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## Equity – Global stocks drop as risk-off sentiment increased

- Global equities continued to fall in February as FTSE All World Index fell 2.6%. Global equities fell in the final week of the month, when a sharp increase in geopolitical tension in Eastern Europe took center stage across global markets. Developed markets continued to slump with Europe ex-UK (down 4.3%) and North America (down 2.9%). S&P500 and Nasdaq down 3.14% and 3.43% respectively. MSCI EU decreased 3.15%. Within EM, the FTSE Asia-Pacific index (up 0.2%), and showed signs of revival in February as there were under pressure for most of last year. Meanwhile, series of sanctions from various countries drove investors away from Russian Equities and the market index was down sharply by 48.1% in February. MSCI EM decreased 3.06%. China CSI300 and Chiext up 0.39% and 1.39%. HSI and HSCEI down 4.58% and 3.90% respectively.
- China's February NBS manufacturing PMI index continued to be the expansionary zone and increased 0.1 to 50.2. Manufacturing production grew at a slow pace, largely due to the impact of week-long Chinese New Year Holiday. Inflation remained high especially energy prices due to rising geopolitical tensions in Eastern Europe. As for the new order index, it increased 1.4 to 50.7 and jumped back up into the expansionary zone after six months of consecutive contraction due to revival in domestic market. As for the new export orders, it saw an increase of 0.6 to 49.0. The non-manufacturing PMI increased further and rose 0.5 to 51.6, the momentum came mainly from the construction sector. An evident increase was seen in civil engineering construction activity, signaling a pickup of infrastructure investment in the near term.

Index	Settle	Net Change (+/-%)		Valuation (2022)	
		MoM	YTD	PE	PB
DJIA	33,892.60	-3.53%	-6.73%	17.82	4.26
S&P 500	4,373.94	-3.14%	-8.23%	19.60	4.02
Nasdaq	13,751.40	-3.43%	-12.10%	27.84	5.42
Nikkei	26,526.82	-1.76%	-7.87%	16.20	1.71
FTSE100	7,458.25	-0.08%	1.00%	11.82	1.73
CAC40	6,658.83	-4.86%	-6.91%	13.13	1.69
DAX	14,461.02	-6.53%	-8.96%	12.91	1.64
SHCOMP	3,462.31	3.00%	-4.88%	11.23	1.38
CSI300	4,581.65	0.39%	-7.26%	13.61	1.88
ChiNext	3,261.22	1.39%	-11.11%	31.28	5.23
HSI	22,713.02	-4.58%	-2.93%	10.67	1.11
HSCEI	8,023.93	-3.90%	-2.58%	8.62	1.04
TWSE	17,652.18	-0.13%	-3.11%	13.04	2.23
KOSPI	2,699.18	1.35%	-9.35%	10.81	1.04
JCI	6,888.17	3.88%	4.66%	16.41	2.19

Source: Bloomberg

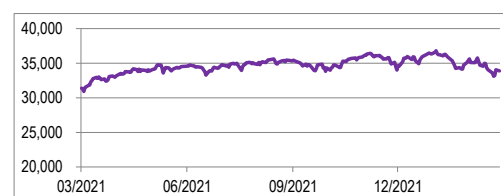


Fig. 1 One year performance of Dow Jones Index

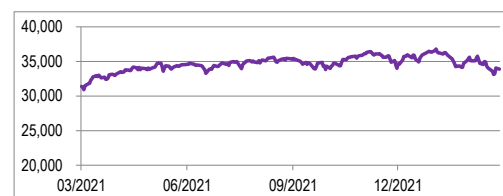


Fig. 2 One year performance of Shanghai Composite

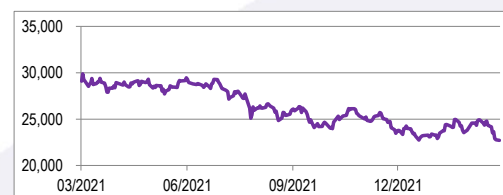


Fig. 3 One year performance of Hang Seng Index

## Fixed Income – DM and EM yield curves followed divergent trends

- US 10-yr Treasury yields rose in the first half of February as the US swap market began to price in a greater chance the Fed would hike rates by 50bp in March. January's US CPI of 7.5% YoY and hawkish remarks from Fed officials further fueled the rise. However, the increase was partially offset by 'safe haven' flows due to escalating geopolitical tensions in the latter half of the month. Consequently, the 2-10-yr yield slope continued to flatten. Finally, the US 10-yr Treasury yield finally increased 5 basis point and closed at 1.83% in February.
- Similar pattern was seen in other DM markets. The 'safe haven' flows was also apparent in Eurozone, with the 10-yr Bund yield trading in range before falling to 0.13% in the second half of the month. Conversely, yields in some emerging markets began on a downward trend in the first half of February before rising from 21 February onwards. Most notably, yields on South African, Polish and Czech 10-yr bonds rose by 30, 24 and 14bps respectively. In APAC and LatAm, markets followed similar pattern, with the 10-yr Brazilian and Mexican bonds rising by 31 and 25 bps respectively.

Bonds	High	Low	Settle	Net Change (bp)	
				MoM	YTD
US 10-yr Treasury Yield	2.04%	1.78%	1.83%	5	31
US 30-yr Treasury Yield	2.36%	2.11%	2.16%	5	26
Euro 10-yr Govt Yield	0.31%	0.01%	0.14%	12	31
Japan 10-yr Govt Yield	0.23%	0.18%	0.19%	1	12
China 10-yr Govt Yield	2.85%	2.72%	2.79%	8	1

Source: Bloomberg

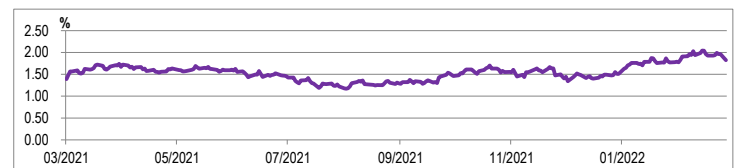


Fig. 4 One year performance of US 10-yr Treasury Yield

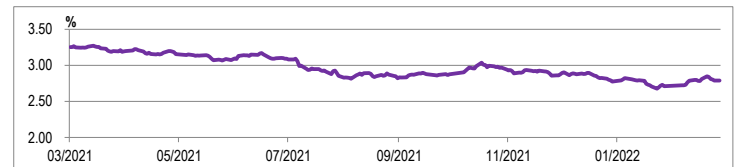


Fig. 5 One year performance of China 10-yr Treasury Yield

## Commodities – Oil and Gold prices at lofty highs

Commodities	High	Low	Settle	Net Change (+/-%)	
				MoM	YTD
WTI Oil (bbl)	95.72	88.15	95.72	8.59%	27.27%
Brent Oil (bbl)	100.99	89.16	100.99	10.72%	29.84%
Gold Spot (oz)	1,909.01	1,797.17	1,908.99	6.22%	4.36%
CMX Silver (oz)	24.71	22.42	24.37	8.62%	4.21%
CMX Copper (lb)	465.70	432.65	445.45	2.96%	0.02%
LME Zinc (mt)	3,706.75	3,573.00	3,687.75	2.27%	2.72%
LME Aluminum (mt)	3,435.00	3,004.35	3,388.00	11.10%	20.74%

Source: Bloomberg

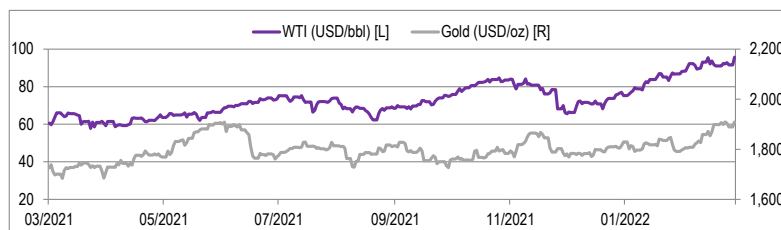


Fig. 6 One year performance of Oil and Gold Price

Oil prices continued to vault in February, higher to levels last seen in 2014 as Russia-Ukraine tensions heightened fears of tighter supply and a robust demand outlook. Oil prices began the month by edging down as new OPEC supply increases hit markets. However on 24 February, oil prices jumped as much as to a peak of US\$105.79/bbl after Russia's invasion of Ukraine sparked concern about Europe's already fragile energy security. But some gains were pared after Biden reassured markets that the US would work with other nations on a coordinated release of strategic reserves. Finally Brent prices recovered and finally rose by 10.72% to US\$100.99/bbl at the end of the month.

Similarly, gold prices soared in February due to the rising geopolitical risks. Gold prices rose steadily in the beginning of the month due to broad USD weakness. Gold prices further jumped after January US CPI was higher than expected. Gold prices climbed higher when the market was rattled after US Security Adviser Sullivan warned of a 'major military action very soon' from Russia. Russia's invasion of Ukraine on 24 February sent market into panic and fueled gold prices climb to an 8-year high. Gold prices finally closed at 1908.99/oz, increased by 6.22% MoM.

## FX – The DXY index rose slightly amid increasing risk-off sentiment

- The DXY Index rose slightly in February. The DXY started the month edging down after January data showed US private jobs dropped by 301k, the most since April 2020. The DXY remained within the 95.5 to 96.5 range during the middle of February, fluctuating in tandem with risk appetite on the news surrounding Russia's build-up troops near Ukraine's border. A dash for safe havens was seen on 24 February, as DXY catapulted to a peak of 97.735 after the invasion prompted a global sell-off of risk assets. It further rallied after Western nations cut off selected Russian banks from the SWIFT network. The DXY finally increased 0.17% to 96.7 in February.
- The EUR slipped in February in general. EUR once rallied on 10 February amid broad USD weakness post US CPI. However, the EUR's gains were later wiped out as geopolitical tensions weighed on the currency. The EUR against the dollar eventually dropped 0.14% to 1.12 in February. Similarly, the GBP slipped in February. The GBP once climbed alongside FTSE 100 ahead of BoE meeting. Thereafter, GBP against USD barely kept at above 1.35 level as geopolitical tensions continued to rise. GBP plummeted after the Russian invasion and struggled to recover as economic uncertainty weighed on the BoE's tightening outlook. The GBP against the dollar finally dropped 0.20% to 1.34 in February.

FX	High	Low	Settle	Net Change (+/-%)	
				MoM	YTD
DXY	97.14	95.38	96.71	0.17%	1.08%
EUR / USD	1.145	1.119	1.122	-0.14%	-1.33%
USD / CNH	6.371	6.312	6.314	-0.89%	-0.68%
USD / JPY	116.0	114.5	115.0	-0.10%	-0.07%
GBP / USD	1.362	1.338	1.342	-0.20%	-0.83%
USD / CAD	1.282	1.267	1.268	-0.26%	0.30%
AUD / USD	0.726	0.707	0.726	2.77%	0.00%
USD / CHF	0.927	0.916	0.917	-1.12%	0.43%

Source: Bloomberg

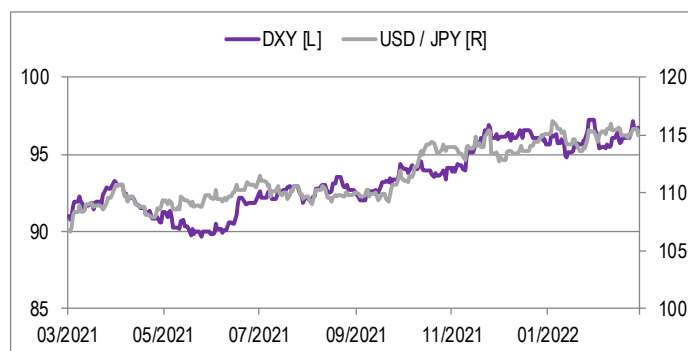


Fig. 7 One year performance of DXY and JPY

## Economic Calendar (March 2022)

Monday	Tuesday	Wednesday	Thursday	Friday
	1 Markit US Manufacturing PMI Construction Spending MoM ISM Manufacturing	2 MBA Mortgage Applications	3 ADP Employment Change Initial Jobless Claims	4 Change in Nonfarm Payrolls Unemployment Rate Durable Goods Orders Factory Orders
7	8 Trade Balance	9 MBA Mortgage Applications Wholesale Inventories MoM	10 CPI MoM Initial Jobless Claims	11 U. of Mich. Sentiment
14	15 Retail Sales Advance MoM PPI Final Demand MoM Empire Manufacturing Industrial Production MoM	16 MBA Mortgage Applications Housing Starts	17 FOMC Rate Decision Initial Jobless Claims Leading Index	18
21	22 Existing Home Sales	23 MBA Mortgage Applications Markit US Manufacturing PMI New Home Sales	24 Durable Goods Orders Wholesale Inventories MoM Initial Jobless Claims GDP Annualized QoQ	25 Personal Income Personal Spending U. of Mich. Sentiment
28	29 Conf. Board Consumer Confidence	30 MBA Mortgage Applications ADP Employment Change Chicago Purchasing Manager	31	

Source: Bloomberg