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WEALTH MANAGEMENT

GLOBAL MARKET OUTLOOK
MAY 2025

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Offshore Securities Trading

Investing beyond borders is essential in today's dynamic world. When it comes to offshore assets and investing, we help our clients gain access to multi-assets across various global financial markets. This is done with quantitative and qualitative research in partnership with our global partners. We provide clients with access to leading international fund managers such as BlackRock, Vanguard, and Fidelity.

Our services include the purchase and custody of global securities- equities, mutual funds, ETFs, commodities, treasuries, and other globally traded instruments. We ensure smooth settlement and reporting and offer custody services that provide safekeeping for international assets.

This global reach allows clients to diversify effectively and benefit from currency hedging, growth markets, and asset protection structures.

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Offshore Securities Trading
Key Features and Benefits:

01 Access to Global Financial Products.

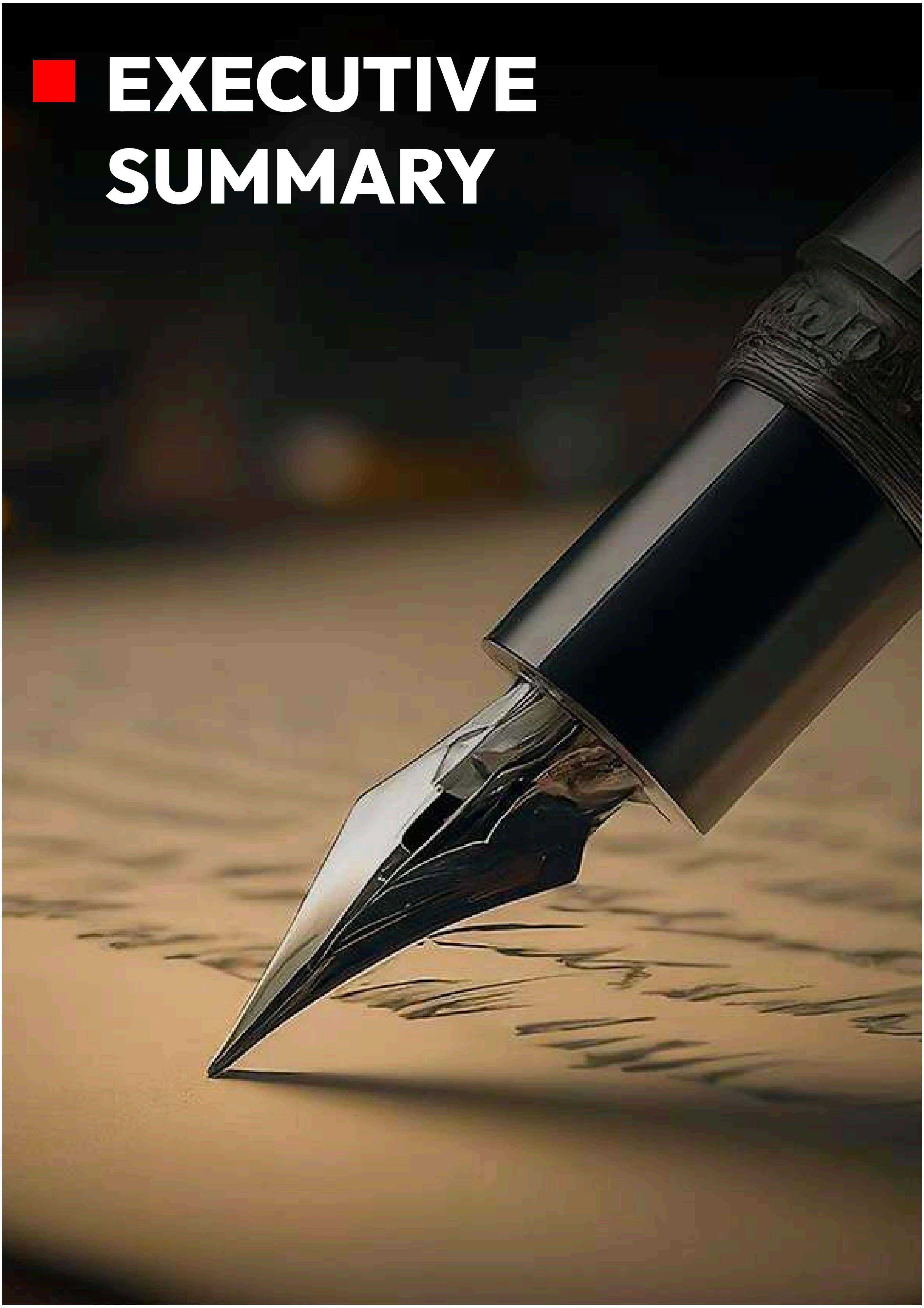
- Public Assets (Direct Equities, ETFs).
- Bonds and Structured Products.
- Private Assets (Private Credit Note, Private Placements).
- Alternative Assets (Venture Capital, Private Equity).
- Mutual Funds.

02 International Collective Investment Schemes.

03 Foreign Stock/Securities Purchase

04 Access To Global Custody Services

EXECUTIVE SUMMARY



APRIL IN REVIEW

US – April saw a deterioration in economic momentum, with Q1 GDP contracting, weakening consumer sentiment, and declining industrial indicators. Despite strong corporate earnings (67% beat rate), concerns about tariff escalation and its potential inflationary and margin-squeezing effects dominated sentiment. Durable goods orders grew, but S&P Global's PMI dropped to a 16-month low of 51.2. The University of Michigan sentiment index plunged by 32 points since January. Inflation expectations surged to 6.5%, raising concerns that the Fed may delay or reduce the extent of anticipated rate cuts. Market pricing now sees the Fed rate at 3.4% by year-end, down from 4.1% at the start of the year. Meanwhile, 10Y Treasury yields hovered near 4.17%, and equity markets were volatile but ended higher, supported by tech stocks.

UK – The UK economy continued to stabilize modestly amid global uncertainties. Inflation remained relatively elevated compared to peers, complicating the Bank of England's policy path. Recent data showed resilience in services activity but lingering weakness in manufacturing. Markets were closely watching BoE commentary ahead of the May decision, with policymakers appearing divided. While rate cuts are being discussed for later in the year, persistent inflation risks (especially in services and wages) may delay the first move. Sterling remained firm against the dollar, and UK equities posted marginal losses in April.

EUROZONE – The euro area experienced stagnant growth in April, with composite PMI barely above contraction at 50.1, driven by falling new orders and waning confidence. German GDP outlook was revised down to 0% growth, with the Bundesbank and Economy Ministry warning that US tariffs pose recession risks. Nevertheless, the ECB delivered another rate cut, supported by falling inflation and stable credit conditions. ECB speakers signaled openness to further easing, with the market now pricing the effective interest rate to fall to 1.5% by year-end (from 1.9%). Equities underperformed globally, particularly in export-heavy regions like Germany, though some resilience was seen in banks, utilities, and telecoms. The euro appreciated by 4.7% versus the dollar.

Japan - Japan stood out in April with positive equity market performance (+1.2% Nikkei), partly due to its limited direct exposure to US tariffs and ongoing negotiations with Washington showing progress. The yen strengthened by 4.6% against the US dollar as safe-haven demand rose amid global volatility. Inflation remains low, and the Bank of Japan is maintaining a cautious tone, with no imminent policy changes. Investors continue to monitor the BoJ's approach to normalization, though real yield differentials still favor a loose stance. Japanese equities benefited from their exporter tilt, which gained as China and Korea equities lagged.

China - China's macro outlook worsened in April as the trade war intensified, with the US raising tariffs on a broad array of imports. Deflation risks persisted, especially in industrial sectors, and the Hang Seng index fell -4.3% on weak investor sentiment. The government is reportedly preparing a new fiscal and monetary stimulus plan to counter deflation and support domestic demand. While broader EM equities posted gains, China underperformed sharply, hurt by its exposure to US trade and subdued domestic growth. Export-oriented sectors and the yuan came under pressure.

Source – United Capital WM Research, May, 2025

KEY ECONOMIC DATA

- **The US economy** added 177k jobs in April, but with business and consumer surveys suggesting tariffs and trade policy uncertainty is hurting sentiment. The unemployment rate held steady at 4.2%, but wages were a bit softer than anticipated at +0.2% month-on-month or 3.8% year-on-year versus the 0.3/3.9% consensus. **The ISM employment series, is in contraction territory for both manufacturing and the services sector. This suggests weak numbers in the months ahead.**

- One of the key concerns about the outlook for jobs is that three sectors have contributed to nearly 90% of all the jobs added in the past two years: government, leisure & hospitality, and private education and healthcare services. Government employment is vulnerable to Federal spending cuts, while a cooling economy could see discretionary spending – such as eating out and travel – being trimmed early on, leisure & hospitality could be impacted early.

- **Eurozone** inflation remains very stable at just above 2%. Down from 2.5% in January to 2.2% in April, inflation is on track towards the European Central Bank's target, which justifies a continued careful easing of the monetary policy stance. While Eurozone inflation looks quite steady, the outlook is very uncertain. A reshaping of the global trade order could have significant inflationary effects, while slower growth implications are set to dampen inflation. The April PMI just came in at 50.1, from 50.9 in March, the lowest level in four months. The manufacturing PMI even increased to 48.7, from 48.6 in March, while the services PMI dropped to 49.7, from 51.0 in March. Forward-looking components, however, point to a further weakening of economic activity.

- **Switzerland's inflation dropped to zero in April,** bolstering expectations that the central bank will reduce interest rates further. Imported goods, particularly energy and fuel, drove consumer prices lower amid a strong franc. Another 25 basis-point cut by the Swiss National Bank in June would take the benchmark rate to zero, and the country could return to negative rates.

- **Bank of Japan** kept its policy rate unchanged at 0.5%. The BoJ revised down its GDP and CPI outlook.

- **April saw the smallest monthly change in the S&P 500 in almost two years. It fell by just 0.8% between the start and the end of last month. Ten-year US government bond yields, meanwhile, were down just six basis points.**

Stagflation – Most Likely Scenario...unless tariff situation is resolved soon

- Declining new orders & capex plans – Low GDP growth
- Weak consumer sentiment – Lower consumption, there by low GDP growth
- Prices paid on manufacturing goods on an upward trend – Uptick in Inflation over the next few months
- Supply side constraints – Uptick in Inflation over the next few months.
- FED may not be in a position to cut rates for 3-6 months
- US 10 Year to target 3.50%-3.60% in the short-term, as recession expectations rise.
- S&P 500 to trade in 4500-5700 range over the next 6-9 months.

Source – United Capital WM Research, May, 2025

EXECUTIVE SUMMARY – INVESTMENT IMPLICATIONS

Fixed Income – We expect 10 year yields be capped at 4.60%-4.80% levels and eventually target 3.50%-3.60% on the back of deterioration in US economic data. Credit spreads remain at the tighter end of the range and may expand if recession risks rise further.

Equities – We are cautious on equities and see strong factors for global equity markets to retrace recent gains. Uncertainty on tariffs, volatility in US 10 year and 30 year rates & expected weakness in economic data, could cap the gains.

Currencies & Precious Metals: USD is extremely oversold based on both fundamental and technical investment factors. We expect a retracement in 2-3 months given the USD's continued status as the world's most prominent reserve currency and the wide interest rate differentials against other developed market countries.

- EUR/USD – Remains in overbought territory, expect a correction to 1.0850-1.0950 levels over the next 2-3 months, upside limited to 1.15 levels.
- GBP/USD – Remains in overbought territory, could retrace to 1.2700-1.2800 levels over the next 8-10 weeks, initial target at 1.3050-1.3150.
- USD/JPY – Strong resistance in 145-147 range, to target 140 (2-3 months) and 135 (9-12 months).
- USD/CHF – Target remains in 0.8400-0.8600, support at 0.8050-0.8150 range.

Gold & Silver: Geopolitical risks are declining and there is weak demand for physical gold in the short-term. We see limited upside to 3500, could target 3000-3100 levels in the short term. Silver has strong support in 31-32 range and will trade in the 30-34 range. We recommend holding current positions and accumulating on corrections.

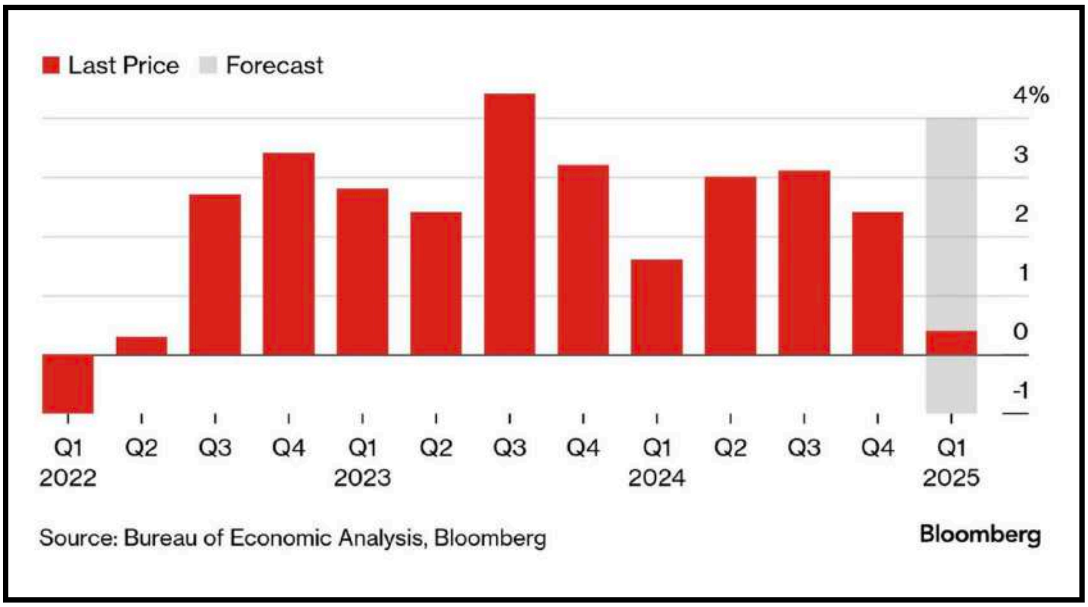
Crude oil: We are cautious on oil. We expect prices to trend lower on the back of reduced global demand and recession fears.

Source – United Capital WM Research, May, 2025

KEY MACRO DATA

US - Q1 GDP LOWER THAN EXPECTED

US Economy Stumbled at Start of the Year
Economists see weakest growth in nearly three years on wider trade gap



US - NEW ORDERS ARE DECLINING

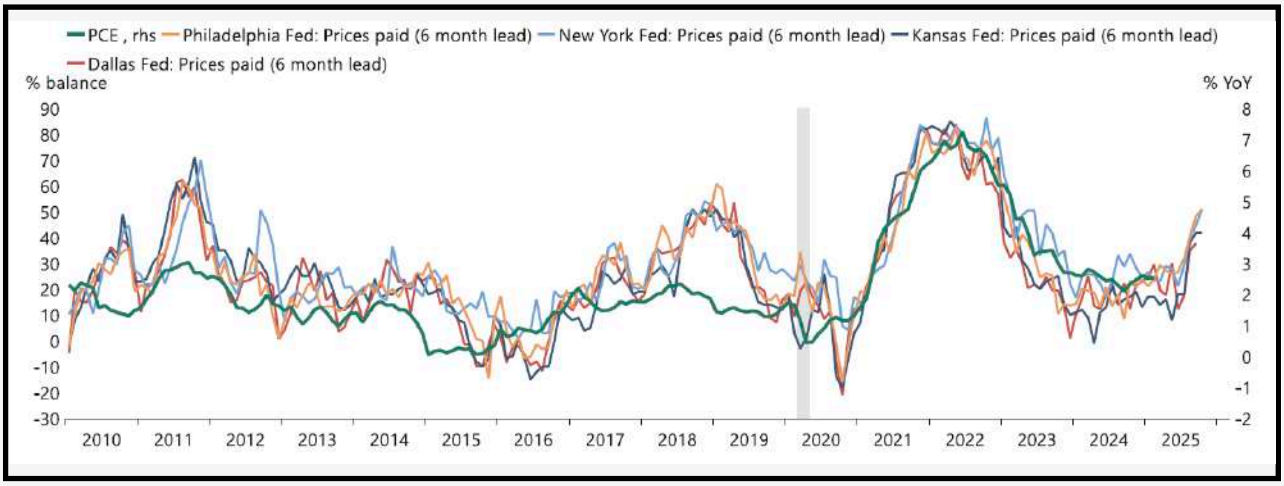
Manufacturing survey: new orders outlook

US CORPORATE CAPEX PLANS ARE REVERSING

US Corporate capex plans

COST PRESSURES - PRICES PAID IS ON AN UPWARD TREND

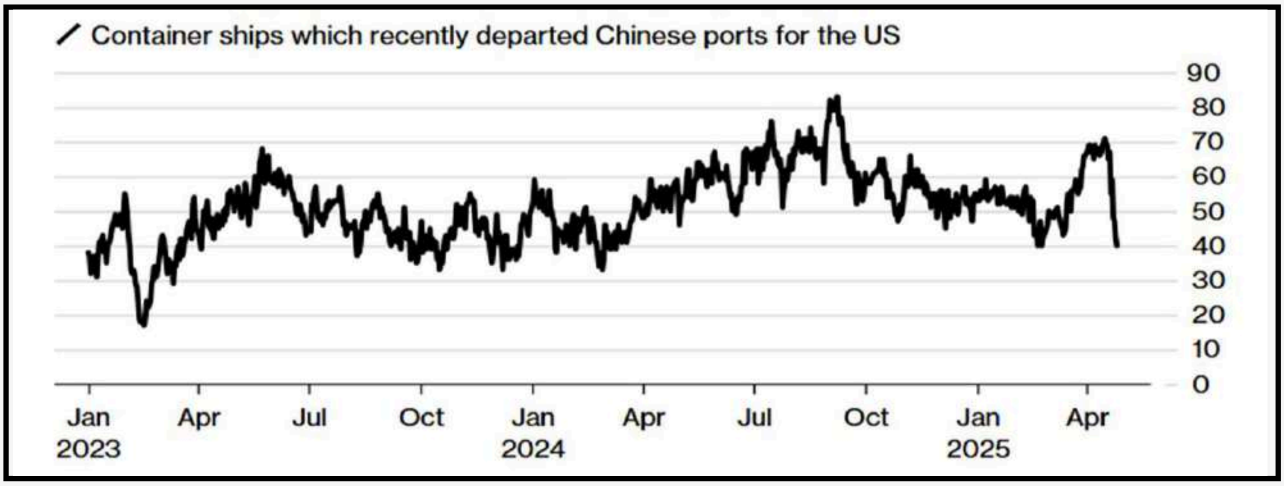
Fed Manufacturing Surveys Prices paid vs PCE



CHINA TO US TRADE – DECLINING SHIP COUNT, SUPPLY SHOCK?

Number of Ships Headed to the US Sinks

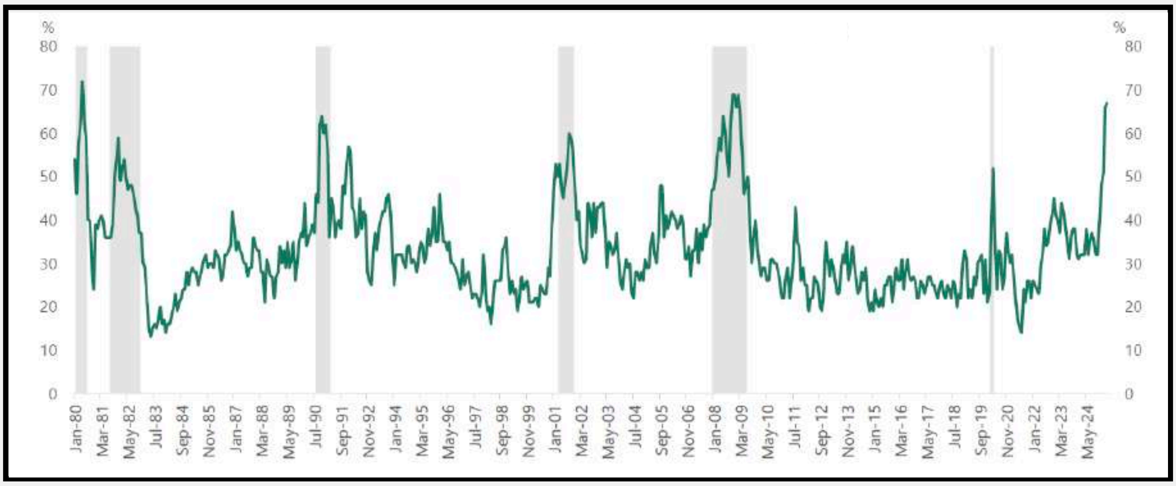
Volume of cargo down about 40% from this year's peak



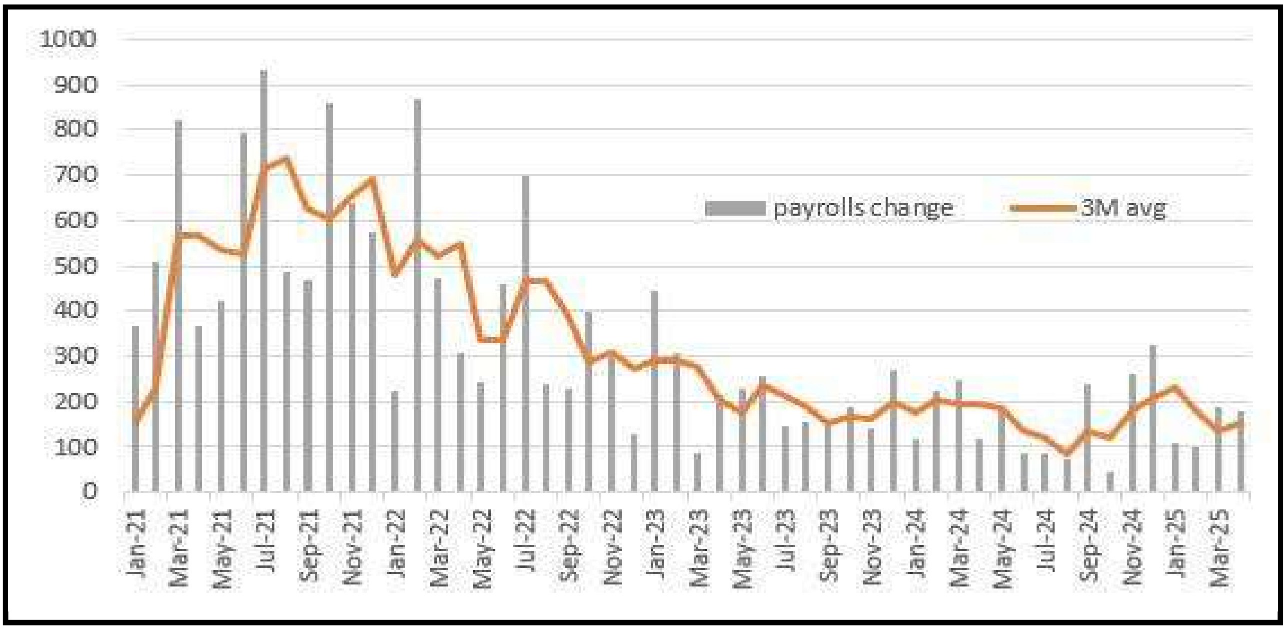
Source: Data compiled by Bloomberg through April 26, 2025
Note: Shows 15-day rolling average of dry cargo vessels leaving China that have reported the US as country of destination

CONSUMERS EXPECT HIGHER UNEMPLOYMENT RATE

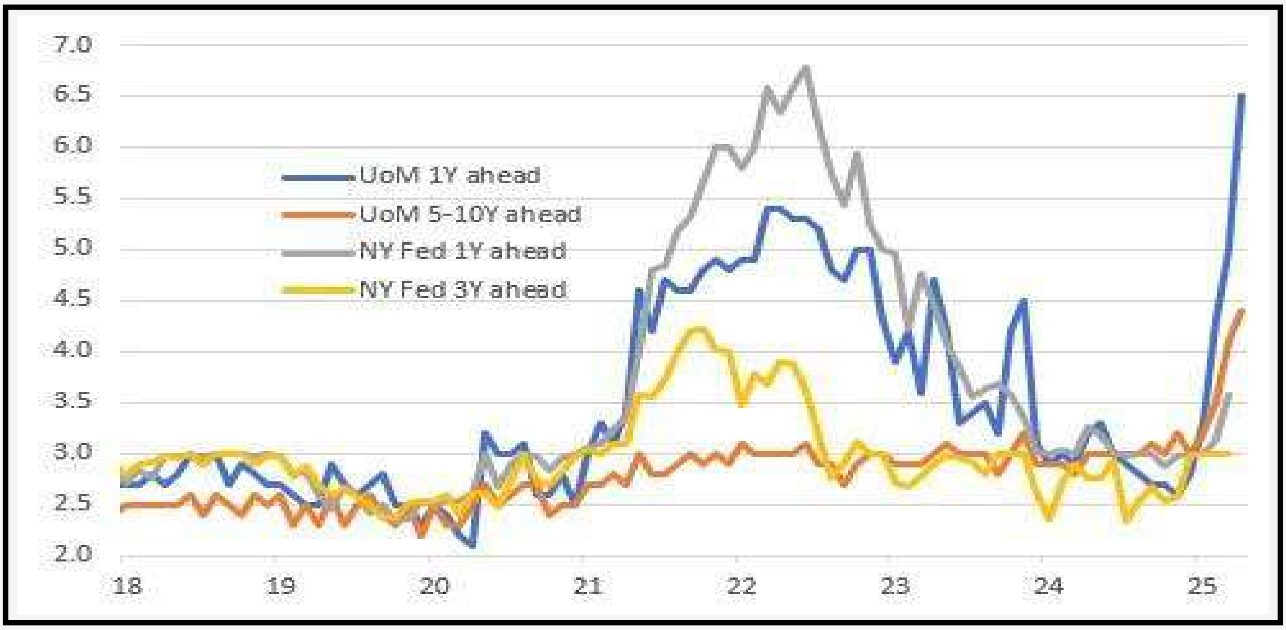
12-Month Economic Expectations: More Unemployment (%)



US NON-FARM PAYROLLS – HOLDS FIRM, 177K JOBS ADDED

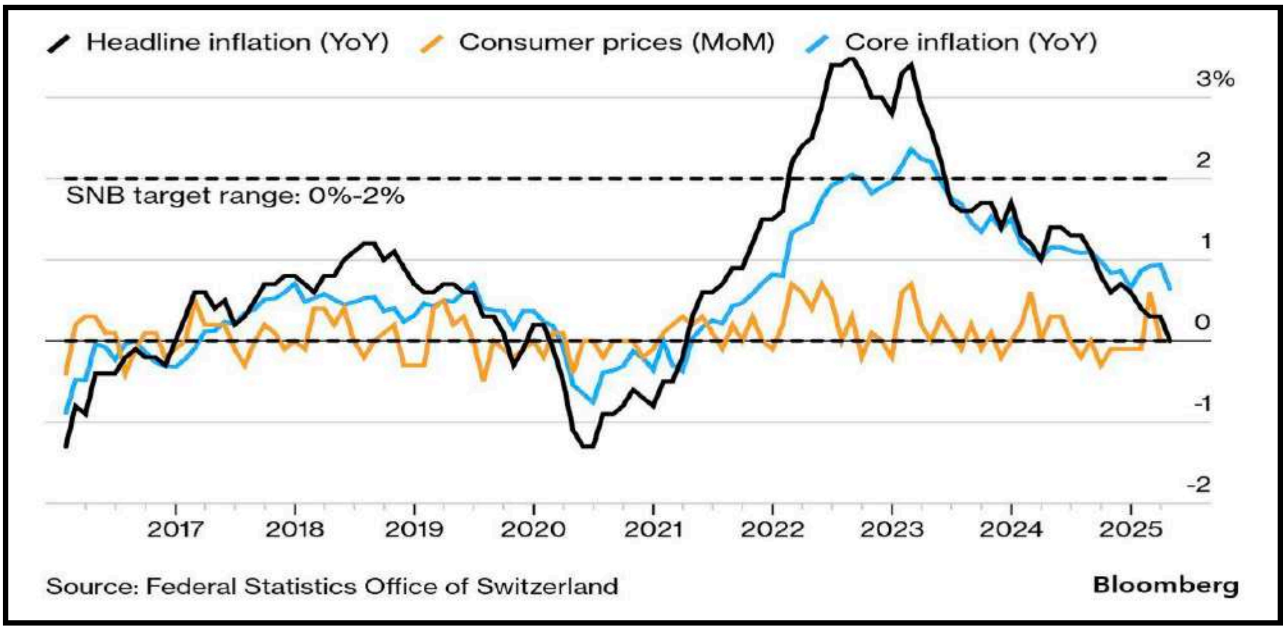


US – HOUSEHOLD INFLATION EXPECTATIONS HAVE SPIKED

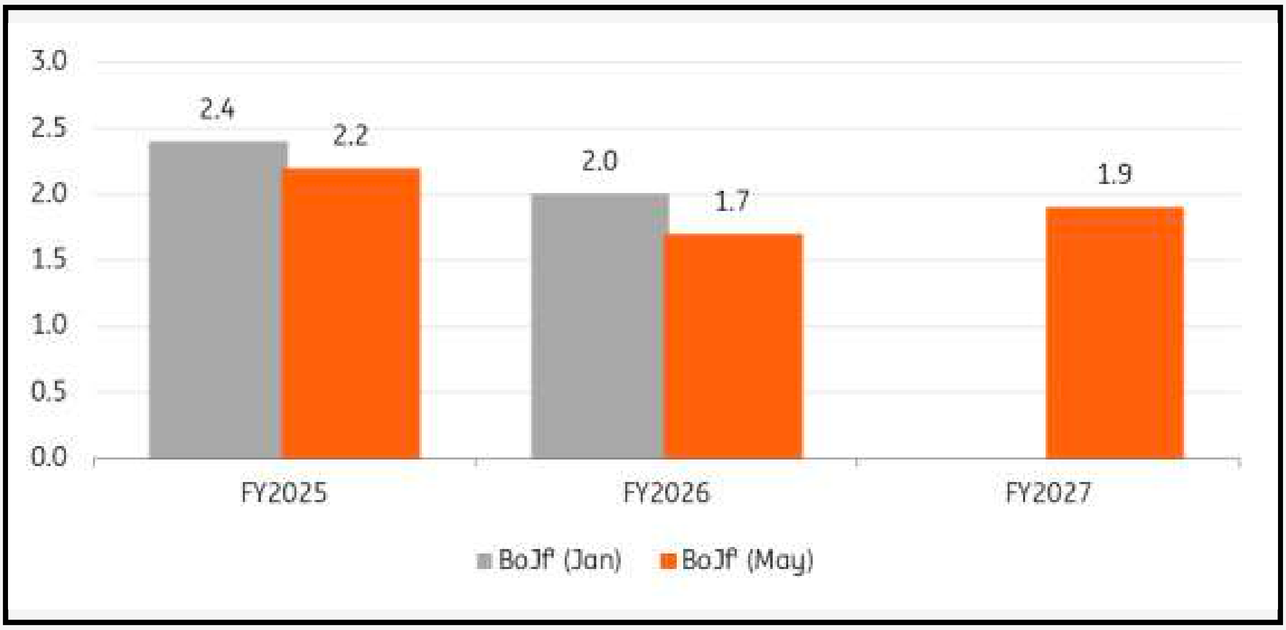


SWISS INFLATION – AT ZERO!

Swiss Inflation Slowed to 0% in April

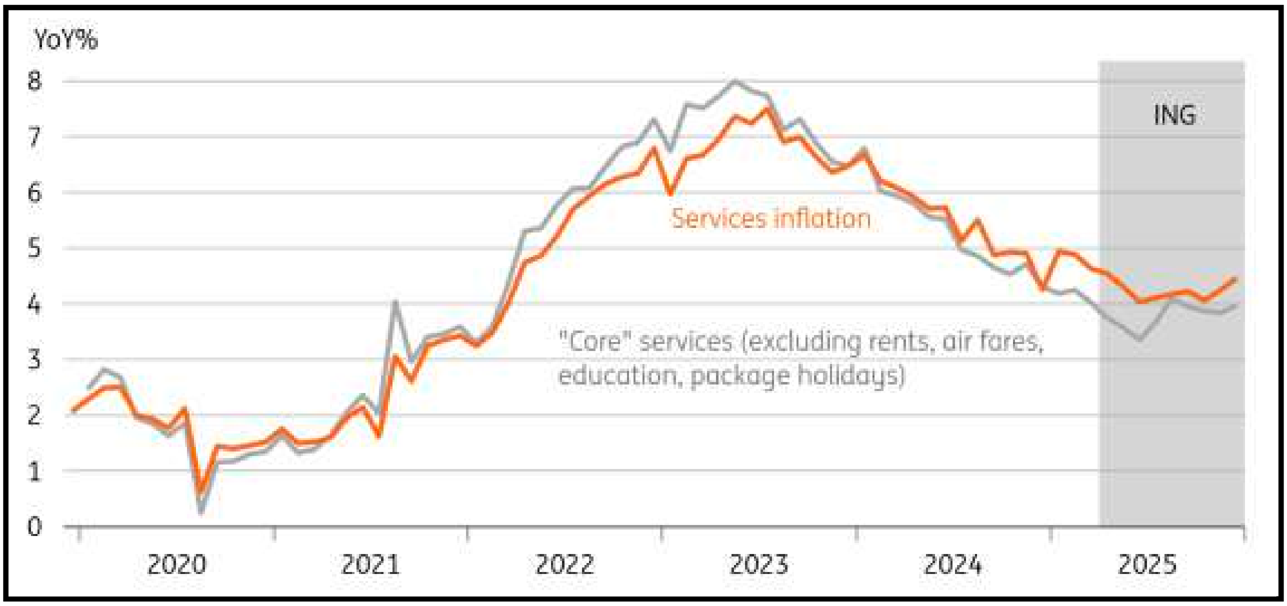


JAPAN – FY25 INFLATION IS EXPECTED TO GROW AT 2.2%



UK – SERVICES INFLATION REMAINS STICKY

UK service inflation measures



Source – Macrobond, May 2025

ANNEXURE

US 10-YEAR – INITIAL TARGET REMAINS AT 3.90%, EVENTUALLY TO TARGET 3.50%-3.60%

- Jobs data to weaken over the next few months. Wage growth is expected to weaken.
- While FED could hold rates at present levels for 2-3 months, it could cut rates in the 2nd half on the back of a weak economy.
- We expect 10-year yields be capped at 4.60%-4.80% levels and eventually target 3.50%-3.60% on the back of deterioration in US economic data.

S&P 500 – SHORT TERM TARGET BETWEEN 5650-5750 ACHIEVED

- S&P 500 to face strong resistance in 5650-5750 range.
- Uncertainty on tariffs, volatility in US 10-year and 30-year rates & expected weakness in economic data, could cap the gains.
- S&P500 could target 4800 levels again unless the news flow improves on tariff front.

Source – Reuters, May 2025

EURO - LIMITED UPSIDE BEYOND 1.15, EXPECT A PULL BACK TO 1.08-1.0950

- EZ PMIs have weakened and tariffs are expected to weaken the service sector as well as manufacturing sector.
- ECB could continue cutting rates in 25 bp tranches through 2025.
- Remains in overbought territory, expect a correction to 1.0850-1.0950 levels over the next 2-3 months, upside limited to 1.15 levels.

GBP – RETRACEMENT TOWARDS 1.3050-1.3150 TO CONTINUE

- Services inflation remains sticky, could decline in the 2nd half.
- Remains overbought on weekly and daily charts.
- GBP could retrace to 1.2700-1.2800 levels over the next 8-10 weeks, initial target at 1.3050-1.3150

Source – Reuters, May 2025

USD/JPY – RETRACED TO 145.9, NOW TRADING AT 143

- Dovish BOJ and downward revisions to GDP could lead to another attempt to test 146 levels
- But Core Inflation remains above 2.5% in Japan.
- Strong resistance in 145-147 range, to target 140 (2-3 months) and 135 (9-12 months)

USDCHF – TARGET REMAINS IN 0.8400-0.8600, SUPPORT AT 0.8050-0.8150 RANGE

- CPI is at Zero, SNB could cut rates by 25bps, could move to negative rates.
- Risk of intervention in spot markets.

GOLD – LIMITED UPSIDE TO 3500, COULD TARGET 3000-3100 LEVELS IN THE SHORT TERM

SILVER – STRONG SUPPORT IN 31-32 RANGE, TO TRADE IN 30-34 RANGE

ASSET CLASS - PERFORMANCE

Asset Class	Instrument	2022	2023	2024	YTD 2025
Fixed Income	Bloomberg US Treasury Index	-12.5%	4.1%	0.6%	2.9%
	Bloomberg Global High Yield	-12.7%	14.0%	9.2%	3.1%
	Bloomberg EM Local Currency Debt	-8.4%	6.9%	1.7%	4.7%
	Bloomberg Global Aggregate - Corporate	-16.7%	9.6%	1.1%	4.5%
Equities	Shanghai A shares	-15.1%	-3.7%	12.7%	0.0%
	Japan Nikkei 225	-9.4%	28.5%	18.9%	-7.4%
	FTSE 100	0.9%	3.8%	5.7%	5.0%
	Euro zone STOXX	-11.7%	19.2%	8.3%	7.5%
	S&P 500	-19.4%	24.2%	23.3%	-4.3%
	Dow Jones Industrial Average	-8.8%	13.7%	12.9%	-3.4%
	Nasdaq 100	-33.0%	53.8%	24.9%	-5.4%
	MSCI Frontier Markets	-29.0%	7.3%	5.1%	6.3%
	MSCI Emerging Markets	-22.4%	7.0%	5.1%	5.8%
	MSCI Developed Markets	-19.5%	21.8%	17.0%	-0.3%
	MSCI All-Country	-19.8%	20.1%	15.7%	0.3%
Volatility	Volatility index S&P500	25.8%	-42.5%	39.4%	35.7%
	Volatility index Nasdaq	30.2%	-41.3%	23.0%	33.0%
	Volatility index Eurostoxx 50	8.4%	-35.3%	25.8%	27.4%

Asset Class	Instrument	2022	2023	2024	YTD 2025
MSCI world sectors	MSCI World Index	-19.5%	21.8%	17.0%	-0.3%
	Utilities	-7.0%	-2.5%	10.0%	11.8%
	Energy	41.1%	-0.7%	-0.4%	-2.9%
	Consumer Staples	-8.0%	0.1%	3.5%	9.2%
	Real Estate	-28.0%	3.4%	-3.6%	2.6%
	Materials Sector	-13.7%	11.7%	-7.5%	4.8%
	Health Care	-6.6%	2.4%	-0.1%	-0.3%
	Industrials	-14.6%	21.2%	11.7%	6.8%
	Financials	-12.4%	13.1%	23.8%	7.4%
	Communication Services	-37.6%	44.0%	32.6%	-1.3%
	Information Technology	-31.3%	52.3%	32.2%	-7.8%
	Consumer Discretionary	-34.0%	33.6%	20.4%	-8.7%

Source – Bloomberg, May 2025

ASSET CLASS - PERFORMANCE

Asset Class	Instrument	2022	2023	2024	YTD 2025
Commodities	Natural Gas	20.0%	-43.8%	44.5%	0.3%
	Brent Crude oil	10.5%	-10.3%	-3.1%	-17.9%
	Nickel	43.2%	-45.0%	-7.9%	1.6%
	Copper	-14.6%	2.1%	3.5%	15.0%
	Silver	2.8%	-0.7%	21.5%	11.8%
	Gold	-0.3%	13.1%	27.2%	27.1%
	Platinum	10.9%	-7.7%	-8.5%	7.6%
	Palladium	-5.9%	-38.6%	-17.1%	5.7%
	Coffee	-26.0%	12.6%	69.8%	23.9%
	Bloomberg Commodity Index	13.8%	-12.6%	0.1%	2.5%
Currencies	Japanese Yen vs. U.S. Dollar	-13.9%	-7.6%	-11.5%	8.8%
	Swiss Franc vs. U.S. Dollar	-1.3%	9.0%	-7.8%	9.6%
	Australian Dollar vs U.S. Dollar	-6.2%	0.0%	-9.2%	3.6%
	New Zealand Dollar vs U.S. Dollar	-7.0%	-0.5%	-11.5%	5.8%
	Canadian Dollar vs U.S. Dollar	-7.3%	2.3%	-8.6%	3.6%
	Euro vs U.S. Dollar	-5.8%	3.1%	-6.2%	9.0%
	GBP vs. U.S.Dollar	-10.7%	5.4%	-1.7%	6.1%
	Dollar index	8.2%	-2.1%	7.1%	-7.7%

Source – Bloomberg, May 2025

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