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Equity – Global Equities underperformed

- Global equities underperformed in September. The continuation of the hawkish stance of the Fed and other major central banks around the world, the escalating Russia-Ukraine crisis, mainland China property market woes, and extreme FX moves – all triggered a sharp rise in “risk-off” sentiment across global equity markets. S&P500 and Nasdaq decreased 9.34% and 10.5%, respectively. MSCI EU and MSCI EM decreased 6.38% and 11.9%, respectively. On the other hand, China equity index remained under pressure and continued its downward trend. CSI300 and ChiNext Index fell 6.72% and 10.42%, respectively. HSI and HSCEI fell 13.69% and 13.85%, respectively.
- China’s September NBS manufacturing PMI index rose to 50.1 from 49.4 and went back to expansionary territory for the first time since July. It showed that the overall production and operation activity of Chinese enterprises continue to expand. However, the new orders PMI rose 0.6 to 49.8, showed that softer domestic and global demand kept new orders below 50. The non-manufacturing PMI fell 2.0 to 50.6 primarily driven by the service slowdown. This is likely due to continued flare-ups in COVID-19 cases, which continues to weigh on consumer sentiment. Overall, China’s recent growth challenges are mainly sourced from muted domestic demand. But in recent months, we see more positive signs as local policy supports to the property sector have increased notably, and there have been improvements in home sales in tier 2 and 3 cities.

Index	Settle	Net Change (+/-%)		Valuation (2022)	
		MoM	YTD	PE	PB
DJIA	28,725.51	-8.84%	-20.95%	15.41	3.66
S&P 500	3,585.62	-9.34%	-24.77%	16.02	3.39
Nasdaq	10,575.62	-10.50%	-32.40%	23.88	4.22
Nikkei	25,937.21	-7.67%	-9.91%	14.17	1.50
FTSE100	6,893.81	-5.36%	-6.65%	8.37	1.44
CAC40	5,762.34	-5.92%	-19.44%	9.19	1.41
DAX	12,114.36	-5.61%	-23.74%	9.92	1.30
SHCOMP	3,024.39	-5.55%	-16.91%	10.69	1.25
CSI300	3,804.89	-6.72%	-22.98%	12.42	1.62
ChiNext	2,598.32	-10.42%	-29.18%	27.68	4.17
HSI	17,222.83	-13.69%	-26.39%	9.54	0.97
HSCEI	5,914.08	-13.85%	-28.20%	8.16	0.93
TWSE	13,424.58	-11.07%	-26.31%	9.12	1.73
KOSPI	2,155.49	-12.81%	-27.61%	9.37	0.85
JCI	7,040.80	-1.92%	6.98%	15.12	1.99

Source: Bloomberg

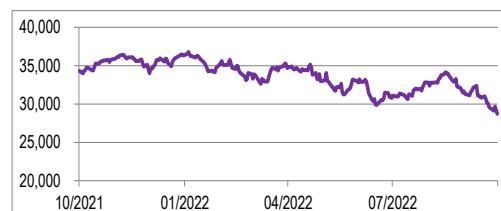


Fig. 1 One year performance of Dow Jones Index

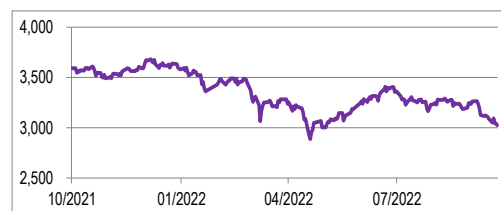


Fig. 2 One year performance of Shanghai Composite

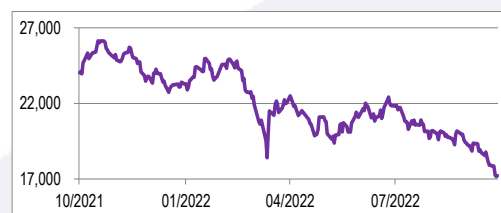


Fig. 3 One year performance of Hang Seng Index

Fixed Income – Developed Markets yields rose

- In the US, the Fed hiked 75bp as expected with the new dot plot showing much higher rates than the Fed previously forecast. The June dots had a 2023 peak at 3.75% but this shifted to a 4.63% peak in the September dots, in line with the Fed's hawkish stance. Short-dated yields rose the most with the 2Y and 5Y rising 78bp and 69bp, respectively, climbing to 4.28% and 4.09%. The 10Y-2Y slope inverted further, reaching -52bp before returning to -42bp compared to -30bp at the start of September. Finally, the US 10-yr Treasury Yield ended the month by increasing 64bp to 3.83%.
- In the UK, gilts were in the spotlight in the closing days of September. However, the 'mini budget' on 23 September sent the gilt market into a downward spiral: 10Y yields had their biggest weekly jump on record on 23 September, but the focus was on the long end, where the 30Y gilt yield reached a peak of 5.07%. The sell-off was halted after BoE announced a temporary long dated gilt purchase programme on 28 September, following which the 30Y had its biggest daily recorded fall in yields, down over 100bp on 28 September before finishing the month at 3.82%.

Bonds	High	Low	Settle	Net Change (bp)	
				MoM	YTD
US 10-yr Treasury Yield	3.95%	3.19%	3.83%	64	232
US 30-yr Treasury Yield	3.83%	3.29%	3.78%	48	187
Euro 10-yr Govt Yield	2.23%	1.53%	2.11%	57	229
Japan 10-yr Govt Yield	0.26%	0.23%	0.24%	2	17
China 10-yr Govt Yield	2.75%	2.63%	2.75%	11	-3

Source: Bloomberg

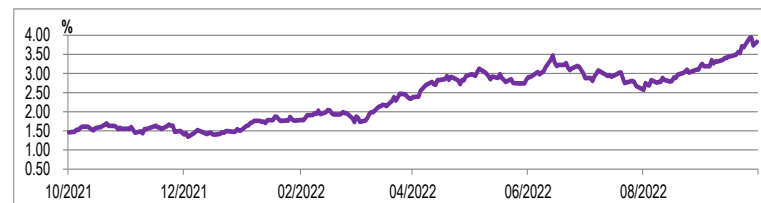


Fig. 4 One year performance of US 10-yr Treasury Yield

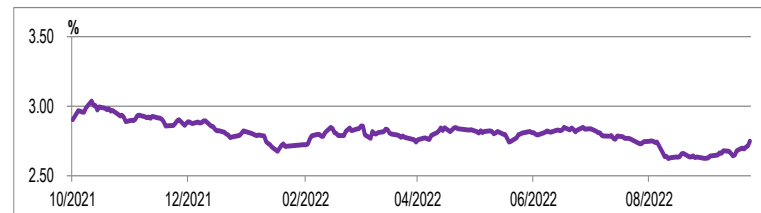


Fig. 5 One year performance of China 10-yr Treasury Yield

Commodities – Oil prices and gold prices continued to fall

Commodities	High	Low	Settle	Net Change (+/-%)	
				MoM	YTD
WTI Oil (bbl)	89.55	76.71	79.49	-11.23%	5.69%
Brent Oil (bbl)	96.49	84.06	87.96	-8.84%	13.09%
Gold Spot (oz)	1,724.54	1,622.36	1,660.61	-2.95%	-9.22%
CMX Silver (oz)	19.86	17.67	19.04	6.47%	-19.10%
CMX Copper (lb)	361.05	328.35	341.25	-3.01%	-22.61%
LME Zinc (mt)	3,531.50	2,868.75	3,014.25	-14.65%	-16.04%
LME Aluminum (mt)	2,369.25	2,092.25	2,154.75	-9.05%	-23.21%

Source: Bloomberg

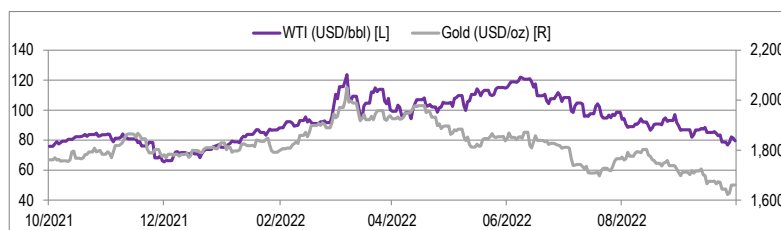


Fig. 6 One year performance of Oil and Gold Price

Oil price fell in September, registering its first quarterly loss in more than two years as increasing fears over a global economic slowdown and a stronger USD overshadowed the prospect for tightening supply. Brent oil rose 2.9% on 5 September as OPEC+ unexpectedly decided to cut output in October. However, the upside movement was short-lived as demand concerns emanating from mainland China prompted a wave of selling that turned into a tumble as prices breached technical support levels. With a higher-than-expected US inflation and hawkish Fed's meeting on 21 September, Brent dropped below US\$85/bbl, close to its nine-month lows. Finally, oil price fell by 8.84% to US \$87.96/bbl at month-end.

Gold shifted focus to Fed Chair Jerome Powell's comments on inflation and monetary policy. Powell reiterated the hawkish message he delivered at the Jackson Hole symposium, stating that the Fed needs to forthrightly to ensure that high inflation did not become entrenched. On 21 September, gold fell after the Fed decision to hike by 75bp. With an additional push by Fed officials' hawkish comments and a further slump in oil prices also undercut gold price. Finally, gold price closed at 1660.61/oz, decreased 2.95% MoM.

FX – Dollar dominates

- A hawkish Fed and rising risk aversion in the market drove the DXY higher in September. Better-than-expected economic data in the US combined with US inflation readings that surprised to the upside, reinforced the view that the Fed would move more aggressively to rein in inflation. The Fed hiked rates by 75bp at its September meeting, with Jerome Powell stating that “the chances of a soft landing are likely to diminish to the extent that policy needs to be more restrictive, or restrictive for longer.”. The DXY finally increased 3.14% in September.
- Although the ECB hiked rates by 75bp at its September meeting, worse than expected economic data and double-digit inflation put the eurozone in a challenging position. The hawkish rhetoric by the ECB was completely ignored by EUR-USD, which continued to languish near its 20-year lows. Finally, the EUR-USD fell 2.5%. In UK, GBP continued its sharp downtrend in September as weak economic data and high inflation combined with the announcement of the UK’s government’s new fiscal strategy. Finally, GBP fell 3.89% against the USD in September.

FX	High	Low	Settle	Net Change (+/-%)	
				MoM	YTD
DXY	114.11	108.33	112.12	3.14%	17.19%
EUR / USD	1.012	0.959	0.980	-2.51%	-13.79%
USD / CNH	7.179	6.907	7.142	3.40%	12.35%
USD / JPY	144.8	139.0	144.7	4.16%	25.77%
GBP / USD	1.168	1.069	1.117	-3.89%	-17.45%
USD / CAD	1.383	1.299	1.383	5.32%	9.43%
AUD / USD	0.689	0.640	0.640	-6.46%	-11.88%
USD / CHF	0.994	0.954	0.987	0.97%	8.12%

Source: Bloomberg

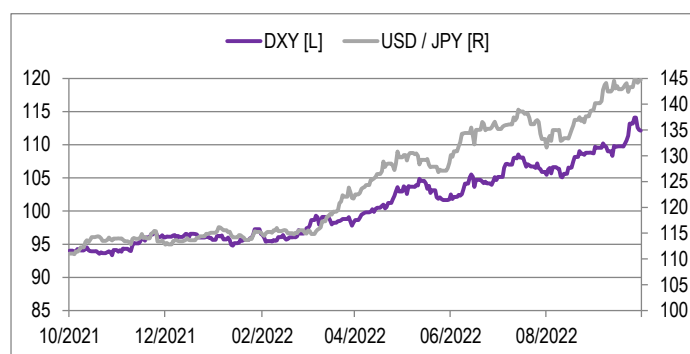


Fig. 7 One year performance of DXY and JPY

Economic Calendar (October 2022)

Monday	Tuesday	Wednesday	Thursday	Friday
3 Markit US Manufacturing PMI ISM Manufacturing	4 Factory Orders Durable Goods Orders	5 MBA Mortgage Applications ADP Employment Change Trade Balance	6 Initial Jobless Claims	7 Change in Nonfarm Payrolls Unemployment Rate
10	11	12 MBA Mortgage Applications PPI Final Demand MoM	13 CPI MoM N/A Initial Jobless Claims	14 Retail Sales Advance MoM U. of Mich. Sentiment
17 Empire Manufacturing	18 Industrial Production MoM	19 MBA Mortgage Applications Housing Starts	20 Initial Jobless Claims Existing Home Sales Leading Index	21
24 Markit US Manufacturing PMI	25 Conf. Board Consumer Confidence	26 MBA Mortgage Applications New Home Sales	27 GDP Annualized QoQ Durable Goods Orders Initial Jobless Claims	28 Personal Income Personal Spending U. of Mich. Sentiment
31 Chicago Purchasing Manager				

Source: Bloomberg