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## Equity – Global Equities fell

- Global equities underperformed in August. This coincided with rise in the measures of implied volatility across global equity markets, as major central banks continued their hawkish monetary policy stance to tame high inflation. Risks of rate hikes seemed to have raised recession fears and dented investors' confidence, as the US 10-year treasury yield again moved above 3%. S&P500 and Nasdaq decreased 4.24% and 4.64%, respectively. MSCI EU decreased 5.16% while MSCI EM increased 0.03%. On the other hand, China equity index remained under pressure and continued its downward trend. CSI300 and ChiNext Index fell 2.19% and 4.4%, respectively. HSI and HSCEI fell 1% and 0.3%, respectively.
- China's August NBS manufacturing PMI index rose to 49.4 from 49.0 and the new orders PMI rose 0.7 to 49.2, indicating that the manufacturing boom has rebounded but still in the contractionary zone. The basis of economic recovery is not solid, the market demand is insufficient and the small-medium sized companies are under pressure. The non-manufacturing PMI fell 1.2 to 52.6 due to factors such as the spread of the pandemic and the restriction of power supply due to the worst drought in decade. Overall, the economy continues to face the problem of insufficient market demand and the economic recovery momentum is weak.

Index	Settle	Net Change (+/-%)		Valuation (2022)	
		MoM	YTD	PE	PB
DJIA	31,510.43	-4.06%	-13.29%	16.78	4.03
S&P 500	3,955.00	-4.24%	-17.02%	17.45	3.74
Nasdaq	11,816.20	-4.64%	-24.47%	26.02	4.68
Nikkei	28,091.53	1.04%	-2.43%	15.55	1.63
FTSE100	7,284.15	-1.88%	-1.36%	9.20	1.54
CAC40	6,125.10	-5.02%	-14.37%	9.87	1.50
DAX	12,834.96	-4.81%	-19.20%	10.57	1.38
SHCOMP	3,202.14	-1.57%	-12.02%	11.18	1.31
CSI300	4,078.84	-2.19%	-17.44%	13.20	1.73
ChiNext	2,900.43	-4.40%	-20.95%	30.49	4.66
HSI	19,954.39	-1.00%	-14.72%	10.42	1.09
HSCEI	6,865.12	-0.30%	-16.65%	8.89	1.04
TWSE	15,095.44	0.64%	-17.14%	10.49	1.93
KOSPI	2,472.05	0.84%	-16.98%	10.39	0.97
JCI	7,178.59	3.27%	9.07%	16.02	2.14

Source: Bloomberg

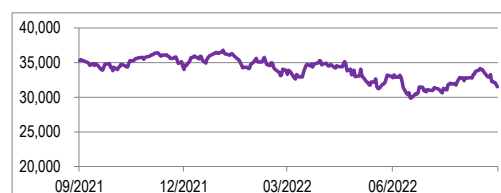


Fig. 1 One year performance of Dow Jones Index

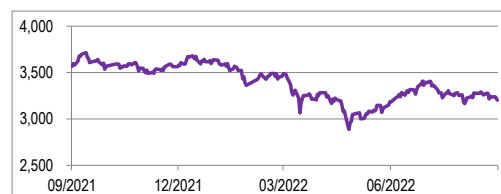


Fig. 2 One year performance of Shanghai Composite

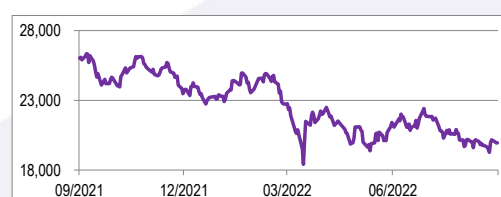


Fig. 3 One year performance of Hang Seng Index

## Fixed Income – Developed Markets yields rose

- In August, DM central banks continued their hawkish narrative, typified by the Jackson Hole conference in the US. Jerome Powell reinforced the hawkish stance seen from the Fed in recent months by stating that interest rates are heading higher and will remain there “for some time”. Amid cooling recessionary fears, he also reiterated that the 2% inflation target is their “overarching focus right now”. Finally, the US 10-yr Treasury Yield ended the month by increasing 54bp to 3.19%.
- Across the rest of DM, Gilts performed poorly after the Bank of England hiked 50bp in its August meeting and forecast peak inflation in October to reach 13.3% alongside a recession where the UK economy shrinks 2.1% over the next five quarters. The introduction of QT in September provides further uncertainty. 10Y Gilt yield increased 94bp to 2.80%. Bund-BTP 10Y spreads rose 24bp driven by increasing BTP yields as the market reacts to political uncertainty ahead of the Italian election on 25 September. Finally, Euro 10-yr Government yield increased 72bp to 1.54%.

Bonds	High	Low	Settle	Net Change (bp)	
				MoM	YTD
US 10-yr Treasury Yield	3.19%	2.57%	3.19%	54	168
US 30-yr Treasury Yield	3.31%	2.91%	3.29%	28	139
Euro 10-yr Govt Yield	1.54%	0.78%	1.54%	72	172
Japan 10-yr Govt Yield	0.25%	0.17%	0.23%	4	16
China 10-yr Govt Yield	2.75%	2.62%	2.64%	-12	-14

Source: Bloomberg

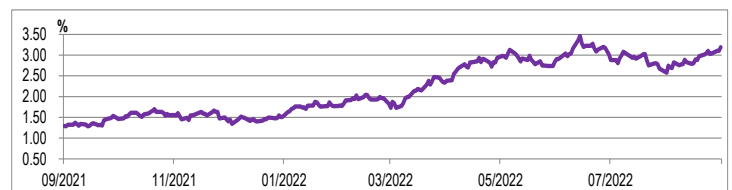


Fig. 4 One year performance of US 10-yr Treasury Yield

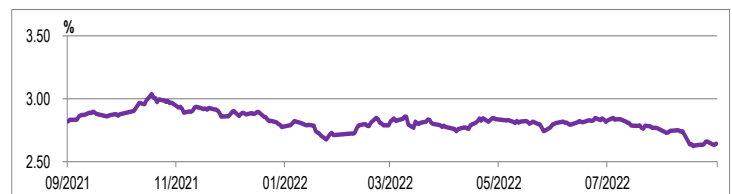


Fig. 5 One year performance of China 10-yr Treasury Yield

## Commodities – Oil prices and gold prices fell

Commodities	High	Low	Settle	Net Change (+/-%)	
				MoM	YTD
WTI Oil (bbl)	97.01	86.53	89.55	-9.20%	19.07%
Brent Oil (bbl)	105.09	92.34	96.49	-12.29%	24.06%
Gold Spot (oz)	1,802.40	1,711.04	1,711.04	-3.11%	-6.46%
CMX Silver (oz)	20.89	17.88	17.88	-12.10%	-24.02%
CMX Copper (lb)	371.65	347.65	351.85	-1.73%	-20.21%
LME Zinc (mt)	3,782.25	3,389.00	3,531.50	3.49%	-1.63%
LME Aluminum (mt)	2,524.45	2,369.25	2,369.25	-5.39%	-15.56%

Source: Bloomberg

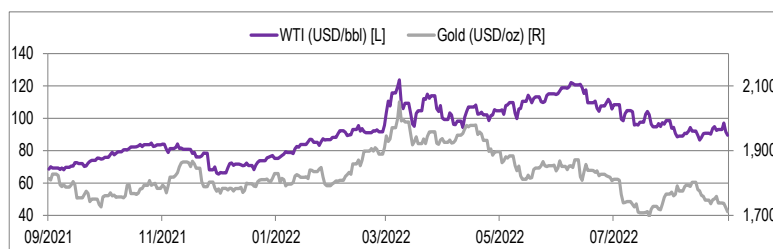


Fig. 6 One year performance of Oil and Gold Price

Oil price fell in August as signs of slowing manufacturing activity globally, expectations of nuclear deal with Iran, and hawkish comments from Fed officials drove fears of a fall in oil demand. Lower than expected manufacturing PMIs from China, Europe and the US caused a sharp decline in oil prices at the beginning of the month. The PBoC's rate cuts after worse than expected China economic data in July put pressure on oil, which fell to the lowest level since late February. Finally, oil price fell by 12.29% to US\$96.49/bbl at the end of the month.

- Geopolitics appeared back on the radar for gold at the beginning of the month, with US Speaker Pelosi's visit to Taiwan positively impacting bullion in the first half of the month. However, this support faded as several Fed officials cited their commitment to quelling inflation. Bullion was hit by higher US Treasury yields and a stronger USD in the second half of August. Finally, gold price closed at 1711.04/oz, decreased 3.11% MoM.

## FX – USD continued to strengthen

- The DXY was higher in August, appreciating against all its G10 peers after touching its lowest level since 30 June in the middle of the month. The initial depreciation was caused by increased expectations for a dovish “Fed pivot” and a lower than expected inflation reading that helped build this narrative. However, the greenback bounced back in the second half of August supported by a broad “risk-off” sentiment, weakening global economic data, and hawkish comments from Fed members. The DXY finally increased 2.64% in August.
- The EUR fell against USD as deterioration in Eurozone economic data and higher energy prices raised the probability of a stagflationary environment in the coming months. Lower than expected PMIs services in France and Germany confirmed growth risks and sent EUR-USD below parity for the first time since mid-July. Finally, the EUR-USD fell 1.62%. In UK, GBP was negatively impacted after the BoE revised GDP growth forecasts downward and suggested it could be less inclined to hike rates in the coming month in this environment. Finally, GBP fell 4.51% against the USD in August.

FX	High	Low	Settle	Net Change (+/-%)	
				MoM	YTD
DXY	109.05	105.09	108.70	2.64%	13.62%
EUR / USD	1.032	0.994	1.005	-1.62%	-11.57%
USD / CNH	6.924	6.723	6.907	2.33%	8.65%
USD / JPY	139.0	131.6	139.0	4.27%	20.75%
GBP / USD	1.225	1.162	1.162	-4.51%	-14.11%
USD / CAD	1.313	1.276	1.313	2.62%	3.90%
AUD / USD	0.712	0.684	0.684	-2.05%	-5.80%
USD / CHF	0.978	0.942	0.978	2.64%	7.08%

Source: Bloomberg

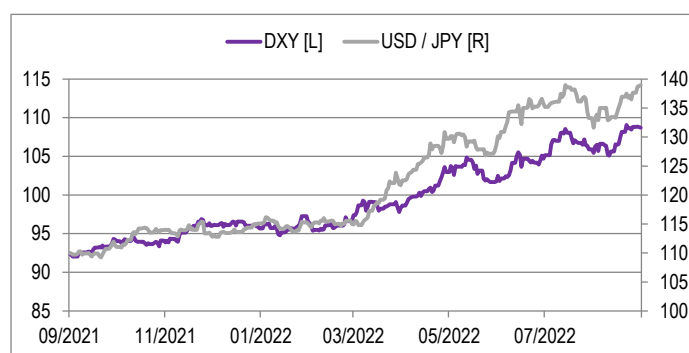


Fig. 7 One year performance of DXY and JPY

## Economic Calendar (September 2022)

Monday	Tuesday	Wednesday	Thursday	Friday
			1	2 Markit US Manufacturing PMI ISM Manufacturing
5	6 Factory Orders Durable Goods Orders	7 MBA Mortgage Applications	8 Trade Balance Initial Jobless Claims	9 Change in Nonfarm Payrolls Unemployment Rate
12	13	14 MBA Mortgage Applications CPI MoM N/A	15 PPI Final Demand MoM Initial Jobless Claims	16 Empire Manufacturing Retail Sales Advance MoM Industrial Production MoM U. of Mich. Sentiment
19	20 Housing Starts	21 MBA Mortgage Applications Existing Home Sales	22 Initial Jobless Claims Leading Index	23 Markit US Manufacturing PMI
26	27 Conf. Board Consumer Confidence New Home Sales	28 MBA Mortgage Applications Durable Goods Orders	29 FOMC Rate Decision GDP Annualized QoQ Initial Jobless Claims	30 Personal Income Personal Spending Chicago Purchasing Manager U. of Mich. Sentiment

Source: Bloomberg