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Equity – Global stocks markets recover slightly

- After falling 7.0% during the first two months of the year, global equities (FTSE All-World*) made some recovery in March 2022 (up 2.6%). The market fluctuated on news flows related to Russia-Ukraine during the first half of the March. However, apparent progress in Russia-Ukraine talks towards the end of the month, seemed to boost investor sentiment, resulting in an overall positive price performance by global equities in March 2022. For developed market, S&P500 and Nasdaq rose 3.58% and 3.41% respectively. MSCI EU rose 0.42%. For the emerging market, MSCI EM dropped 2.52%. China CSI300 and ChiNext Index dropped 7.84% and 8.02%, respectively. HSI and HSCEI were down 3.15% and 6.21%, respectively.
- China's March NBS manufacturing PMI index fell into the contractionary zone and decreased 0.7 to 49.5. Pressures caused by both domestic flare-ups of COVID-19 cases and rising upstream costs have jointly led to the weakness. The COVID-19 resurgence has taken a toll on both production and demand of the manufacturing sector, as indicated by the PMI indices of production and new orders both falling below 50. As for the new orders index, it decreased 1.9 to 48.8 as some of the new export orders were delayed or cancelled due to the rising geopolitical tensions. As for the new export orders, it decreased 1.8 to 47.2. The non-manufacturing PMI decreased 3.2 to 48.4. The fall mainly came from the services sector, mainly as a result of the COVID-19 resurgence. The services sector has entered the contractionary zone.

| Index | Settle | Net Change (+/-%) | | Valuation (2022) | |
|---------|-----------|-------------------|---------|------------------|------|
| | | MoM | YTD | PE | PB |
| DJIA | 34,678.35 | 2.32% | -4.57% | 18.13 | 4.35 |
| S&P 500 | 4,530.41 | 3.58% | -4.95% | 20.06 | 4.15 |
| Nasdaq | 14,220.52 | 3.41% | -9.10% | 29.30 | 5.69 |
| Nikkei | 27,821.43 | 4.88% | -3.37% | 16.66 | 1.78 |
| FTSE100 | 7,515.68 | 0.77% | 1.78% | 11.26 | 1.72 |
| CAC40 | 6,659.87 | 0.02% | -6.89% | 12.80 | 1.68 |
| DAX | 14,414.75 | -0.32% | -9.25% | 12.62 | 1.60 |
| SHCOMP | 3,252.20 | -6.07% | -10.65% | 10.41 | 1.29 |
| CSI300 | 4,222.60 | -7.84% | -14.53% | 12.49 | 1.74 |
| ChiNext | 2,999.52 | -8.02% | -18.25% | 28.69 | 4.75 |
| HSI | 21,996.85 | -3.15% | -5.99% | 10.63 | 1.11 |
| HSCEI | 7,525.89 | -6.21% | -8.63% | 8.66 | 1.03 |
| TWSE | 17,693.47 | 0.23% | -2.88% | 12.68 | 2.23 |
| KOSPI | 2,757.65 | 2.17% | -7.39% | 11.10 | 1.06 |
| JCI | 7,071.44 | 2.66% | 7.44% | 6.00 | 0.50 |

Source: Bloomberg

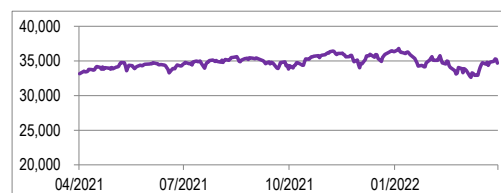


Fig. 1 One year performance of Dow Jones Index

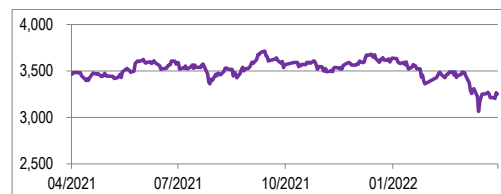


Fig. 2 One year performance of Shanghai Composite

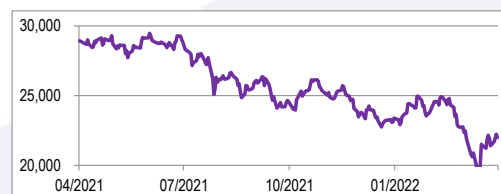


Fig. 3 One year performance of Hang Seng Index

Fixed Income – US bond yields curve continued to flatten

- The US Treasury curve continued to flatten in March as the Federal Reserve raised the Fed funds target rate by 25bps, with Chair Powell and other members of the FOMC also opening the door to a 50bp hike at future meetings. The curve continued to flatten, with the 2-10Y yield slope coming close to zero and the 5-10Y yield slope inverting as the 2Y yield rose over 100bp on the month. Finally, the US 10-yr Treasury yield finally increased 51.3 basis point and closed at 2.43% in March.
- The rise in yields was also seen in the UK and Eurozone. The yield on the 10Y gilt rose 50bp from its lows on 1 March as the BoE hiked rate again by 25bps taking Bank rate to 0.75%. 10Y Bund yields also rose over 60bps over the same period. In EM, CEE markets saw large selloffs, with the yield on the 10Y Polish and Czech government bonds rising by 125 and 71bps respectively. The 10Y South African government bond was relatively resilient against the global selloff, with the yield roughly flat on the month at 9.96% despite some volatility.

| Bonds | High | Low | Settle | Net Change (bp) | |
|-------------------------|-------|--------|--------|-----------------|-----|
| | | | | MoM | YTD |
| US 10-yr Treasury Yield | 2.47% | 1.73% | 2.34% | 51 | 83 |
| US 30-yr Treasury Yield | 2.60% | 2.10% | 2.45% | 29 | 54 |
| Euro 10-yr Govt Yield | 0.65% | -0.07% | 0.55% | 41 | 73 |
| Japan 10-yr Govt Yield | 0.25% | 0.14% | 0.22% | 3 | 15 |
| China 10-yr Govt Yield | 2.86% | 2.77% | 2.79% | 0 | 1 |

Source: Bloomberg

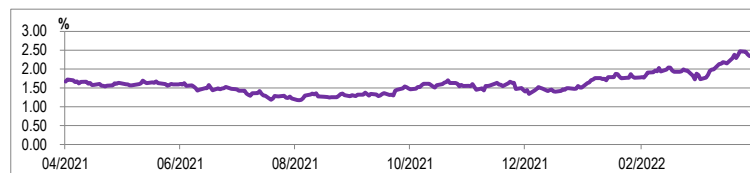


Fig. 4 One year performance of US 10-yr Treasury Yield

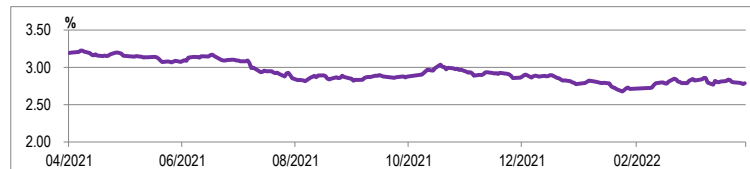


Fig. 5 One year performance of China 10-yr Treasury Yield

Commodities – Oil and Gold prices at lofty highs

| Commodities | High | Low | Settle | Net Change (+/-%) | |
|-------------------|----------|----------|----------|-------------------|--------|
| | | | | MoM | YTD |
| WTI Oil (bbl) | 123.70 | 95.04 | 100.28 | 4.76% | 33.33% |
| Brent Oil (bbl) | 127.98 | 98.02 | 107.91 | 6.85% | 38.74% |
| Gold Spot (oz) | 2,050.76 | 1,908.99 | 1,937.44 | 1.49% | 5.92% |
| CMX Silver (oz) | 26.90 | 24.37 | 25.13 | 3.15% | 7.49% |
| CMX Copper (lb) | 493.75 | 445.45 | 475.10 | 6.66% | 6.68% |
| LME Zinc (mt) | 4,232.50 | 3,687.75 | 4,232.50 | 14.77% | 17.90% |
| LME Aluminum (mt) | 3,877.50 | 3,235.75 | 3,480.61 | 2.73% | 24.04% |

Source: Bloomberg

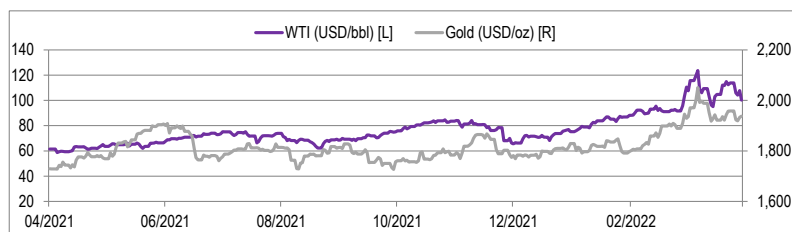


Fig. 6 One year performance of Oil and Gold Price

Oil prices continued to increase in March. Oil prices soared in earlier this month as OPEC+ declined to offer markets relief from the supply shock. However, oil prices dropped significantly after Ukraine's President said he was open to compromises and the UAE vowed to boost supply. At the late month, as Russia-Ukraine negotiations showed apparent signs of progress, alongside Biden's announcement of a record release of 1 million barrels of oil per day from strategic reserves for six months pushed oil prices back below USD110/barrel. Finally, WTI and Brent went up 4.76% and 6.85% respectively in March.

Gold prices continued to increase in March. The escalating war between Russia and Ukraine spurred safe haven demand, helping gold to garner strong buying interest, on top of elevated commodity prices which bolstered its appeal as an inflation hedge. On 8 March, bullion prices jumped 2.6% to a 19-month high of USD2,070/oz, after the US and UK moved to ban Russian oil imports, heightening stagflation fears. Hawkish comments from Fed officials signaling potential for a 50bp hike at upcoming meetings and risk-on sentiment due to positive signs from Ukraine peace talks weighed on gold prices towards month-end. Gold prices finally closed at 1,937.44/oz, increased by 1.49% MoM.

FX – Dollar keeps strong

- The DXY index climbed to mid-2020 highs in March. Most of the USD's gain were driven by safe-haven demand as the war in Ukraine continued to escalate and surging commodity prices heightened fears of a global growth slowdown. In the mid-March, the Fed hiked the Fed funds rate by 25bp, as expected. However, the FOMC was expecting to take the Fed Funds rate to 2.75% in 2024, above the projected long run "neutral" rate of 2.4%, the USD was impressed and ended the day down 0.5%. In the month end, hawkish comments from Fed officials signaling a 50bp rate hike was on the table if needed, helped propel US 2-year yields higher. However, the USD lagged such moves as risk sentiment improved on Ukraine peace talks. The DXY finally rose 1.7% in March.
- The EUR slipped in March as concerns around the European growth outlook intensified amid soaring energy prices. With a depressed outlook for the Eurozone economy, the EUR struggled to recover towards month-end despite a recovery in risk appetite. The EUR against the USD finally dropped 1.35% to 1.1 in March. Similarly, the GBP slipped in March. In mid-March, the BoE's MPC voted 8-1 to hike Bank rate by 25bp to 0.75%. GBP-USD dropped 1% after the decision as markets were left disappointed by the vote distribution. The statement also tempered the rates outlook, noting further hikes "might be" appropriate rather than "likely" at the February meeting. The GBP against the USD finally dropped 2.1% to 1.31 in March.

| FX | High | Low | Settle | Net Change (+/-%) | |
|-----------|-------|-------|--------|-------------------|--------|
| | | | | MoM | YTD |
| DXY | 99.29 | 96.71 | 98.31 | 1.66% | 2.76% |
| EUR / USD | 1.122 | 1.085 | 1.107 | -1.35% | -2.66% |
| USD / CNH | 6.395 | 6.314 | 6.355 | 0.64% | -0.04% |
| USD / JPY | 123.9 | 114.8 | 121.7 | 5.83% | 5.75% |
| GBP / USD | 1.342 | 1.300 | 1.314 | -2.10% | -2.91% |
| USD / CAD | 1.289 | 1.248 | 1.251 | -1.34% | -1.04% |
| AUD / USD | 0.752 | 0.719 | 0.748 | 3.02% | 3.02% |
| USD / CHF | 0.941 | 0.917 | 0.923 | 0.62% | 1.05% |

Source: Bloomberg

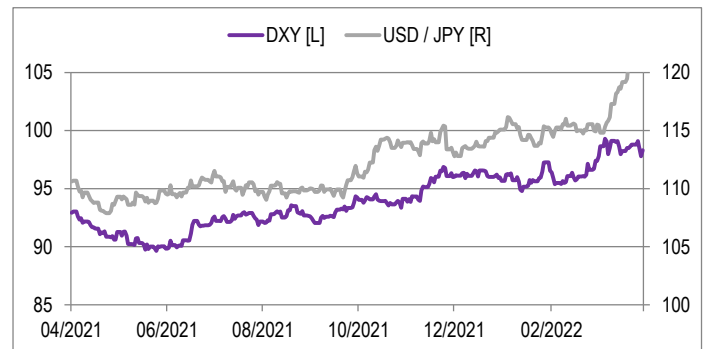


Fig. 7 One year performance of DXY and JPY

Economic Calendar (April 2022)

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

Source: Bloomberg