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Equity – Global equity continued to rise but Chinese stocks under pressure

- Global stock markets rose overall in August mainly led by the developed markets. In terms of emerging markets, the Chinese market had been under pressure as it had stepped up its supervision and enforcement in areas such as platform economy, game business, and information security. MSCI EM was up 2.42%. China CSI300 was down 0.12% and ChiNext dropped 3.23%. HSI and HSCEI was down 0.32% and 0.54% respectively. Meanwhile for the developed markets, European stock markets rose due to the strong second quarter earnings season, better-than-expected PMI and employment data, and growing economic recovery. Similarly, due to the strong earnings season and Fed Powell's remarks in Jackson Hole, the US stock market also performed better than the global stock market. The S&P500 and Nasdaq rose 2.90% and 4.00% respectively. MSCI EU rose 1.72% as well.
- China's July NBS manufacturing PMI index fell by 0.3 to 50.1, and the non-manufacturing PMI index fell by 5.8 to 47.5. Both indexes further slowed down in August, mainly due to the impact the delta variant. Under the new wave of delta variant, the service industry had been hit hardest. The new orders index fell from 50.9 to 49.6 in July, and the new export orders fell from 47.7 to 43.9. As the transportation of raw materials and finished products were hampered by the spread of new variants of the epidemic, the production process was delayed and the demand for new orders was suppressed. Overall, the pace of recovery had slowed slightly due to the recent increase in new variant cases. However, the market predicts that with the upcoming Mid-Autumn Festival and National Day, service industry activities will slowly resume in the next few months.

Index	Settle	Net Change (+/-%)		Valuation (2021)	
		MoM	YTD	PE	PB
DJIA	35,360.73	1.22%	15.53%	19.18	4.83
S&P 500	4,522.68	2.90%	20.41%	22.38	4.51
Nasdaq	15,259.24	4.00%	18.40%	33.39	6.72
Nikkei	28,089.54	2.95%	2.35%	17.15	1.82
FTSE100	7,119.70	1.24%	10.20%	12.60	1.78
CAC40	6,680.18	1.02%	20.33%	16.26	1.92
DAX	15,835.09	1.87%	15.43%	14.62	1.79
SHCOMP	3,543.94	4.31%	2.04%	12.95	1.52
CSI300	4,805.61	-0.12%	-7.78%	14.93	2.00
ChiNext	3,495.60	-3.23%	12.36%	42.45	6.51
HSI	25,878.99	-0.32%	-4.97%	12.32	1.22
HSCEI	9,183.76	-0.54%	-14.48%	10.06	1.21
TWSE	17,490.29	1.41%	18.72%	14.08	2.44
KOSPI	3,199.27	-0.10%	11.34%	11.51	1.26
JCI	6,150.30	1.32%	2.86%	18.13	1.97

Source: Bloomberg

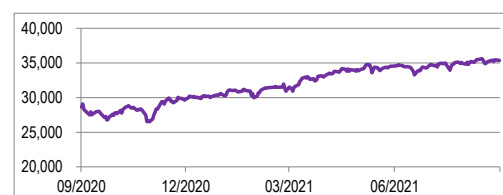


Fig. 1 One year performance of Dow Jones Index

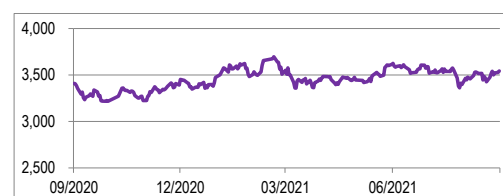


Fig. 2 One year performance of Shanghai Composite



Fig. 3 One year performance of Hang Seng Index



Fixed Income – U.S. Treasuries rose moderately

- US treasury bond yields rose modestly in August. At the beginning of this month, due to the better-than-expected US CPI data, the 10Y US Treasury bond yield climbed to 1.31% before the Jackson Hole event. The 30-year long-term US Treasury bond yields also climbed to 1.93%. The 2Y and 5Y Treasury bonds rose by 4 and 12 basis points respectively this month. The 10Y Breakeven was flat on the month at 2.34% and the 10Y TIPS yield was up by 15 basis points. The US 10-year Treasury bond yield finally closed at 1.31% in August.
- In Europe, bonds saw selloffs at the first half of the month, eventually rising 0.10% to -0.38%. The BoE met at the beginning of this month and decided to keep bank interest rates and asset purchases unchanged. The 10Y Bunds yield curve shifted upward, resulting in a slight flattening of the slope for 2-30Y. With the exception of Indonesia, South Korea and South Africa, the yields of the most emerging markets had risen. The yield on Brazil's 10Y government bond closed at 10.5%, an increase of 87 basis points since the beginning of this month. The yield of China's 10Y treasury rose by 2 basis points MoM to 2.85%, but still fell by 33 basis points from the beginning of the year.

Bonds	High	Low	Settle	Net Change (bp)	
				MoM	YTD
US 10-yr Treasury Yield	1.36%	1.17%	1.31%	9	40
US 30-yr Treasury Yield	2.00%	1.84%	1.93%	4	29
Euro 10-yr Govt Yield	-0.38%	-0.50%	-0.38%	8	19
Japan 10-yr Govt Yield	0.04%	0.01%	0.03%	0	0
China 10-yr Govt Yield	2.89%	2.82%	2.85%	-1	-30

Source: Bloomberg

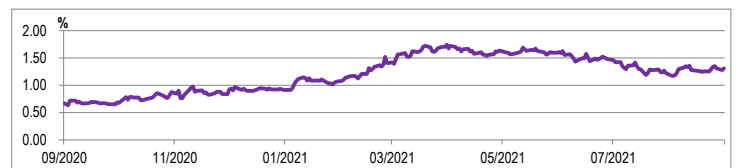


Fig. 4 One year performance of US 10-yr Treasury Yield

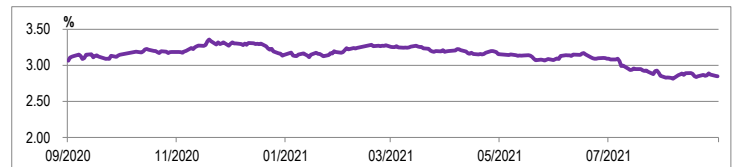


Fig. 5 One year performance of China 10-yr Treasury Yield

Commodities – Fluctuations in oil and gold prices

Commodities	High	Low	Settle	Net Change (+/-%)	
				MoM	YTD
WTI Oil (bbl)	71.26	62.32	68.50	-7.37%	41.18%
Brent Oil (bbl)	73.41	65.18	72.99	-4.38%	40.91%
Gold Spot (oz)	1,817.57	1,728.93	1,813.62	-0.03%	-4.46%
CMX Silver (oz)	25.63	23.16	24.01	-6.23%	-9.94%
CMX Copper (lb)	441.55	404.35	437.50	-1.81%	24.15%
LME Zinc (mt)	3,042.00	2,921.00	2,994.00	-1.14%	9.70%
LME Aluminum (mt)	2,739.00	2,539.77	2,739.00	5.43%	38.78%

Source: Bloomberg

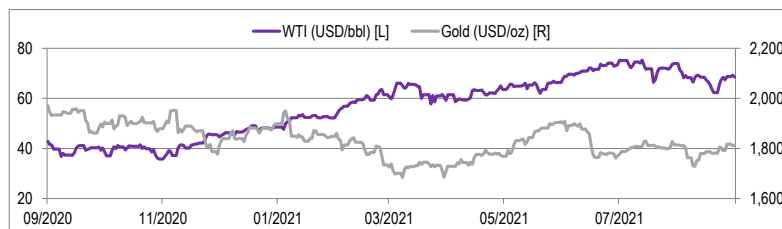


Fig. 6 One year performance of Oil and Gold Price

Oil prices fluctuated in August due to slowing global demand and waning economic momentum. The initial drop in oil prices was due to China's and PMI miss increased market concerns about the slowdown in oil demand. The increase in OPEC+ supply led to a further decline in oil prices. Since then, oil prices rebounded and climbed with the support from the EIA's 2021 upward revision of US demand outlook. However, as the latest forecast of the IEA shows that China's oil demand growth will slow down sharply in the third quarter of 2021, Brent Oil prices had fallen again. Finally, Brent Oil finally dropped 4.38% to US\$72.99/bbl at the end of the month.

Gold prices fluctuated as the market expected an earlier Fed reduction in debt purchases. Gold prices fell initially, after US Nonfarm Payrolls for July topped estimates. Thereafter, contrary to market expectations, the Jackson Hole meeting postponed the reduction of debt purchases causing gold to temporarily fall to a four-month low. However, as inflation data in the US showed signs of a moderate rise then, gold rose again. It then stabilized and rose at the end of the month. Gold price finally closed at 1,813/oz, dropped 0.03% MoM.

FX – The DXY rose

- The DXY rose in August. Due to the strong US non-agricultural employment data for July, the DXY had a strong start in the month. Thereafter, the US core CPI, overall CPI data and consumer confidence index missed estimates dragging the dollar down further, and causing the DXY index to fall to its lowest level since 2011. By mid-month, it resumed its rise as market expectations of the Fed's reduction in debt purchases increased. However, because Powell's speech at Jackson Hole showed a more dovish attitude, the DXY fell again, dashing the market's hope that the Fed would begin to reduce debt purchases sooner. Finally, DXY rose 0.49% in August.
- The euro weakened against the dollar in August. Earlier this month, the euro fluctuated with the release of US data and dragged down due to the decline in risk aversion in the market. The euro regained some ground against the dollar at the end of the month, as the dollar weakened due to Powell's more dovish remarks. The euro eventually fell 0.51% against the dollar in August. The GBP against the U.S. dollar also fell in August. Due to the escalation of pandemic concerns, economic data is generally weak, pushing the currency lower. The BoE kept interest rates unchanged this month and voted to maintain the current asset purchase plan. The GBP finally dropped 1.07% in August.

FX	High	Low	Settle	Net Change (+/-%)	
				MoM	YTD
DXY	93.57	92.05	92.63	0.49%	2.99%
EUR / USD	1.187	1.168	1.181	-0.51%	-3.33%
USD / CNH	6.501	6.454	6.454	-0.14%	-0.75%
USD / JPY	110.6	109.0	110.0	0.27%	6.56%
GBP / USD	1.393	1.362	1.376	-1.07%	0.62%
USD / CAD	1.283	1.250	1.262	1.13%	-0.86%
AUD / USD	0.741	0.713	0.732	-0.38%	-4.91%
USD / CHF	0.923	0.904	0.915	1.02%	3.38%

Source: Bloomberg

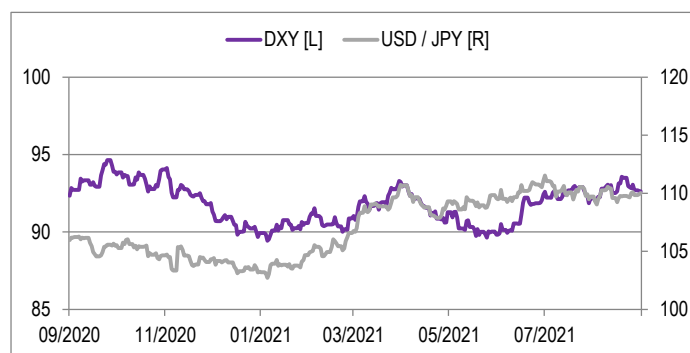


Fig. 7 One year performance of DXY and JPY

Economic Calendar (September 2021)

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