

TABLE OF CONTENTS	PAGE
<b>Equity</b> – Continued recovery of global equities	1
<b>Fixed Income</b> – Global bond yields dropped in general	2
<b>Commodities</b> – Oil price stabilized and gold reached an all-time high	2
<b>FX</b> – Dollar continued to be under pressure	3
<b>Economic Calendar</b> (August 2020)	3

## Equity – Continued recovery of global equities

- Global equities posted positive returns for the fourth consecutive month in July. Investor sentiment continued to remain marginally optimistic and driven by positive earnings surprise in the Q2 reporting season across various regions. For developed market, S&P500 and Nasdaq surged 5.51% and 6.82%, respectively, while MSCI EU Index dropped 1.52%. For the emerging market, MSCI EM index gained 8.42%. China CSI300 Index and ChiNext Index gained 12.75% and 13.85%, respectively. HSI and HSCEI were up 0.69% and 2.88%, respectively.
- In China, NBS manufacturing PMI edged up 0.2ppt to 51.1%, staying in expansion territory for a fifth consecutive month. The industry-wide indicators pointed to a more balanced recovery. New export orders index rose further to 48.4% in July compared to 42.6 in June. Employment index of non-mfg sector weakened further to 48.1%. Looking forward, domestic fiscal expansion easing and overseas economic reopening may support further recovery of domestic and external demand, but the pace of consumption rebound remains uncertain.

Index	Settle	Net Change (+/-%)		Valuation (2020)	
		MoM	YTD	PE	PB
DJIA	26,428.32	2.38%	-7.39%	23.83	3.80
S&P 500	3,271.12	5.51%	1.25%	25.46	3.52
Nasdaq	10,745.27	6.82%	19.76%	37.80	5.43
Nikkei	21,710.00	-2.59%	-8.23%	21.73	1.61
FTSE100	5,897.76	-4.41%	-21.81%	18.39	1.31
CAC40	4,783.69	-3.09%	-19.98%	23.49	1.42
DAX	12,313.36	0.02%	-7.06%	19.38	1.45
SHCOMP	3,310.01	10.90%	8.52%	14.03	1.45
CSI300	4,695.05	12.75%	14.61%	15.51	1.96
ChiNext	3,065.18	13.85%	45.66%	39.59	6.16
HSI	24,595.35	0.69%	-12.75%	11.37	0.96
HSCEI	10,039.96	2.88%	-10.10%	8.70	0.98
TWSE	12,664.80	8.98%	5.57%	19.35	2.06
KOSPI	2,249.37	6.69%	2.35%	16.27	0.94
JCI	5,149.63	4.98%	-18.25%	0.00	0.00

Source: Bloomberg

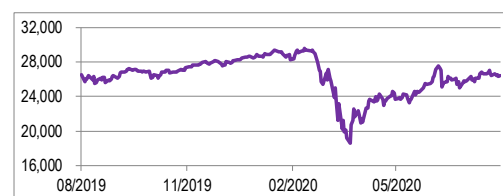


Fig. 1 One year performance of Dow Jones Index

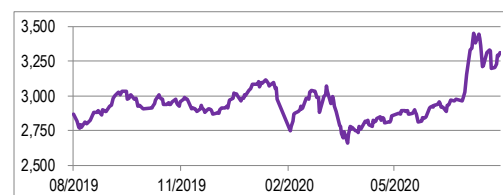


Fig. 2 One year performance of Shanghai Composite

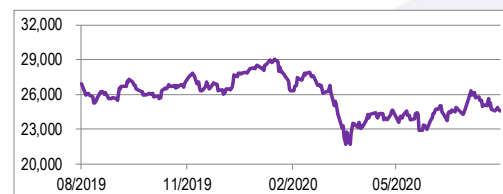


Fig. 3 One year performance of Hang Seng Index

## Fixed Income – Global bond yields dropped in general

- In early July, 10Y US Treasury yields rose briefly reaching 0.68% due to global equities rallied led by China. However, a USD 46bn auction of 3Y notes at a record low of 0.19% signaled that 0% policy rate expectation persist. Following the FOMC meeting on 29 July, the Fed vowed to use all possible tools in its bid to support the US economy, including to maintain the rate near zero until it is confident that the economy has weathered recent events. 10Y US Treasury yields finally closed at 0.53% in July.
- European bond market activity closely followed the developments around the European recovery fund. As markets digested news of a EUR750bn recovery package and the ECB's bolstered bond-buying program, European government bonds moved lower across the board. Euro 10Y government bond yields went down 7bp in July. In UK, despite UK bond issuance on track to double the record set during financial crisis, gilt yields have been held down which is likely a result of the BOE's announcement of a further GBP 300bn of asset purchases and the continued pricing in of negative rates. 10Y gilt yields eventually closed the month at 0.1%.

Bonds	High	Low	Settle	Net Change (bp)	
				MoM	YTD
US 10-yr Treasury Yield	0.68%	0.53%	0.53%	-13	-139
US 30-yr Treasury Yield	1.44%	1.19%	1.19%	-22	-120
Euro 10-yr Govt Yield	-0.40%	-0.54%	-0.52%	-7	-34
Japan 10-yr Govt Yield	0.05%	0.02%	0.02%	-1	3
China 10-yr Govt Yield	3.10%	2.85%	2.98%	13	-17

Source: Bloomberg

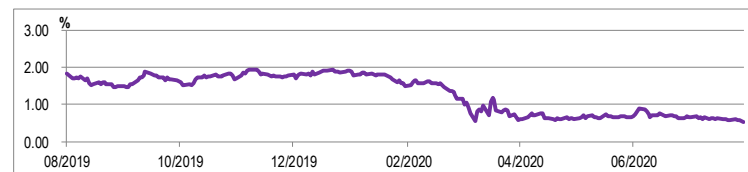


Fig. 4 One year performance of US 10-yr Treasury Yield

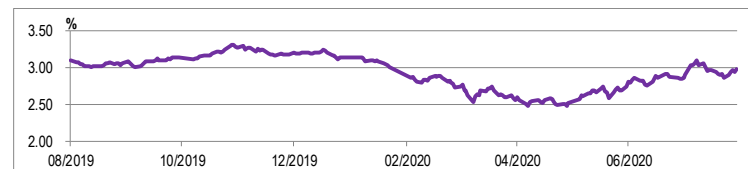


Fig. 5 One year performance of China 10-yr Treasury Yield

## Commodities – Oil price stabilized and gold reached an all-time high

Commodities	High	Low	Settle	Net Change (+/-%)	
				MoM	YTD
WTI Oil (bbl)	41.96	39.27	40.27	2.55%	-34.05%
Brent Oil (bbl)	44.32	41.15	43.30	5.22%	-34.39%
Gold Spot (oz)	1,975.86	1,770.09	1,975.86	10.94%	30.22%
CMX Silver (oz)	24.50	18.22	24.22	29.94%	33.34%
CMX Copper (lb)	295.80	272.85	286.80	5.11%	1.70%
LME Zinc (mt)	2,308.00	2,015.00	2,308.00	13.32%	1.25%
LME Aluminum (mt)	1,685.75	1,582.75	1,675.20	4.59%	-5.95%

Source: Bloomberg

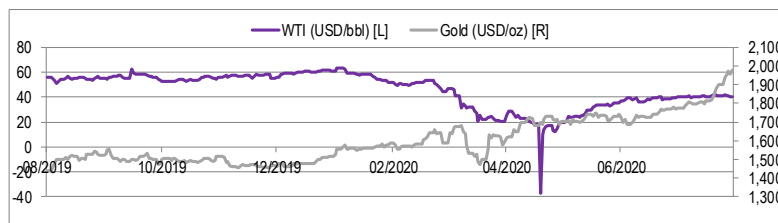


Fig. 6 One year performance of Oil and Gold Price

- Oil prices stabilized throughout in July compared to recent months. The oil price was under pressure as sentiment shifted following a sharp rise in US COVID-19 cases and bleak US and German economic data increased fears of a slower recovery. Also, the supply cuts from the OPEC+ would be tapped from August likely added to supply-side worries. However, following the EU summit, oil prices then rebounded as more positive risk sentiment developed in the market. WTI and Brent finally went up by 2.55% and 5.22% respectively in July.

- The gold price climbed robustly throughout July as investors continued to demand the haven asset amid a raft of global uncertainties. With negative real interest rates, a weakening US dollar, renewed concerns over inflation, rising US-China tensions, and an increase in worldwide COVID-19 cases, demand for bullion has remained high. Thus, inflows into gold ETFs continued to accumulated at a rapid pace. Gold price rallied to an all-time high and finally closed at USD 1,975.86/oz, up 10.94% MoM.

## FX – Dollar continued to be under pressure

- Throughout the first half of July, the Dollar had modest declines as risk sentiment turned positive with improving economic data and positive vaccine news. Similarly, increasingly bullish expectations regarding the potential for an agreement at the EU summit likely exacerbated the Dollar's declines. Following the agreement on the EU stimulus package in second half of July and rising US-China tensions, the DXY became more bearish and the Dollar weakened persistently through the remainder of the month. Finally, the DXY went down by 4.15% in July.
- In Europe, the EUR initially climbed modestly against the USD on the expectations for the Next Generation EU fund, but most gains for the EUR came following the historic agreement (EUR 750bn Next Generation EU Fund) in second half of July. Thereafter, the EUR rose rapidly alongside other G10 currencies and the EUR eventually was up 4.84% against the USD in July. In UK, although a continued lack of progress in Brexit negotiations, GBP rallied in-line with the general risk-on mood of markets and had a strong performance accelerated following the Chancellor's opening of the fiscal taps. After EU summit, GBP continued to climb higher. GBP-USD eventually rose 5.52% in July.

FX	High	Low	Settle	Net Change (+/-%)	
				MoM	YTD
DXY	97.39	93.02	93.35	-4.15%	-3.15%
EUR / USD	1.185	1.123	1.178	4.84%	5.04%
USD / CNH	7.070	6.973	6.989	-1.14%	0.40%
USD / JPY	107.9	104.7	105.8	-1.95%	-2.56%
GBP / USD	1.310	1.240	1.309	5.52%	-1.30%
USD / CAD	1.362	1.334	1.341	-1.21%	3.25%
AUD / USD	0.720	0.690	0.714	3.48%	1.74%
USD / CHF	0.947	0.909	0.913	-3.63%	-5.56%

Source: Bloomberg

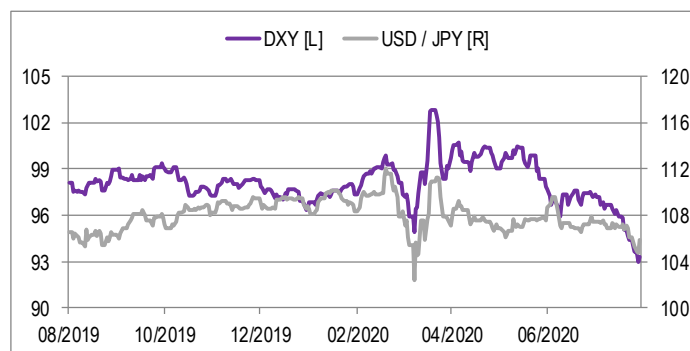


Fig. 7 One year performance of DXY and JPY

## Economic Calendar (August 2020)

Monday	Tuesday	Wednesday	Thursday	Friday
3 Markit US Manufacturing PMI ISM Manufacturing Construction Spending MoM	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 Wholesale Inventories MoM
10	11 PPI Final Demand MoM	12 MBA Mortgage Applications CPI MoM	13 Initial Jobless Claims	14 Retail Sales Advance MoM Industrial Production MoM U. of Mich. Sentiment
17 Empire Manufacturing	18 Housing Starts	19 MBA Mortgage Applications	20 Initial Jobless Claims Leading Index	21 Markit US Manufacturing PMI Existing Home Sales
24	25 Conf. Board Consumer Confidence New Home Sales	26 MBA Mortgage Applications Durable Goods Orders	27 GDP Annualized QoQ Initial Jobless Claims	28 Personal Income Wholesale Inventories MoM Personal Spending Chicago Purchasing Manager U. of Mich. Sentiment
31				

Source: Bloomberg