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Equity – Global equities was flat due to a less bearish investor sentiment

- Global equities was mostly flat in May after the sharp decline in April, as the investor sentiment was less bearish. Nonetheless, the market-implied volatility remained high relative to historical levels due to factors such as, interest rate hikes by central banks, supply chain disruptions and concerns over the economic growth. Most developed and emerging Markets underperformed in May, with the Europe ex-UK the worst performing regional market. Asian markets like India, Indonesia and Malaysia were also down. On the other hand, Brazil, Taiwan, Thailand, and China posted positive returns. S&P500 rose 0.01% and Nasdaq dropped 2.05%. MSCI EU fell 1.48%. While MSCI EM rose 0.14%. China CSI300 and ChiNext Index increased 1.87% and 6.36%, respectively. HSI and HSCEI were up 1.54% and 1.62%, respectively.
- China’s May NBS manufacturing PMI index seen a significant pickup and rose to 49.6 from 47.4. There was a clear improvement in economic performance as the Omicron wave gradually receded and activities started to resume. The new order index rose 5.6 to 48.2 due to rising demand in industries such fossil fuels and chemical products. While export orders also saw an increase of 4.6 to 46.2. Though there were signs of improvement in the supply chain disruption, the sub-indicator suppliers’ delivery time PMI remained in the contractionary zone. The non-manufacturing PMI increased 5.9 to 47.8 as industries such as retail, aviation transportation and railway saw increased business as the government worked to remove restrictions on logistics. Overall, there was a general improvement in the PMI indices, However, with the COVID-19 situation uncertain and job market under pressure, the State Council urged swift implementation of 33 measures to help support economic growth and cushion the negative impact on growth.

Index	Settle	Net Change (+/-%)		Valuation (2022)	
		MoM	YTD	PE	PB
DJIA	32,990.12	0.04%	-9.21%	17.28	4.18
S&P 500	4,132.15	0.01%	-13.30%	18.16	3.84
Nasdaq	12,081.39	-2.05%	-22.78%	25.42	2.37
Nikkei	27,279.80	1.61%	-5.25%	15.38	1.62
FTSE100	7,607.66	0.84%	3.02%	10.49	1.69
CAC40	6,468.80	-0.99%	-9.57%	11.47	1.61
DAX	14,388.35	2.06%	-9.42%	11.94	1.54
SHCOMP	3,186.43	4.57%	-12.46%	10.86	1.28
CSI300	4,091.52	1.87%	-17.18%	13.06	1.68
ChiNext	2,692.24	6.36%	-26.62%	29.65	4.53
HSI	21,415.20	1.54%	-8.47%	10.99	1.12
HSCEI	7,416.75	1.62%	-9.95%	9.16	1.06
TWSE	16,807.77	1.30%	-7.75%	11.67	2.11
KOSPI	2,685.90	-0.34%	-9.80%	10.86	1.04
JCI	7,148.97	-1.11%	8.62%	16.76	2.14

Source: Bloomberg

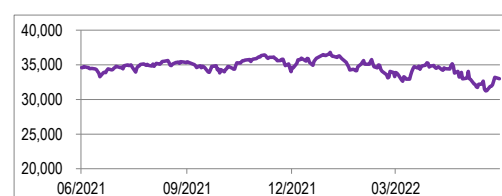


Fig. 1 One year performance of Dow Jones Index

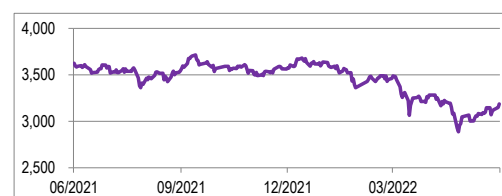


Fig. 2 One year performance of Shanghai Composite



Fig. 3 One year performance of Hang Seng Index

Fixed Income – US 10-year Treasury Yield fell due to increasing fears of a recession

- US 10-yr Treasury Yield was down slightly and trading in a wide 20bp range in May. The yield peaked at 3.13% in the lead-up to the FOMC meeting on 9 May, but retraced and oscillated in the majority of the month due to the Fed not intending to actively consider raising rates by 75bp and a sharp fall in retail stocks sparked concerns over the weakening growth outlook and fears of a recession. The US 10-yr Treasury Yield ended the month by decreasing 9bp to 2.84%.
- The 10-yr Gilt Yield dropped sharply mid-month, before ending May edging slightly higher. On 5 May, the BoE hiked rates by 25bp to 1.00% and warned that UK economy will slide into recession at the end of the year. Hence, the 2-yr yield was dragged down to 1.16% on 12 May, steepening the 2-10Y slope. Finally, 10-yr Gilt Yield rose 20bp to 2.10% at the end of the month. In Japan, the yield on the 10-yr Japan Government Bond maintained to be close to the BoJ's Yield Curve Control range (BoJ buying limitless 10-yr bonds everyday at 0.25%), and ended May by increasing 1bp MoM to 0.24%.

Bonds	High	Low	Settle	Net Change (bp)	
				MoM	YTD
US 10-yr Treasury Yield	3.13%	2.74%	2.84%	-9	133
US 30-yr Treasury Yield	3.23%	2.96%	3.05%	5	114
Euro 10-yr Govt Yield	1.13%	0.84%	1.12%	18	130
Japan 10-yr Govt Yield	0.25%	0.21%	0.24%	1	17
China 10-yr Govt Yield	2.83%	2.74%	2.80%	-4	2

Source: Bloomberg

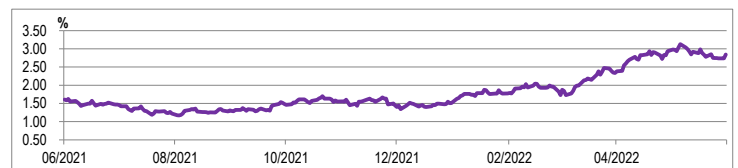


Fig. 4 One year performance of US 10-yr Treasury Yield

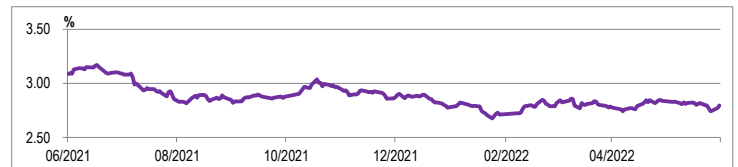


Fig. 5 One year performance of China 10-yr Treasury Yield

Commodities – Oil prices were on an ascent while Gold prices sank

Commodities	High	Low	Settle	Net Change (+/-%)	
				MoM	YTD
WTI Oil (bbl)	115.07	99.76	114.67	9.53%	52.47%
Brent Oil (bbl)	122.84	102.46	122.84	12.35%	57.93%
Gold Spot (oz)	1,883.81	1,811.79	1,837.35	-3.14%	0.45%
CMX Silver (oz)	22.67	20.77	21.69	-6.05%	-7.37%
CMX Copper (lb)	434.55	410.05	429.60	-2.55%	-3.30%
LME Zinc (mt)	3,988.75	3,493.25	3,939.00	-5.11%	9.72%
LME Aluminum (mt)	2,935.00	2,710.80	2,757.75	-9.06%	-1.72%

Source: Bloomberg

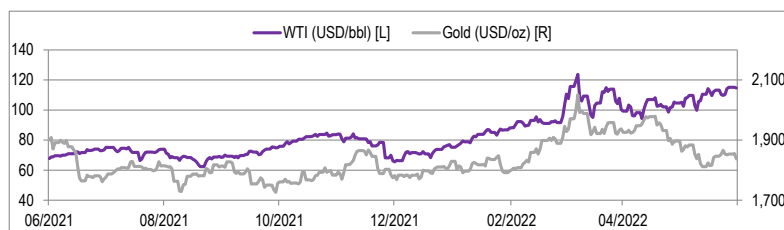


Fig. 6 One year performance of Oil and Gold Price

Oil prices edged higher in May due to ongoing political tensions. On 4 May, the EU proposed a complete import ban on "all Russian oil, seaborne and pipeline, crude and refined", and oil prices leapt on the day. On 26 May, oil prices rose boosted by news that Shanghai was emerging out of lockdown and US data that showed tight supply. On 31 May, the EU leaders agreed to a partial ban on Russian oil. Oil prices rose on this momentum of positive news, and finally rose by 12.35% to US\$122.84/bbl at the end of the month.

Gold prices sank further MoM in May. In the beginning of the month, the Fed hiked rates by 50bp but pushed back a 75bp hike. This tempered with the market's more hawkish expectations and provided gold prices with a decent uplift. However, gold prices tumbled and plunged amidst higher US yields mid-month. On 16 May, gold prices broke below USD 1,800.00/oz intraday for a three-month low due to US inflation beat. The decline of gold prices was halted in the latter half of the month due to weaker economic data. Gold prices ultimately closed USD 1,837.35/oz, decreased by 3.14% MoM.

FX – The DXY fell on market’s increasing hawkish expectations for the Fed

- The DXY weakened in May. The DXY was unable to hold its gains due to weaker economic data such as a worsening May Philadelphia Fed business outlook and a decrease of 16.6% MoM for New Home Sales in April. On the central bank front, despite the Fed announced the start of its quantitative tightening programme, the markets viewed this in somewhat a dovish lens as they focused on Powell’s statement that a 75bp was not actively considered. FOMC meeting minutes released on 25 May showed that other Fed Presidents echoed the same message, with Fed President Bostic also remarked that ‘a pause in September might make sense’. The DXY finally decreased 1.17% to 101.75 in May.
- Euro rose in May and was seemingly oblivious to both poor economic data and hawkish ECB commentary. The EUR-USD was trading within a tight range in the beginning of the month, however rose due to a somewhat less hawkish remarks from Fed and ECB President Lagarde signalled a possible July rate lift-off, even though Eurozone CPI hit an all-time high of 8.1% YoY. Finally, the EUR-USD rose 1.79% to 1.07 in May. The decrease in USD-JPY in May showed a flight to safety as both risk appetite and US yields faltered. The USD-JPY dove sharply lower from 12 May due to less hawkish remarks from Fed and weaker US economic data. Finally, the USD-JPY dropped 0.79% to 128.67 in May.

FX	High	Low	Settle	Net Change (+/-%)	
				MoM	YTD
DXY	104.85	101.67	101.75	-1.17%	6.36%
EUR / USD	1.078	1.038	1.073	1.79%	-5.59%
USD / CNH	6.827	6.622	6.679	0.58%	5.06%
USD / JPY	130.6	126.8	128.7	-0.79%	11.81%
GBP / USD	1.265	1.220	1.260	0.22%	-6.87%
USD / CAD	1.305	1.265	1.265	-1.56%	0.08%
AUD / USD	0.726	0.686	0.718	1.64%	-1.18%
USD / CHF	1.003	0.957	0.960	-1.27%	5.10%

Source: Bloomberg

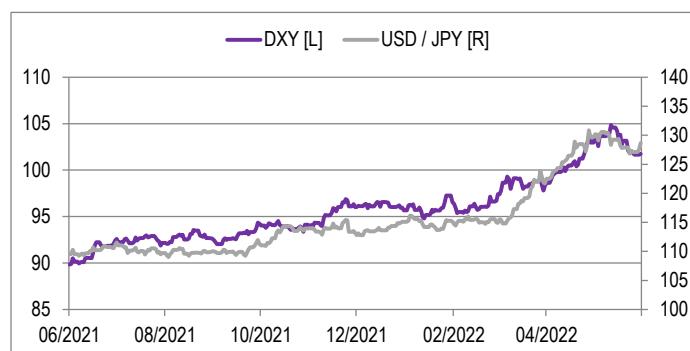


Fig. 7 One year performance of DXY and JPY

Economic Calendar (June 2022)

Monday	Tuesday	Wednesday	Thursday	Friday
		1 MBA Mortgage Applications	2 ADP Employment Change Initial Jobless Claims	3 Change in Nonfarm Payrolls Unemployment Rate Durable Goods Orders Factory Orders
6	7 Trade Balance	8 MBA Mortgage Applications Wholesale Inventories MoM	9 CPI MoM Initial Jobless Claims	10 U. of Mich. Sentiment
13	14 Retail Sales Advance MoM PPI Final Demand MoM Empire Manufacturing Industrial Production MoM	15 MBA Mortgage Applications Housing Starts	16 FOMC Rate Decision Initial Jobless Claims Leading Index	17
20	21 Existing Home Sales	22 MBA Mortgage Applications Markit US Manufacturing PMI New Home Sales	23 Durable Goods Orders Wholesale Inventories MoM Initial Jobless Claims GDP Annualized QoQ	24 Personal Income Personal Spending U. of Mich. Sentiment
27	28 Conf. Board Consumer Confidence	29 MBA Mortgage Applications ADP Employment Change Chicago Purchasing Manager	30	

Source: Bloomberg