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Equity – Developed markets underperformed but emerging markets remain strong

- Global equities fell for a second consecutive month in October. The negative sentiment prevailed due to a rise in volatility on the back of record break COVID-19 inflections in the US as well as across major countries in Europe. For developed market, S&P500 and Nasdaq dropped 2.77% and 2.29% respectively. MSCI EU index dropped 5.10%. For the emerging market, MSCI EM index rose 1.98%. China CSI300 Index and ChiNext Index gained 2.35% and 3.14%, respectively. HSI and HSCEI were up 2.76% and 3.86%, respectively.
- In China, NBS manufacturing PMI edges down 0.1 MoM to 51.4, indicating continued expansion of the manufacturing sector. The new orders index was at 52.8, flat MoM and staying in expansion territory for an eighth consecutive month. The production, raw materials inventory, and employment indexes fell slightly. October non-manufacturing business activity index rose 0.3 MoM to 56.2, up for a third consecutive month. Looking forward, we believe Christmas will support exports of consumer goods. We expect export growth to remain strong in 4Q20.

Index	Settle	Net Change (+/-%)		Valuation (2020)	
		MoM	YTD	PE	PB
DJIA	26,501.60	-4.61%	-7.14%	21.95	4.01
S&P 500	3,269.96	-2.77%	1.21%	23.78	3.47
Nasdaq	10,911.59	-2.29%	21.61%	35.59	5.44
Nikkei	22,977.13	-0.90%	-2.87%	22.76	1.72
FTSE100	5,577.27	-4.92%	-26.05%	18.20	1.33
CAC40	4,594.24	-4.36%	-23.15%	23.67	1.39
DAX	11,556.48	-9.44%	-12.77%	17.21	1.36
SHCOMP	3,224.53	0.20%	5.72%	14.49	1.44
CSI300	4,695.33	2.35%	14.62%	16.10	1.95
ChiNext	3,045.03	3.14%	44.71%	36.27	5.61
HSI	24,107.42	2.76%	-14.48%	12.59	1.02
HSCEI	9,760.24	3.86%	-12.61%	9.37	1.02
TWSE	12,546.34	0.25%	4.58%	18.02	1.99
KOSPI	2,267.15	-2.61%	3.16%	16.29	0.94
JCI	5,128.23	5.30%	-18.59%	0.00	0.00

Source: Bloomberg

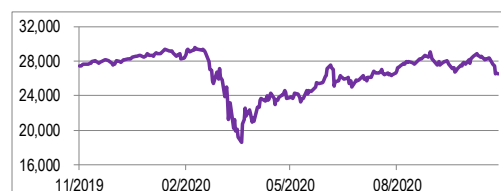


Fig. 1 One year performance of Dow Jones Index

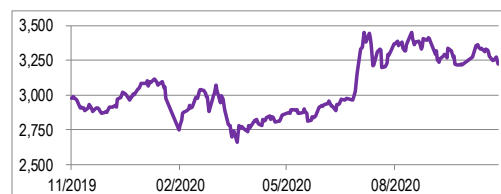


Fig. 2 One year performance of Shanghai Composite

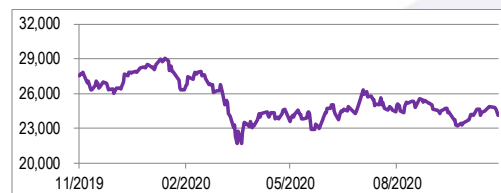


Fig. 3 One year performance of Hang Seng Index

Fixed Income – Bond yields rose in October

- In October, US Treasury yields rise substantially, particularly in the context of the market moving largely sideways in recent months. Seemingly constructive fiscal stimulus discussions and prospects of a US "blue camp" were driving yields climb throughout the month. At the end of the month, US 10Y yield was up 19bp possibly due to lower oil prices and underlying risk-off sentiment. US 10Y Treasury yields finally closed at 0.87% in October.
- In Europe, a well-bid auction of Italian zero-coupon 3Y bonds exemplified continued investor demand for riskier Eurozone debt, and the 10Y BTP yield continued its marked descent to 66bp in mid-October. However, BTP-Bund spreads widened to around 140bp at month-end, likely due to rising COVID-19 restrictions in the Eurozone. 10Y Bund yields continued September's decline to record 7-month lows of -63bp at the end of the month as retail sales number disappointed even before the latest lockdown was imposed. Eventually Euro 10Y government bond yields dropped 11bp in October.

Bonds	High	Low	Settle	Net Change (bp)	
				MoM	YTD
US 10-yr Treasury Yield	0.87%	0.68%	0.87%	19	-104
US 30-yr Treasury Yield	1.68%	1.46%	1.66%	20	-73
Euro 10-yr Govt Yield	-0.49%	-0.64%	-0.63%	-11	-44
Japan 10-yr Govt Yield	0.04%	0.02%	0.04%	3	5
China 10-yr Govt Yield	3.23%	3.15%	3.19%	4	4

Source: Bloomberg

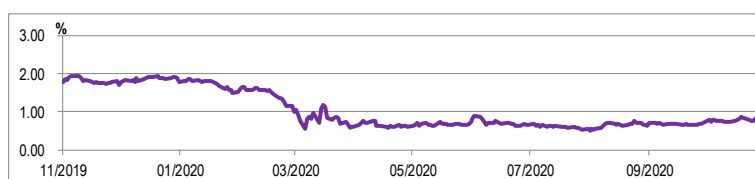


Fig. 4 One year performance of US 10-yr Treasury Yield

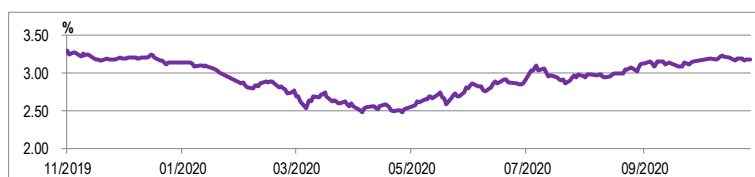


Fig. 5 One year performance of China 10-yr Treasury Yield

Commodities – Oil price went down and gold was volatile

Commodities	High	Low	Settle	Net Change (+/-%)	
				MoM	YTD
WTI Oil (bbl)	41.46	35.79	35.79	-11.01%	-41.39%
Brent Oil (bbl)	43.34	37.46	37.46	-8.52%	-43.24%
Gold Spot (oz)	1,930.40	1,867.59	1,878.81	-0.37%	23.83%
CMX Silver (oz)	25.27	23.36	23.65	0.65%	29.47%
CMX Copper (lb)	319.85	286.55	304.75	0.49%	7.86%
LME Zinc (mt)	2,565.00	2,307.00	2,513.75	5.27%	10.28%
LME Aluminum (mt)	1,858.53	1,702.50	1,847.00	6.82%	3.69%

Source: Bloomberg

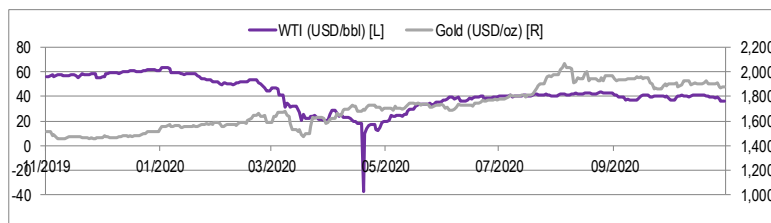


Fig. 6 One year performance of Oil and Gold Price

- In October, oil prices dropped again in a volatile month driven by both the whipsaw of stimulus talks and the changing supply situation. The return of Libyan output in the wake of successful peace negotiations added pressure from the supply side, but talk by both Russia and Saudi Arabia about a possible extension of the current production cuts helped to ease fears of oversupply. At the end of the month, oil prices suffered losses as the likelihood of additional US fiscal stimulus dropped and a resurgence of virus cases in Europe likely hurt the outlook of demand. WTI and Brent went down 11.01% and 8.52% respectively in October.

- Gold price was volatile in October. The gold price oscillated largely due to the conflicting stories regarding additional fiscal stimulus. Furthermore, rising Treasury yields likely capped any further gains for gold. As virus cases surged across Europe into the end of the month, gold relinquished its gains as the USD strengthened. Gold price finally closed at USD 1,878.81/oz, down 0.37% MoM.

FX – USD remaining strong

- In October, FX markets responded to the changing rhetoric concerning additional fiscal stimulus from Washington, surging COVID-19 cases in Europe, and the looming US election. It was a volatile start to the month with President Trump's positive COVID-19 diagnosis spooking markets, and this volatility only continued as policymakers debated a fiscal package. Into the end of the month, sentiment became more negative as COVID-19 cases surged worldwide, threatening second lockdowns in many European countries. Finally, the DXY went up 0.16% in October.
- As COVID-19 cases built across the continent and enacted additional lockdown, investors turned negative. The ECB held rates and left its QE program unchanged on 29 October. The EUR eventually went down 0.63% against the USD in October. In UK, GBP-USD was supported by both shifting risk sentiment and the progress of Brexit talks in October. Despite the apparent deadlock in Brexit talks, both sides committed to continued negotiations and a deal was possible by early November. GBP-USD eventually went up 0.21% in October.

FX	High	Low	Settle	Net Change (+/-%)	
				MoM	YTD
DXY	94.04	92.61	94.04	0.16%	-2.44%
EUR / USD	1.186	1.165	1.165	-0.63%	3.87%
USD / CNH	6.784	6.644	6.696	-1.29%	-3.81%
USD / JPY	106.0	104.3	104.7	-0.78%	-3.64%
GBP / USD	1.315	1.288	1.295	0.21%	-2.34%
USD / CAD	1.333	1.311	1.332	0.02%	2.55%
AUD / USD	0.724	0.703	0.703	-1.87%	0.10%
USD / CHF	0.921	0.904	0.917	-0.42%	-5.13%

Source: Bloomberg

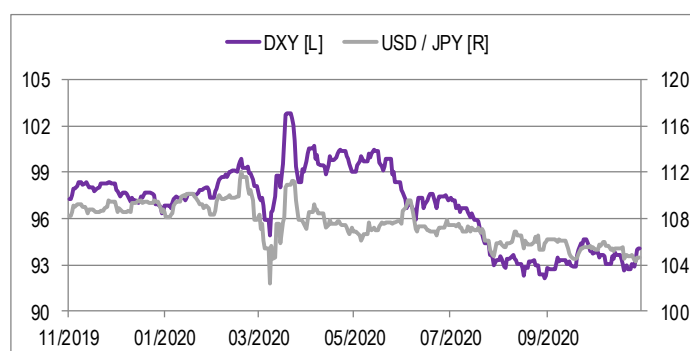


Fig. 7 One year performance of DXY and JPY

Economic Calendar (November 2020)

Monday	Tuesday	Wednesday	Thursday	Friday
2 Markit US Manufacturing PMI ISM Manufacturing Construction Spending MoM	3 Factory Orders Durable Goods Orders	4 MBA Mortgage Applications ADP Employment Change Trade Balance	5 Initial Jobless Claims	6 FOMC Rate Decision Change in Nonfarm Payrolls Unemployment Rate Wholesale Inventories MoM
9	10	11 MBA Mortgage Applications	12 CPI MoM Initial Jobless Claims	13 PPI Final Demand MoM U. of Mich. Sentiment
16 Empire Manufacturing	17 Retail Sales Advance MoM Industrial Production MoM	18 MBA Mortgage Applications Housing Starts	19 Initial Jobless Claims Leading Index Existing Home Sales	20
23 Markit US Manufacturing PMI	24 Conf. Board Consumer Confidence	25	26	27
30 Chicago Purchasing Manager				

Source: Bloomberg