3% | 10.0% | 4.0% |
| US High Yield | -5.2% | 3.8% | 1.4% | 5.4% | 3.8% |
| Global Aggregate Credit | -11.2% | 3.7% | -0.5% | 9.5% | 3.7% |
| EM USD sovereign | -11.9% | 3.4% | 3.7% | 11.8% | 3.4% |
| Global Infl-Linked (Series-L) | -18.3% | 3.3% | -7.3% | 6.4% | 3.3% |
| Global Aggregate | -11.7% | 3.3% | -1.6% | 8.7% | 3.3% |
| EU HY | -6.5% | 3.1% | 2.5% | 6.1% | 3.1% |
| Global Treasuries | -13.3% | 3.1% | -2.0% | 8.8% | 3.1% |
| EM USD Corp + Quasi-Sov | -8.9% | 3.0% | 3.1% | 10.4% | 3.0% |
| US Treasury | -8.5% | 2.5% | -2.8% | 4.7% | 2.5% |
| EU Treasury | -15.6% | 2.4% | -8.6% | 0.1% | 2.4% |
| EU IG | -10.5% | 2.2% | -4.3% | 3.2% | 2.2% |

Source: Bloomberg, and ADCB Asset Management | Notes: *based on Bloomberg total return indices in USD terms as at close of January 31, 2023.

Exhibit 3: Performance of US Treasury index – by maturity

| US Treasury Index by maturity* | 1Y | YTD | 6M | 3M | 1M |
|--------------------------------|--------|------|-------|-------|------|
| 20+ Year | -23.0% | 7.0% | -7.5% | 12.5% | 7.0% |
| 10-20 Year | -18.1% | 5.4% | -5.7% | 11.1% | 5.4% |
| 7-10 Year | -10.1% | 3.2% | -4.5% | 5.7% | 3.2% |
| 5-7 Year | -7.4% | 2.4% | -3.0% | 4.5% | 2.4% |
| 3-5 Year | -5.2% | 1.7% | -1.8% | 3.3% | 1.7% |
| 1-3 Year | -2.4% | 0.7% | -0.5% | 1.6% | 0.7% |

Source: Bloomberg, and ADCB Asset Management | Notes: *based on Bloomberg total return indices in USD terms as at close of January 31, 2023.

Exhibit 4: Performance of EU Treasury index – by maturity

| EU Treasury Index by maturity* | 1Y | YTD | 6M | 3M | 1M |
|--------------------------------|--------|------|--------|-------|------|
| 20+ Year | -33.7% | 6.2% | -18.5% | 1.1% | 6.2% |
| 10+ Year | -27.6% | 5.0% | -14.9% | 0.8% | 5.0% |
| 7-10 Year | -15.9% | 3.0% | -9.2% | 0.1% | 3.0% |
| 5-7 Year | -11.8% | 1.9% | -7.2% | -0.2% | 1.9% |
| 3-5 Year | -8.4% | 1.1% | -5.4% | -0.4% | 1.1% |
| 1-3 Year | -4.2% | 0.4% | -2.8% | -0.3% | 0.4% |

Source: Bloomberg, and ADCB Asset Management | Notes: *based on Bloomberg total return indices in USD terms as at close of January 31, 2023.

Exhibit 5: Performance of EM USD sovereign bonds – by grade and by region

| EM USD sovereign bonds* | 1Y | YTD | 6M | 3M | 1M |
|-------------------------|--------|-------|-------|-------|-------|
| EM USD sovereign HY | -7.9% | 3.7% | 9.3% | 13.8% | 3.7% |
| EM USD sovereign | -11.9% | 3.4% | 3.7% | 11.8% | 3.4% |
| EM USD sovereign IG | -15.5% | 2.6% | -1.5% | 9.2% | 2.6% |
| Region | | | | | |
| Asia | -10.2% | 2.8% | 0.2% | 10.2% | 2.8% |
| South Korea | -9.8% | 2.9% | -2.9% | 5.8% | 2.9% |
| Malaysia | -9.5% | 2.6% | -2.3% | 5.5% | 2.6% |
| Indonesia | -7.7% | 2.3% | 0.3% | 9.5% | 2.3% |
| China | -6.7% | 2.2% | -2.1% | 4.4% | 2.2% |
| Philippines | -10.0% | 1.9% | -1.7% | 9.5% | 1.9% |
| EMEA | -15.4% | 2.0% | 3.5% | 9.9% | 2.0% |
| Hungary | -12.7% | 3.8% | -0.9% | 9.9% | 3.8% |
| Egypt | -4.3% | 3.4% | 23.8% | 16.6% | 3.4% |
| Oman | 3.2% | 3.2% | 6.5% | 8.9% | 3.2% |
| South Africa | -5.3% | 3.0% | 3.7% | 10.4% | 3.0% |
| Qatar | -10.2% | 2.6% | -2.9% | 8.8% | 2.6% |
| Bahrain | 2.2% | 2.5% | 6.9% | 8.8% | 2.5% |
| UAE | -9.7% | 1.9% | -2.1% | 7.9% | 1.9% |
| Kuwait | -4.3% | 1.8% | -0.7% | 4.1% | 1.8% |
| Saudi Arabia | -10.3% | 1.7% | -3.4% | 8.2% | 1.7% |
| Poland | -2.7% | 1.2% | 0.4% | 3.1% | 1.2% |
| Turkey | 1.6% | -0.4% | 11.3% | 6.9% | -0.4% |
| LATAM | -7.1% | 5.8% | 5.8% | 15.4% | 5.8% |
| Argentina | 8.4% | 25.0% | 48.1% | 56.2% | 25.0% |
| Mexico | -9.4% | 4.9% | 1.3% | 11.5% | 4.9% |
| Chile | -12.4% | 4.2% | -1.9% | 12.2% | 4.2% |
| Colombia | -7.8% | 3.0% | 0.6% | 13.5% | 3.0% |
| Brazil | -2.7% | 3.0% | 1.6% | 6.5% | 3.0% |
| Peru | -12.9% | 2.5% | -3.0% | 9.3% | 2.5% |

Source: Bloomberg, and ADCB Asset Management | Notes: *based on Bloomberg total return indices in USD terms as at close of January 31, 2023.

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Exhibit 6: Performance of EM USD corporate bonds – by grade and by region

| EM USD corporate bonds* | 1Y | YTD | 6M | 3M | 1M |
|----------------------------|--------|-------|-------|-------|-------|
| EM USD Corp + Quasi-Sov HY | -6.1% | 4.1% | 8.4% | 14.5% | 4.1% |
| EM USD Corp + Quasi-Sov | -8.9% | 3.0% | 3.1% | 10.4% | 3.0% |
| EM USD Corp + Quasi-Sov IG | -10.0% | 2.6% | 1.0% | 8.7% | 2.6% |
| Region | | | | | |
| Asia | -6.4% | 3.1% | 2.5% | 11.0% | 3.1% |
| Philippines | -5.4% | 7.3% | -1.2% | 12.9% | 7.3% |
| Thailand | -10.2% | 4.8% | 1.4% | 14.1% | 4.8% |
| Indonesia | -4.9% | 3.9% | 3.3% | 14.2% | 3.9% |
| Malaysia | -9.8% | 3.7% | -0.1% | 10.6% | 3.7% |
| China | -6.2% | 3.2% | 3.7% | 12.5% | 3.2% |
| India | -6.1% | 1.9% | 1.5% | 9.1% | 1.9% |
| South Korea | -5.4% | 1.6% | -1.3% | 3.6% | 1.6% |
| EMEA | -16.6% | 2.4% | 2.2% | 7.4% | 2.4% |
| Poland | -9.2% | 5.2% | 4.3% | 5.8% | 5.2% |
| South Africa | -2.7% | 4.4% | 4.4% | 10.0% | 4.4% |
| Kuwait | -3.6% | 2.4% | 2.2% | 5.2% | 2.4% |
| Saudi Arabia | -6.9% | 2.4% | -0.4% | 8.1% | 2.4% |
| Qatar | -7.2% | 2.0% | -1.3% | 5.7% | 2.0% |
| UAE | -5.3% | 2.0% | 0.7% | 6.9% | 2.0% |
| Bahrain | 1.0% | 1.7% | 5.1% | 5.4% | 1.7% |
| Turkey | 3.0% | 0.7% | 13.2% | 8.3% | 0.7% |
| LATAM | -5.8% | 3.5% | 5.0% | 11.8% | 3.5% |
| Argentina | 21.6% | 10.1% | 36.5% | 25.3% | 10.1% |
| Mexico | -8.5% | 4.9% | 5.1% | 13.0% | 4.9% |
| Colombia | -3.7% | 3.3% | 5.6% | 14.2% | 3.3% |
| Chile | -8.5% | 2.6% | 3.5% | 12.2% | 2.6% |
| Peru | -8.4% | 1.9% | 3.2% | 8.8% | 1.9% |
| Brazil | -4.6% | 1.7% | 2.0% | 8.0% | 1.7% |

Source: Bloomberg, and ADCB Asset Management | Notes: *based on Bloomberg total return indices in USD terms as at close of January 31, 2023.

Exhibit 7: Performance of equities – by region

| Equities: Regions* | 1Y | YTD | 6M | 3M | 1M |
|--------------------|--------|------|--------|-------|------|
| EM LatAm | 11.5% | 9.9% | 15.4% | 5.9% | 9.9% |
| Europe ex UK | -4.4% | 9.3% | 12.3% | 22.1% | 9.3% |
| Canada | -4.2% | 9.0% | 2.8% | 9.9% | 9.0% |
| APac ex Japan | -6.6% | 8.6% | 6.3% | 27.1% | 8.6% |
| EM | -12.1% | 7.9% | 4.9% | 22.2% | 7.9% |
| ACWI | -8.0% | 7.2% | 2.5% | 10.9% | 7.2% |
| DM | -7.5% | 7.1% | 2.1% | 9.7% | 7.1% |
| US | -9.4% | 6.5% | -0.7% | 5.6% | 6.5% |
| UK | 0.5% | 6.5% | 7.2% | 17.5% | 6.5% |
| Japan | -6.7% | 6.2% | 5.1% | 16.8% | 6.2% |
| EM EMEA | -28.5% | 2.3% | -1.0% | 3.7% | 2.3% |
| GCC | -8.9% | 0.7% | -11.0% | -8.1% | 0.7% |

Source: MSCI, Refinitiv, and ADCB Asset Management | Notes: *based on MSCI total return indices in USD terms as at close of January 31, 2023.

Exhibit 8: Performance of equities – by sector

| Equities: Sectors* | 1Y | YTD | 6M | 3M | 1M |
|------------------------|--------|-------|-------|-------|-------|
| Consumer Discretionary | -15.3% | 14.1% | -1.6% | 13.8% | 14.1% |
| Communication Services | -23.0% | 13.1% | -2.0% | 17.0% | 13.1% |
| IT | -17.1% | 10.5% | -3.4% | 9.2% | 10.5% |
| Materials | 0.9% | 9.9% | 14.1% | 22.0% | 9.9% |
| Real Estate | -12.6% | 9.0% | -4.6% | 15.7% | 9.0% |
| Financials | -4.0% | 7.9% | 11.1% | 14.5% | 7.9% |
| Industrials | -1.6% | 5.7% | 7.1% | 13.1% | 5.7% |
| Energy | 21.3% | 3.0% | 12.2% | 2.8% | 3.0% |
| Consumer Staples | -2.2% | 1.3% | 1.5% | 7.5% | 1.3% |
| Utilities | -1.9% | -0.2% | -3.5% | 7.7% | -0.2% |
| Health Care | 1.1% | -0.4% | 1.5% | 4.1% | -0.4% |

Source: MSCI, Refinitiv, and ADCB Asset Management | Notes: *based on MSCI total return indices in USD terms as at close of January 31, 2023.

Exhibit 9: Performance of equities – by factors and themes

| Equities: Factors and themes* | 1Y | YTD | 6M | 3M | 1M |
|-------------------------------|--------|-------|-------|-------|-------|
| NYSE FANG+** | -22.9% | 18.7% | -3.4% | 20.3% | 18.7% |
| US Large Cap Growth | -20.1% | 10.8% | -7.2% | 5.5% | 10.8% |
| Nasdaq-100** | -18.5% | 10.7% | -6.2% | 6.3% | 10.7% |
| Growth | -14.5% | 9.6% | -1.5% | 11.4% | 9.6% |
| HK Tech** | -16.6% | 9.6% | 5.0% | 59.5% | 9.6% |
| Small cap | -4.6% | 8.8% | 5.1% | 12.3% | 8.8% |
| Mid cap | -5.7% | 8.1% | 4.9% | 13.5% | 8.1% |
| Large cap | -8.4% | 7.0% | 2.0% | 10.5% | 7.0% |
| Quality | -12.2% | 6.7% | -0.1% | 11.2% | 6.7% |
| Value | -1.8% | 4.9% | 6.5% | 10.5% | 4.9% |
| Dividend yield | -1.4% | 2.8% | 4.3% | 9.4% | 2.8% |
| Momentum | -11.0% | 1.2% | 3.7% | 4.4% | 1.2% |

Source: MSCI, NYSE, Hang Seng, Nasdaq, Refinitiv, and ADCB Asset Management | Notes: *based on MSCI total return indices in USD terms as at close of January 31, 2023; **price return indices in USD terms as at close of January 31, 2023.

Exhibit 10: Performance of select country equity indices

| Equities: Select countries* | 1Y | YTD | 6M | 3M | 1M |
|-----------------------------|--------|-------|--------|--------|-------|
| Mexico | 21.0% | 17.0% | 24.5% | 15.6% | 17.0% |
| Netherlands | -6.2% | 14.7% | 12.2% | 31.1% | 14.7% |
| Taiwan | -19.3% | 12.7% | 2.6% | 30.2% | 12.7% |
| Germany | -9.4% | 12.4% | 19.6% | 28.1% | 12.4% |
| South Korea | -11.6% | 12.4% | 4.9% | 22.5% | 12.4% |
| China | -10.1% | 11.8% | 8.7% | 52.5% | 11.8% |
| France | 0.2% | 11.2% | 16.4% | 24.2% | 11.2% |
| Spain | 4.8% | 11.2% | 19.3% | 24.7% | 11.2% |
| Australia | 15.0% | 10.7% | 12.1% | 21.7% | 10.7% |
| China A | -11.0% | 9.5% | -0.5% | 26.2% | 9.5% |
| Canada | -4.2% | 9.0% | 2.8% | 9.9% | 9.0% |
| Brazil | 8.0% | 6.9% | 12.6% | 0.8% | 6.9% |
| US | -9.4% | 6.5% | -0.7% | 5.6% | 6.5% |
| UK | 0.5% | 6.5% | 7.2% | 17.5% | 6.5% |
| Japan | -6.7% | 6.2% | 5.1% | 16.8% | 6.2% |
| Switzerland | -6.0% | 6.1% | 3.5% | 13.7% | 6.1% |
| South Africa | -5.8% | 4.7% | 8.3% | 20.3% | 4.7% |
| Russia | | 4.1% | -9.3% | -12.0% | 4.1% |
| Hong Kong | -2.1% | 3.8% | 5.7% | 39.7% | 3.8% |
| Saudi Arabia | -10.9% | 2.5% | -9.8% | -7.7% | 2.5% |
| Qatar | -12.0% | 1.9% | -15.5% | -11.4% | 1.9% |
| Kuwait | 2.6% | 0.2% | -4.7% | 0.4% | 0.2% |
| India | -9.5% | -3.0% | -3.6% | -3.5% | -3.0% |
| UAE | -12.0% | -3.6% | -12.0% | -8.9% | -3.6% |

Source: MSCI, Refinitiv, and ADCB Asset Management | Notes: *based on MSCI total return indices in USD terms as at close of January 31, 2023.

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