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## Equity – Global equities fell due to risk-off sentiment spiked

- Global equities fell in June after staying flat in May. Risk-off sentiment spiked in June, as inflation readings across major markets continue to surprise on the upside, prompting central banks to accelerate the pace of policy rate hikes. Amid risks of slowing global economic growth and outright recession, measures of volatility rose sharply last month. Consequently, global equities posted a steep decline of 7.3% in June. S&P500 and Nasdaq dropped 8.39% and 8.71%, respectively. MSCI EU and MSCI EM dropped 7.15% and 7.85%, respectively. On the other hand, China outperformed on the back of easing COVID-19 restrictions and were also boosted by infrastructure-led growth by the government. China CSI300 and ChiNext Index rose 9.62% and 14.6% respectively. HSI and HSCEI were up 2.08% and 3.37%, respectively.
- China's June NBS manufacturing PMI index picked up to expansion territory to 50.2 from 49.6. A broad-based improvement was seen in the manufacturing sector, but the supply side improvement seemed more significant. The new orders PMI rose 2.2 to 50.4, indicating only a slight expansion on the demand side, especially if we consider that included the release of previous months' pent-up demand. New export orders rose 3.3 to 49.5, which still stayed in the contractionary zone though at a more moderate pace. The non-manufacturing PMI increased 6.9 to 54.7 due to the expansion of activity including transportation, catering and entertainment. Overall, there was a broad-based improvement in the PMI indices, but headwinds remain with uncertainty around future pandemic developments and softening global demand under elevated inflationary pressure and tightening monetary policies.

Index	Settle	Net Change (+/-%)		Valuation (2022)	
		MoM	YTD	PE	PB
DJIA	30,775.43	-6.71%	-15.31%	16.18	3.91
S&P 500	3,785.38	-8.39%	-20.58%	16.63	3.51
Nasdaq	11,028.74	-8.71%	-29.51%	23.40	4.58
Nikkei	26,393.04	-3.25%	-8.33%	14.76	1.54
FTSE100	7,169.28	-5.76%	-2.92%	9.92	1.58
CAC40	5,922.86	-8.44%	-17.20%	10.42	1.47
DAX	12,783.77	-11.15%	-19.52%	10.45	1.37
SHCOMP	3,398.62	6.66%	-6.63%	11.74	1.38
CSI300	4,485.01	9.62%	-9.22%	14.45	1.89
ChiNext	3,085.44	14.60%	-15.91%	32.86	5.23
HSI	21,859.79	2.08%	-6.57%	11.26	1.16
HSCEI	7,666.88	3.37%	-6.91%	9.33	1.10
TWSE	14,825.73	-11.79%	-18.62%	10.22	1.85
KOSPI	2,332.64	-13.15%	-21.66%	9.47	0.90
JCI	6,911.58	-3.32%	5.02%	15.52	2.04

Source: Bloomberg

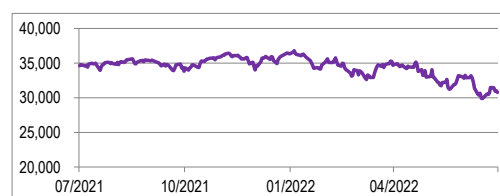


Fig. 1 One year performance of Dow Jones Index

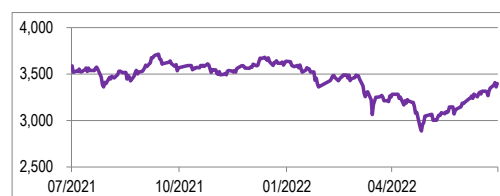


Fig. 2 One year performance of Shanghai Composite

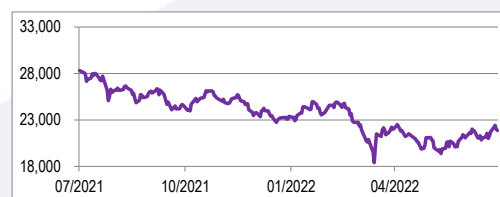


Fig. 3 One year performance of Hang Seng Index

## Fixed Income – US 10Y Treasury yield rose due to the Fed hiked the fund rate 75bp

- The US 2Y yield rose by 87bp to peak at 3.43% during a month in which the Federal Reserve hiked the fund rates by 75bp for the first time since 1994. Although the yield peaked on 14 June, it still finished the month 40bp higher. The US 10Y yield also followed a similar pattern, although the rise in the 2Y yield was far greater. Finally, the US 10-yr Treasury Yield ended the month by increasing 17bp to 3.01%.
- Gilt yields followed a similar pattern to the US, with the 2Y gilt yield rising faster than the 10Y gilt yield. Finally, 10Y Gilt Yield rose 13bp to 2.23% at the end of the month. In Japan, the BoJ doubled down on its YCC program, buying a record USD80.7bn of Japanese Government Bonds in the week of 13-19 June to cap the 10Y yield at 0.25. Finally, 10Y JGB yield ended June by decreasing 1bp MoM to 0.23%.

Bonds	High	Low	Settle	Net Change (bp)	
				MoM	YTD
US 10-yr Treasury Yield	3.47%	2.84%	3.01%	17	150
US 30-yr Treasury Yield	3.42%	3.05%	3.18%	14	128
Euro 10-yr Govt Yield	1.77%	1.12%	1.34%	21	151
Japan 10-yr Govt Yield	0.26%	0.23%	0.23%	-1	16
China 10-yr Govt Yield	2.85%	2.79%	2.82%	2	4

Source: Bloomberg

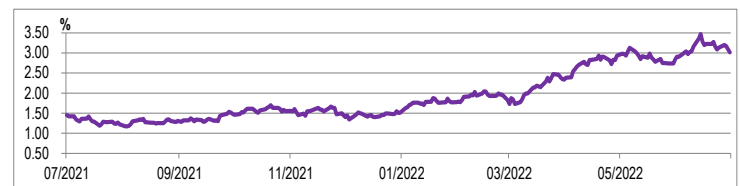


Fig. 4 One year performance of US 10-yr Treasury Yield

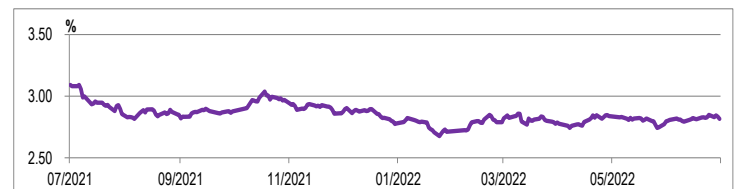


Fig. 5 One year performance of China 10-yr Treasury Yield

## Commodities – Oil prices and gold prices fell

Commodities	High	Low	Settle	Net Change (+/-%)	
				MoM	YTD
WTI Oil (bbl)	122.11	104.27	105.76	-7.77%	40.62%
Brent Oil (bbl)	123.58	110.05	114.81	-6.54%	47.61%
Gold Spot (oz)	1,871.60	1,807.27	1,807.27	-1.64%	-1.20%
CMX Silver (oz)	22.37	20.35	20.35	-6.56%	-13.23%
CMX Copper (lb)	456.20	371.00	371.00	-13.81%	-16.26%
LME Zinc (mt)	3,939.00	3,182.75	3,182.75	-19.20%	-11.34%
LME Aluminum (mt)	2,788.50	2,426.00	2,426.00	-12.03%	-13.54%

Source: Bloomberg

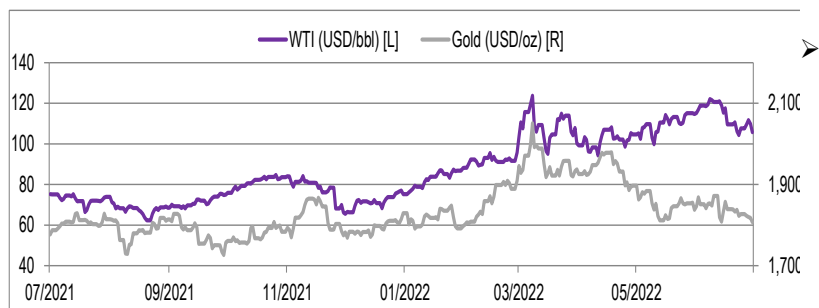


Fig. 6 One year performance of Oil and Gold Price

Oil prices edged higher after a disappointing production increase from OPEC+ on 2 June added to concerns around oil's tight supply outlook amid expectations of a rebound in demand as mainland China eased COVID-19 restrictions. However, Brent came under pressure in the latter half of the month, tumbling 5.6% on 17 June, after rate hikes from the Fed and other central banks alongside hawkish signals of further tightening raised recession fears and concerns slowing activity would weigh on oil demand. Finally, oil price fell by 6.54% to US\$114.81/bbl at the end of the month.

Gold prices sank further MoM in June. Gold price fell as the USD strengthened amid growing recession fears and expectations of further Fed hawkishness. On 15 June, the yellow metal's reaction to the Fed's widely expected 75bp rate hike was initially muted. However, gold later rallied and ended the day 1.4% higher after Powell said he does not expect 75bp moves to be "common". Nevertheless, the rally was short-lived. The gold price stumbled again on 17 June after the Fed reaffirmed its commitment to battling inflation is "unconditional". Gold continued to drift lower towards month-end and ultimately closed 1,807.27/oz, decreased by 1.64% MoM.

## FX – USD strengthened after Fed meeting

- The DXY ended stronger in June. US inflation accelerated to a fresh 40-year high of 8.6% y-o-y in May, which led to an aggressive rally in front-end yields and buoyed the USD. The Fed met expectations on 15 June as the committee raised interest rates by 75bp and signaled another equally large move in July, with the DXY hitting a 20-year high. But, Powell later tempered expectations when he stated 75bp moves would not be “common” and the DXY pared its gains. The DXY consolidated sideways in the second half of the month as a softer US yields and bouts of risk-on sentiment vied with mounting global recession fears. However, the hawkish stance of the Fed Chair Jerome Powell in the last few days of June pushed DXY towards the highs as the month came to an end. The DXY finally increased 2.88% in June.
- The EUR fell against the USD in June as broad USD strength and escalating eurozone growth concerns weighted on the EUR. On 9 June, the ECB left rates unchanged and ended QE, as widely expected. The statement reiterated the ECB will maintain “optionality, gradualism and flexibility” and flagged a 25bp hike in July. Finally, the EUR-USD fell 2.33% in June. In UK, the BoE hiked by 25bp to 1.25% on 16 June. Markets latched onto the BoE’s promise to act forcefully on inflation if needed, which helped GBP pare earlier losses. However, GBP slid gradually into month-end, with downside data surprises building. Finally, GBP fell 3.36% against the USD in June.

FX	High	Low	Settle	Net Change (+/-%) MoM	YTD
DXY	105.52	101.75	104.69	2.88%	9.42%
EUR / USD	1.075	1.041	1.048	-2.33%	-7.79%
USD / CNH	6.783	6.656	6.694	0.23%	5.30%
USD / JPY	136.6	128.7	135.7	5.48%	17.94%
GBP / USD	1.260	1.200	1.218	-3.36%	-10.01%
USD / CAD	1.303	1.253	1.287	1.79%	1.87%
AUD / USD	0.727	0.687	0.690	-3.82%	-4.96%
USD / CHF	1.002	0.955	0.955	-0.46%	4.62%

Source: Bloomberg

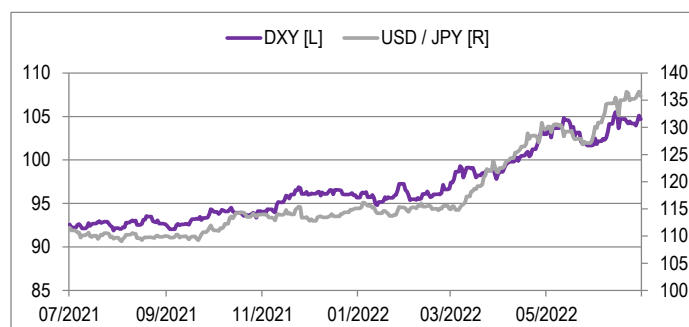


Fig. 7 One year performance of DXY and JPY

## Economic Calendar (July 2022)

Monday	Tuesday	Wednesday	Thursday	Friday
				1 Markit US Manufacturing PMI ISM Manufacturing
4	5 Factory Orders Durable Goods Orders	6 MBA Mortgage Applications	7 Trade Balance Initial Jobless Claims	8 Change in Nonfarm Payrolls Unemployment Rate
11	12	13 MBA Mortgage Applications CPI MoM N/A	14 PPI Final Demand MoM Initial Jobless Claims	15 Empire Manufacturing Retail Sales Advance MoM Industrial Production MoM U. of Mich. Sentiment
18	19 Housing Starts	20 MBA Mortgage Applications Existing Home Sales	21 Initial Jobless Claims Leading Index	22 Markit US Manufacturing PMI
25	26 Conf. Board Consumer Confidence New Home Sales	27 MBA Mortgage Applications Durable Goods Orders	28 FOMC Rate Decision GDP Annualized QoQ Initial Jobless Claims	29 Personal Income Personal Spending Chicago Purchasing Manager U. of Mich. Sentiment

Source: Bloomberg