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Equity – Global equity rally was halted and Chinese stocks still under pressure

- Global stock markets fell overall in September, led by North America and Europe. In developed countries, rising inflation data, earlier-than-expected interest rate hikes, and tapering of stimulus measures by major central banks led to an increase in market volatility. S&P500 and Nasdaq dropped 4.76% and 5.31% respectively. MSCI EU fell 3.08% as well. On the other hand, for emerging markets, the Evergrande crisis intensified market volatility and triggered a global equities sell-off in the third week of September. In addition, weak economic data in August continued to intensify market concerns of an economic slowdown in China. For the emerging market, MSCI EM was down 4.25%. China CSI300 was up 1.26% and ChiNext down 1.42%. HSI and HSCEI was down 5.04% and 4.98% respectively.
- China's September NBS manufacturing PMI index fell by 0.5 to 49.6, and the non-manufacturing PMI index increased by 5.7 to 53.2. The NBS manufacturing PMI fell into a contractionary zone in September, mainly due to increased power curtailment and production reduction and widening concerns on property slowdown. The non-manufacturing PMI index suggests an increase in costs as construction materials such as steel and cement are at the top of the production cuts list. The new orders index fell from 49.6 to 49.3 in September, and the new export orders fell from 46.7 to 46.2. The decline was due to a production cut for energy-intensive industries in provinces that failed to meet the NDRC's targets. Overall, the pace of recovery continues to slow down. However, the market expects the slowdown may prompt more targeted fiscal and monetary policy support.

Index	Settle	Net Change (+/-%)		Valuation (2021)	
		MoM	YTD	PE	PB
DJIA	33,843.92	-4.29%	10.58%	18.38	4.63
S&P 500	4,307.54	-4.76%	14.68%	21.33	4.31
Nasdaq	14,448.58	-5.31%	12.11%	31.90	6.22
Nikkei	29,452.66	4.85%	7.32%	17.62	1.89
FTSE100	7,086.42	-0.47%	9.69%	12.41	1.76
CAC40	6,520.01	-2.40%	17.45%	15.59	1.86
DAX	15,260.69	-3.63%	11.24%	15.03	1.89
SHCOMP	3,568.17	0.68%	2.74%	12.99	1.55
CSI300	4,866.38	1.26%	-6.62%	15.14	2.04
ChiNext	3,445.92	-1.42%	10.76%	43.36	6.66
HSI	24,575.64	-5.04%	-9.75%	12.32	1.24
HSCEI	8,726.38	-4.98%	-18.74%	10.09	1.20
TWSE	16,934.77	-3.18%	14.95%	13.40	2.42
KOSPI	3,068.82	-4.08%	6.80%	11.11	1.21
JCI	6,286.94	2.22%	5.15%	17.99	2.19

Source: Bloomberg

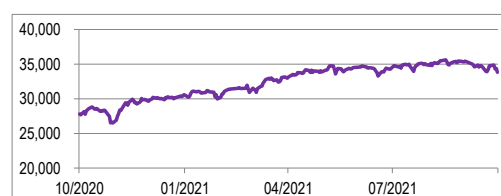


Fig. 1 One year performance of Dow Jones Index

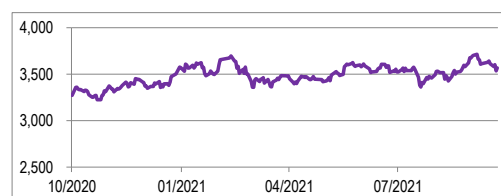


Fig. 2 One year performance of Shanghai Composite



Fig. 3 One year performance of Hang Seng Index

Fixed Income – U.S. Treasuries rose moderately

- US Treasury bond yields rose slightly in September due to a more hawkish market expectations. After the Fed's meeting on September 22, where Powell indicated that the criteria for reducing asset purchases had been "all but met", the 10Y US Treasury yields reacted fairly muted and ended the day down. However, the 10Y US Treasury yields steadied and rose at the end of the month, with the 10-year TIPS yield rose by 14 basis points, and the US 10Y breakeven mainly traded sideways in September. The US 10-year Treasury bond yield finally closed at 1.49% in September.
- In Europe, rising 10Y gilt yields outpaced the move in 10Y US Treasury bond yields due to a more explicit hawkish comments from the BoE. While two members of the MPC voted for an early end to quantitative easing at the meeting on September 23, the minutes of the meeting also showed a broader agreement to strengthen "moderate tightening." 10Y gilt yields jumped higher after this announcement and continued to rise for the rest of the month, increasing by more than 30 basis points to 1.02%. Meanwhile, European yields were not immune to the sell-off of interest rates in September, with 10Y Bunds rose 19 basis points to -0.19% this month.

Bonds	High	Low	Settle	Net Change (bp)	
				MoM	YTD
US 10-yr Treasury Yield	1.54%	1.28%	1.49%	18	57
US 30-yr Treasury Yield	2.09%	1.81%	2.04%	11	40
Euro 10-yr Govt Yield	-0.20%	-0.39%	-0.20%	18	37
Japan 10-yr Govt Yield	0.09%	0.03%	0.07%	5	5
China 10-yr Govt Yield	2.90%	2.82%	2.88%	3	-27

Source: Bloomberg

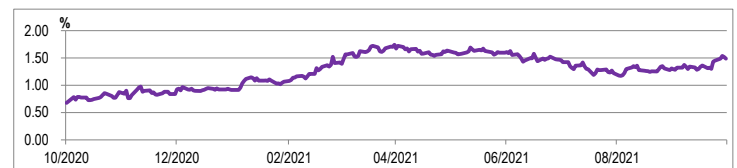


Fig. 4 One year performance of US 10-yr Treasury Yield

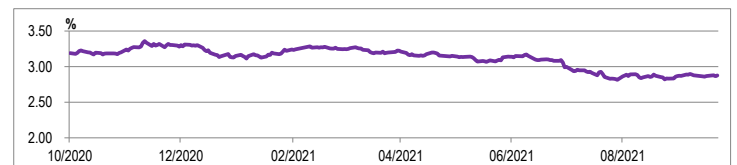


Fig. 5 One year performance of China 10-yr Treasury Yield

Commodities – Oil prices rose while gold prices fell

Commodities	High	Low	Settle	Net Change (+/-%)	
				MoM	YTD
WTI Oil (bbl)	75.45	68.14	75.03	9.53%	54.64%
Brent Oil (bbl)	79.53	71.45	78.52	7.58%	51.58%
Gold Spot (oz)	1,827.73	1,726.37	1,756.95	-3.12%	-7.45%
CMX Silver (oz)	24.80	21.49	22.05	-8.16%	-17.29%
CMX Copper (lb)	445.20	408.90	408.90	-6.54%	16.03%
LME Zinc (mt)	3,122.00	2,958.05	2,975.75	-0.61%	9.03%
LME Aluminum (mt)	2,932.25	2,688.00	2,842.25	3.77%	44.01%

Source: Bloomberg

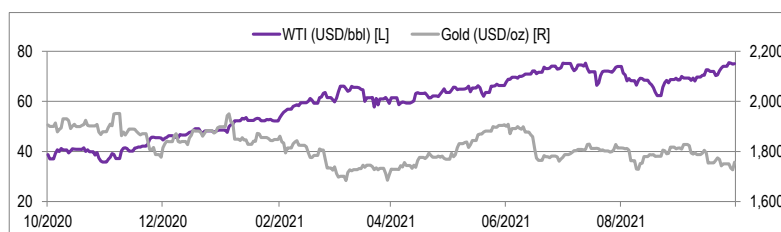


Fig. 6 One year performance of Oil and Gold Price

Oil prices rallied in September with prices climbing up as the market tightened further amid a global energy crunch. Earlier this month, OPEC+ decided to continue its plan to increase the quota by 400,000 barrels per day. Brent rose 2% on the day. However, as producers in the Gulf of Mexico were unable to recover from the damage of Hurricane Ida, US oil supplies remained under pressure in September. As US crude oil inventories fell to their lowest level since 2019, Brent continued to fluctuate in the middle of the month and then soared. With the tightening global supply, the market was optimistic about the oil demand. Finally, Brent Oil finally increased by 7.58% to US\$78.52/bbl at the end of the month.

Gold prices fell in September. Due to the disappointing US jobs report in August, gold prices soared briefly at the beginning of this month. However, prices slipped due to the rise in US Treasury bond yields and the stronger-than-expected US retail sales data as by mid-August. Due to market concerns about China's economic slowdown and Evergrande's default fears, gold edged higher. But it fell again after a more hawkish signal from the Fed's latest dot plot uptick in risk appetite, with half of the members voting for a hike in 2022. Gold price finally closed at 1,756/oz, dropped 3.12% MoM.

FX – The DXY rose while the euro weakened

- The DXY rose in September due to higher by risk-off price action and rising US Treasury yields. A huge miss in August US Nonfarm Payrolls on 3 September put temporary pressure on the DXY at the beginning of this month. The DXY then mostly trade sideways as markets anticipated the FOMC meeting on 22 September. On September 22, the Fed kept interest rates unchanged, but advanced the median forecast for the first rate hike from 2023 to 2022, sending a more hawkish signal to the market. The US dollar index rose 0.3% on the day. As market concerns about Evergrande's default and the U.S. debt ceiling stalemate intensify, market risk aversion and interest rate hike expectations increased, supporting USD's climb. Finally, DXY rose 1.73% in September.
- The EUR weakened against the dollar in September. After the the FOMC and the ECB meeting, the aftermath of reducing its PEPP purchases in 4Q21 to a "moderately lower pace", and the EUR against the dollar was dragged down. The EUR eventually fell to 1.94 % against the dollar in September. The GBP also weakened against the dollar in September. The GBP fell in the second half of the month due to market turbulence caused by a stronger USD, the UK's energy crisis and rising inflation concerns. The GBP finally dropped 2.04% in August.

FX	High	Low	Settle	Net Change (+/-%)	
				MoM	YTD
DXY	94.34	92.04	94.23	1.73%	4.77%
EUR / USD	1.188	1.158	1.158	-1.94%	-5.21%
USD / CNH	6.483	6.427	6.449	-0.08%	-0.82%
USD / JPY	112.0	109.2	111.3	1.15%	7.79%
GBP / USD	1.387	1.343	1.347	-2.04%	-1.43%
USD / CAD	1.282	1.252	1.268	0.51%	-0.35%
AUD / USD	0.746	0.718	0.723	-1.22%	-6.07%
USD / CHF	0.934	0.913	0.932	1.81%	5.25%

Source: Bloomberg

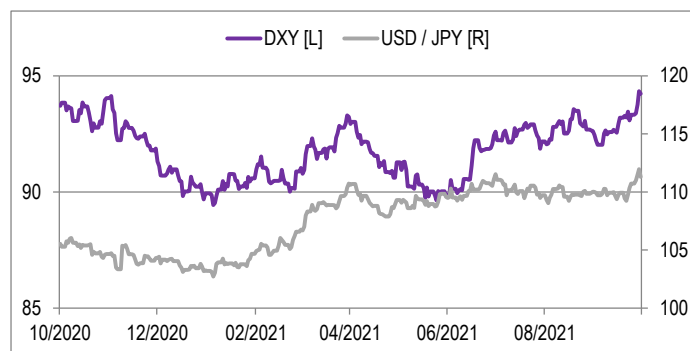


Fig. 7 One year performance of DXY and JPY

Economic Calendar (October 2021)

Monday	Tuesday	Wednesday	Thursday	Friday
				1 Change in Nonfarm Payrolls Unemployment Rate Durable Goods Orders Factory Orders
4	5 Trade Balance	6 MBA Mortgage Applications Wholesale Inventories MoM	7 CPI MoM Initial Jobless Claims	8 U. of Mich. Sentiment
11	12 Retail Sales Advance MoM PPI Final Demand MoM Empire Manufacturing Industrial Production MoM	13 MBA Mortgage Applications Housing Starts	14 FOMC Rate Decision Initial Jobless Claims Leading Index	15
18	19 Existing Home Sales	20 MBA Mortgage Applications Markit US Manufacturing PMI New Home Sales	21 Durable Goods Orders Wholesale Inventories MoM Initial Jobless Claims GDP Annualized QoQ	22 Personal Income Personal Spending U. of Mich. Sentiment
25	26 Conf. Board Consumer Confidence	27 MBA Mortgage Applications ADP Employment Change Chicago Purchasing Manager	28	29

Source: Bloomberg