

GLOBAL ECONOMY AND FINANCIAL MARKETS SHORT COMMENTARY



Market Commentary – 2022.08.31

Comments on latest macro developments:

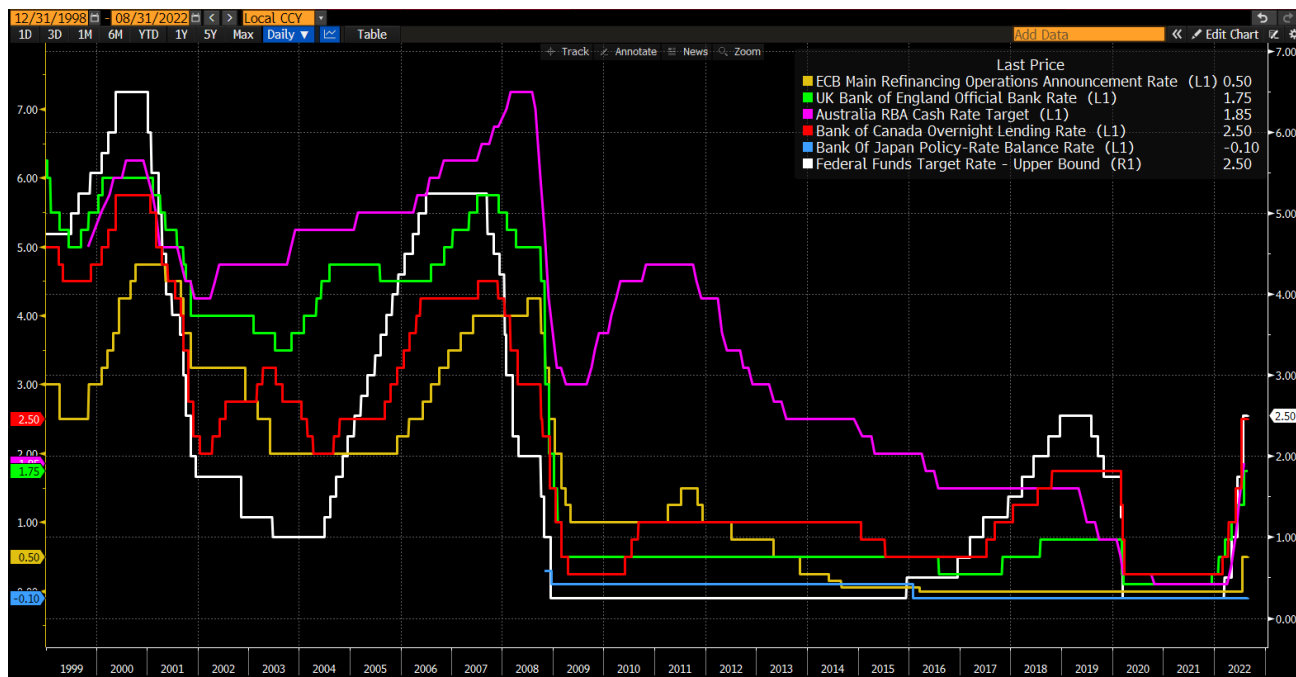
- Market participants continued focused on development on inflation and hawkish rhetoric of central bankers
- Economic activities have slowed in the past few months, though partly could be due to seasonal factors
- Commodity prices and costs of transportation (freights) have been easing off and should provide some relieve on inflationary pressure for some economies
- US's economy is showing strong resilience with buoyant labour market and stable consumption
- Confronted with restrictive energy supply from Russia, European nations are facing the daunting tasks of steadying their economies while trying hard to secure sufficient energy reserves before winter's arrival
- China's economy weakened further though government is stepping up fiscal support to boost infrastructure and steadying the all-important property sector

Chart 1 - Stock markets performance (in USD terms) from Jun 2 – Aug 30: Dow Jones Industrial Average (solid white), MSCI Europe Index (dashed orange), MSCI AC Asia ex. Japan Index (dotted yellow)



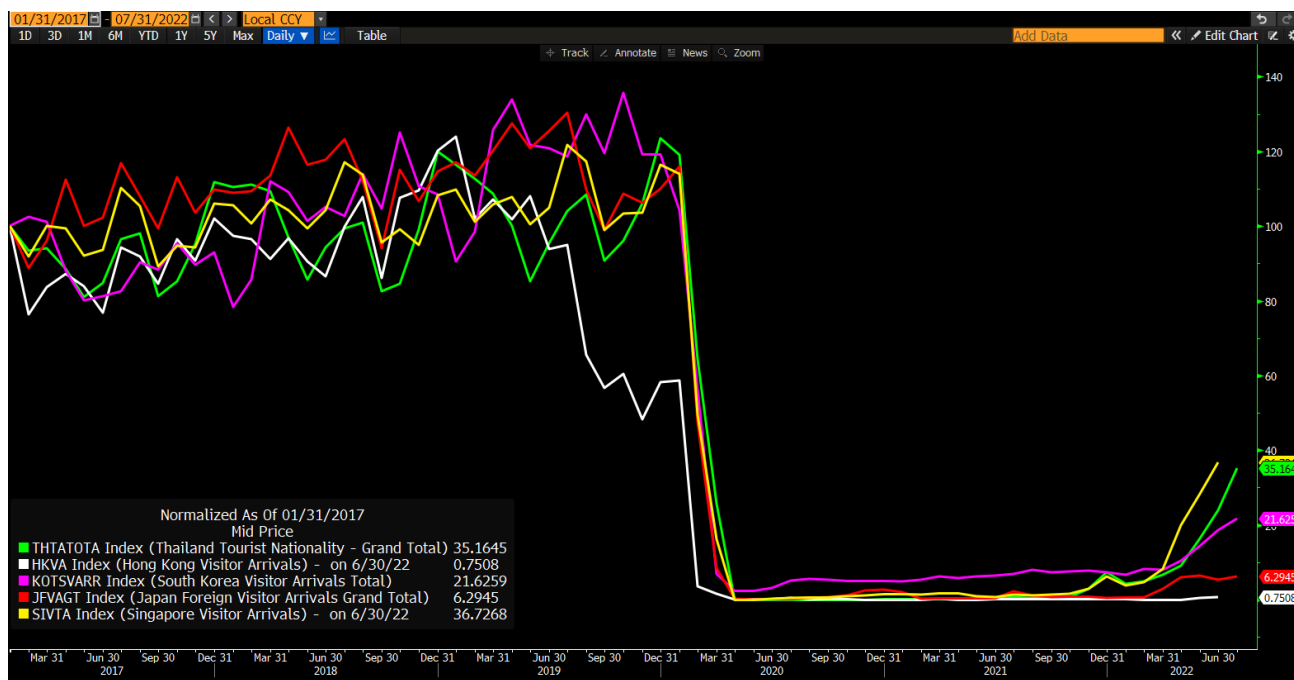
US markets, represented above by the Dow Jones Industrial Average Index has rebounded since mid-June. European markets had also bounced higher but soaring energy prices (esp. for natural gas) and slowing economic activities have dented investor sentiment and dragged market lower anew. Asian markets have been moving sideways since mid-June mainly due to underperformance among North Asian economies.

Chart 2 - Benchmark Interest Rates among Major Central Banks



Major central banks, with the exception of Bank of Japan (and People’s Bank of China), have steadfastly hiking interest rates in their efforts to tame the highest inflationary pressure in decades that has been driven by soaring commodity prices and supply issues due to the pandemic.

Chart 3 - Tourist Arrivals among Selected Asian Countries/Cities



With more and more nations embracing the “co-exist with COVID” mantra, selected Asian nations are starting to see the return of international tourists, with Singapore and Thailand ahead of regional peers. This should provide much needed boosts to tourism-related industries and overall economies of many Asian nations.

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