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Equity – Global equities keep bouncing

- With returns of c6% in each of the past two months, global equities (FTSE All World*) have sustained their positive price momentum in November. The rally was mainly led by the Emerging Markets particularly mainland China and Europe. S&P500 and Nasdaq increased 5.38% and 4.37%, respectively. MSCI EU and MSCI EM increased 6.74% and 14.64%, respectively. Some favorable announcements made by the authorities in mainland China, such as relaxation of a few COVID-19 related restrictions and support package for the property sector. CSI300 Index and ChiNext increased 9.81% and 3.25%, respectively. HSI and HSCEI gained 26.02% and 29.07%, respectively.
- China's November NBS manufacturing PMI index dropped to 48.0 from 49.2. Both the manufacturing and services PMIs showed a deeper contraction due to the recent surge in COVID-19 cases and corresponding restrictions on mobility. The demand showed signs of weakness both domestically and globally as new orders fell further into contraction. The new orders PMI dropped to 46.4 from 48.1. The non-manufacturing PMI fell from 48.7 to 46.7 and the service sector remained a key drag. The sectors which rely more on physical contact such as transportation, catering, sports and entertainment had a larger decline in PMI due to ongoing COVID-19 cases. The weaker services activity and softer growth in construction likely put added pressure on the already sluggish labor market. While further calibration of COVID-19 containment measures and the property market stabilization plan should help to boost business confidence, the rapid steepening of the infection curve and the reimplementation of stringent containment measures in some cities means it will take time for these supportive measures to filter through. Thus, more comprehensive easing is still needed to support growth.

Index	Settle	Net Change (+/-%)		Valuation (2022)	
		MoM	YTD	PE	PB
DJIA	34,589.77	5.67%	-4.81%	18.90	4.47
S&P 500	4,080.11	5.38%	-14.39%	18.60	3.92
Nasdaq	11,468.00	4.37%	-26.70%	26.94	4.62
Nikkei	27,968.99	1.38%	-2.86%	15.26	1.61
FTSE100	7,573.05	6.74%	2.55%	9.67	1.67
CAC40	6,738.55	7.53%	-5.79%	10.81	1.66
DAX	14,397.04	8.63%	-9.37%	11.45	1.54
SHCOMP	3,151.34	8.91%	-13.42%	11.57	1.30
CSI300	3,853.04	9.81%	-22.01%	13.10	1.65
ChiNext	2,750.46	3.25%	-25.04%	31.23	4.36
HSI	18,597.23	26.62%	-20.52%	10.30	1.07
HSCEI	6,374.44	29.07%	-22.61%	8.78	1.01
TWSE	14,879.55	14.90%	-18.33%	10.79	1.97
KOSPI	2,472.53	7.80%	-16.96%	11.58	0.99
JCI	7,081.31	-0.25%	7.59%	13.79	1.95

Source: Bloomberg

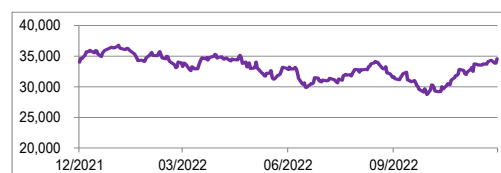


Fig. 1 One year performance of Dow Jones Index

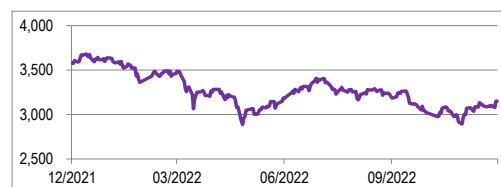


Fig. 2 One year performance of Shanghai Composite

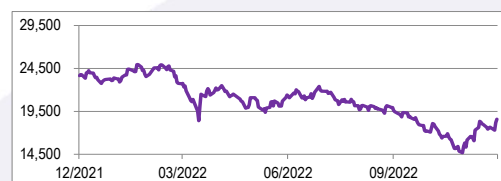


Fig. 3 One year performance of Hang Seng Index

Fixed Income – Developed Markets yields fell

- November brought a wave of cautious optimism in the developed bond markets on the back of a US October CPI undershoot and more dovish Fed commentary. Lower than expected CPI fueled a bond market rally after the Fed's 75bp hike on 3 November. The 2Y yield fell 16bp on the last day of the month after Fed Chairman Powell signaled a downshift is likely in December, with the 2Y ending the month at 4.31%. Finally, the US 10-yr Treasury Yield ended the month by decreasing 44bp to 3.61%.
- In UK, the Bank of England's 75bp hike came with a dovish undertone. Governor Bailey outlined his thoughts that the peak rate is closer to 3% rather than the 5.25% implied by the market at the end of October. The fiscal consolidation set out in the Autumn statement, bleak OBR forecasts and economic indicators such as PMI pointing towards an economic contraction meant a rally in the UK gilt market ensued. 10Y gilt yield decreased 35bp to 3.16%. In Europe, the market is hankering for a dovish pivot, further encouraged by the below consensus US CPI data. Finally, Euro 10-yr Government yield decreased 21bp to 1.93%.

Bonds	High	Low	Settle	Net Change (bp)	
				MoM	YTD
US 10-yr Treasury Yield	4.21%	3.61%	3.61%	-44	210
US 30-yr Treasury Yield	4.32%	3.72%	3.74%	-43	183
Euro 10-yr Govt Yield	2.34%	1.85%	1.93%	-21	211
Japan 10-yr Govt Yield	0.26%	0.24%	0.25%	1	18
China 10-yr Govt Yield	2.92%	2.65%	2.92%	27	14

Source: Bloomberg

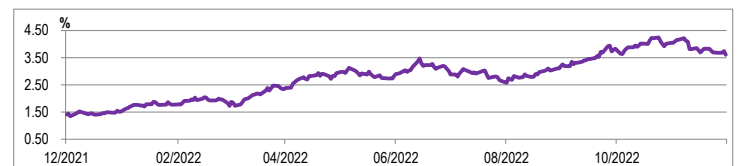


Fig. 4 One year performance of US 10-yr Treasury Yield

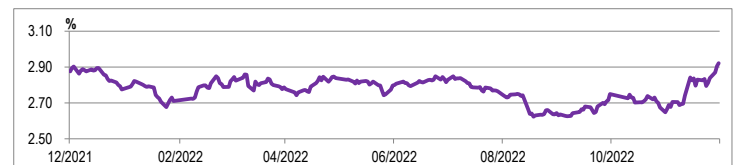


Fig. 5 One year performance of China 10-yr Treasury Yield

Commodities – Oil price fell and gold prices rose

Commodities	High	Low	Settle	Net Change (+/-%)	
				MoM	YTD
WTI Oil (bbl)	92.61	76.28	80.55	-6.91%	7.10%
Brent Oil (bbl)	98.57	83.03	85.43	-9.91%	9.84%
Gold Spot (oz)	1,778.94	1,629.49	1,768.52	8.26%	-3.32%
CMX Silver (oz)	22.27	19.30	21.78	12.88%	-7.82%
CMX Copper (lb)	390.10	335.75	373.80	11.33%	-14.86%
LME Zinc (mt)	3,154.00	2,735.50	3,050.25	11.51%	-15.03%
LME Aluminum (mt)	2,447.50	2,216.75	2,447.50	10.41%	-12.78%

Source: Bloomberg

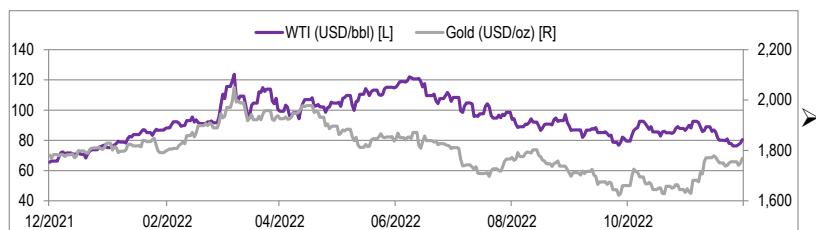


Fig. 6 One year performance of Oil and Gold Price

Oil price struggled for direction in early November as a tightening supply outlook was offset by concerns over a global economic slowdown. Despite a brief respite after US inflation on 10 November, Brent slumped 6.5% in the third week of November as recessionary fears intensified. EU discussions about a higher-than-expected cap on Russian oil sent Brent near a two-month low of USD 85 on 23 November. The sell-off continued despite the EU suspending price-cap talks amid disagreements between member states. Finally, oil price fell by 6.91% to US\$80.55/bbl at the end of the month.

The impact of a weaker USD and lower yields combined with expectations of a slowdown in the Fed tightening cycle allowed gold to surge in November. Gold price rallied in early November as speculation about a possible China re-opening triggered a "risk on" sentiment in the market. Lower-than-expected US inflation on 10 November weighed on the USD and sent US 10-year yields 28bp lower, allowing gold to rise 2.9% on the day. Bullion edged higher in late November as Fed Chair Jerome Powell also signaled that the pace of interest rate hikes would slow at the December meeting. Finally, Gold price closed at 1768.52/oz, increased 8.26% MoM.

FX – USD weakened

- On 2 November, Fed hiked 75bp but revised its statement showing its willingness to slow the pace of rate hikes. The greenback plunge accelerated with 2.1% drop on 10 November following lower than expected US inflation readings in October. There was further USD weakness into month-end, notably on 23 November as US PMIs came in worse than expected, with the manufacturing PMI falling to 47.6 against a previous reading of 50.4 and consensus of 50.0. Also, the Fed's minutes also signaled that a "substantial majority" of participants believed a slower pace of rate hikes will likely soon be appropriate. The DXY finally decreased 5.00% in November.
- The improvement in risk appetite, lower energy prices, and better-than-expected Eurozone economic data supported the EUR. Also, EUR gained momentum following a higher-than-expected US unemployment rates and reports regarding a possible easing of the zero-COVID policy in China. Finally, the EUR-USD gained 5.30% in November. In UK, GBP also moved higher against the USD in November, supported by an improvement in risk sentiment and a new fiscal plan. The BoE delivered its biggest rate hike in 33 years, raising rates by 75bp to 3.00%. Finally, GBP gained 5.14% against the USD in November.

FX	High	Low	Settle	Net Change (+/-%) MoM	YTD
DXY	112.93	105.95	105.95	-5.00%	10.75%
EUR / USD	1.041	0.975	1.041	5.30%	-8.48%
USD / CNH	7.343	7.042	7.046	-3.96%	10.83%
USD / JPY	148.7	138.1	138.1	-7.15%	19.98%
GBP / USD	1.211	1.116	1.206	5.14%	-10.89%
USD / CAD	1.375	1.328	1.341	-1.56%	6.13%
AUD / USD	0.679	0.629	0.679	6.08%	-6.54%
USD / CHF	1.013	0.942	0.946	-5.55%	3.59%

Source: Bloomberg

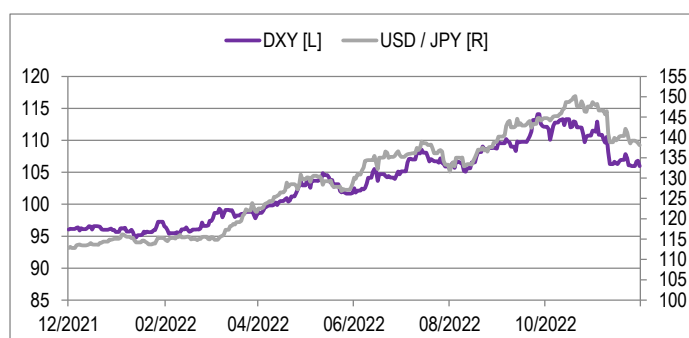


Fig. 7 One year performance of DXY and JPY

Economic Calendar (December 2022)

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

Source: Bloomberg