

Global Economic Commentary

China–United States trade war continued



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The second half of 2018 is an era of economic turmoil

October is a brutal month for stocks' investors, both developed market equities and emerging market equities were slumped this month, MSCI Emerging Market and MSCI World index were down 8.78% and 7.42% respectively, largest monthly drawdown since August 2015.

MSCI World Index Monthly Return in USD



Source: Bloomberg

MSCI Emerging Market Index Monthly Return in USD



Source: Bloomberg

In the U.S, Dow Jones Industrial Index has 10.5% draw down from the top at 3 Oct, the sell off from U.S equity market was spread towards global equity market, sent China, Hong Kong, Japan, Germany and other emerging market equity indices into new year low. The proximate catalyst for the sell-off was the significant surge in 10- year Treasury yield, up around 40 basis point within 6 weeks (Bond yield up, then bond price will be down and vice versa).

Economic key points:

- MSCI Emerging Market and MSCI World index were down 8.78% and 7.42% respectively

Chart of the Month: MSCI World Index



10-day MA	2018.85
20-day MA	2060.90
100-day MA	2128.78
250-day MA	2118.64

Comment:
The MSCI World Index is expected to be adjected amid the U.S interest rate hike.

Global Market Performance

Index (USD)	Closed at 31/10/2018	MTD Change (%)	YTD Change (%)	Current PE ratio	Estimated PE ratio	Dividend Yield
DJIA	25,115.76	(5.07)	1.60	17.02	15.90	2.20
S&P 500	2,711.74	(6.94)	1.43	18.77	16.64	1.95
Nasdaq	7,305.90	(9.20)	5.83	40.30	20.91	1.10
FTSE 100	9,091.18	(7.18)	(12.56)	15.23	12.53	4.58
DAX	12,942.55	(9.00)	(16.66)	13.39	12.46	3.26
CAC	5,758.64	(9.74)	(9.83)	15.60	13.50	3.42
Nikkei 225	193.90	(8.76)	(4.11)	15.13	15.53	2.03
HSI	3,185.49	(10.29)	(16.82)	9.71	10.76	3.91
SHCOMP	373.12	(9.16)	(26.59)	12.28	10.78	2.57
ASX	4,181.90	(8.62)	(13.20)	17.45	15.01	4.39
TWI	316.59	(12.31)	(11.75)	13.02	12.75	4.56
KOSPI	1.78	(15.81)	(22.84)	9.96	8.59	2.29
SET	33.30	(7.15)	(4.45)	14.62	15.06	3.04
SENSEX	465.06	(6.87)	(12.81)	22.90	19.70	1.43
Russia RTS	1,126.21	(5.52)	(2.44)	5.51	5.34	5.71
Mexico IPC	2,157.38	(18.44)	(13.93)	18.94	14.78	2.44
Bovespa	23,436.69	18.79	1.42	18.83	13.03	3.33
Median		(8.76)	(11.75)	15.23	13.50	3.04

Market Data

Commodities (USD)

Price as at 31/10/2018

Crude Oil	65.31
Gold 100oz	1,215.00

Source: Bloomberg

Date Time	Country	Event	Event Time	Survey	Prior
11/1/2018	Australia	Export Price Index QoQ	3Q	2.20%	1.90%
11/1/2018	Australia	Import Price Index QoQ	3Q	1.00%	3.20%
11/1/2018	China	Caixin China PMI Mfg	Oct	50	50
11/2/2018	Europe	Markit Eurozone Manufacturing PMI	Oct F	52.1	52.1
11/2/2018	US	Unemployment Rate	Oct	3.70%	3.70%
11/5/2018	China	Caixin China PMI Composite	Oct	--	52.1
11/5/2018	China	Caixin China PMI Services	Oct	52.8	53.1
11/6/2018	Europe	Markit Eurozone Services PMI	Oct F	53.3	53.3
11/6/2018	Europe	Markit Eurozone Composite PMI	Oct F	52.7	52.7
11/8/2018	China	Exports YoY	Oct	11.70%	14.50%
11/8/2018	China	Imports YoY	Oct	14.50%	14.30%
11/9/2018	UK	GDP QoQ	3Q P	0.60%	0.40%
11/9/2018	UK	GDP YoY	3Q P	1.50%	1.20%
11/12/2018	Japan	PPI YoY	Oct	2.80%	3.00%
11/12/2018	Japan	PPI MoM	Oct	0.10%	0.30%
11/14/2018	Japan	GDP SA QoQ	3Q P	-0.30%	0.70%
11/14/2018	China	Industrial Production YoY	Oct	5.80%	5.80%
11/14/2018	China	Industrial Production YTD YoY	Oct	6.30%	6.40%
11/14/2018	US	CPI Ex Food and Energy YoY	Oct	2.20%	2.20%
11/14/2018	US	CPI Index NSA	Oct	252.8	252.439
11/15/2018	US	Import Price Index YoY	Oct	3.30%	3.50%
11/15/2018	US	Export Price Index YoY	Oct	--	2.70%
11/19/2018	Japan	Exports YoY	Oct	--	-1.20%
11/19/2018	Japan	Imports YoY	Oct	--	7.00%
11/21/2018	US	Initial Jobless Claims	Nov-17	--	--
11/21/2018	US	Continuing Claims	Nov-10	--	--
11/28/2018	US	Personal Consumption	3Q S	--	4.00%
11/30/2018	China	Non-manufacturing PMI	Nov	--	53.9
11/30/2018	China	Manufacturing PMI	Nov	--	50.2
11/30/2018	Europe	Unemployment Rate	Oct	--	8.10%
11/30/2018	US	Chicago Purchasing Manager	Nov	60	58.4

News Stories Highlights

Headlines

[Tech-Fueled Selloff Ripples Across Asia](#)

Stock markets across Asia fell on Tuesday, piggybacking off a steep selloff in the U.S., as investors world-wide grew more concerned about the health of the tech hardware sector.

[Stock markets across Asia fell on Tuesday, piggybacking off a steep selloff in the U.S., as investors world-wide grew more concerned about the health of the tech hardware sector.](#)

Treasury Secretary Steven Mnuchin has resumed discussions with his Chinese counterpart, Vice Premier Liu He, about a deal that would ease trade tension, ahead of a meeting of the leaders of China and the U.S. set for the end of the month.

[Bank of Japan's Bond and Stock Holdings Top 100% of GDP](#)

Japan's central bank now owns bonds and shares equivalent to a full year of national economic output—underlining the growing gulf between policy makers in Tokyo and their main Western counterparts.

[U.S. Considers Asking Afghanistan to Suspend Presidential Election](#)

WASHINGTON—The Trump administration is discussing whether to press the Afghan government to suspend coming presidential elections, according to people briefed on the discussions, as the U.S. seeks to engage the Taliban in talks to end the 17-year war.

US inflation is still in the doldrums, but 10-year bond yields rebounded.

FIGURE 1
US 10 years treasury yield



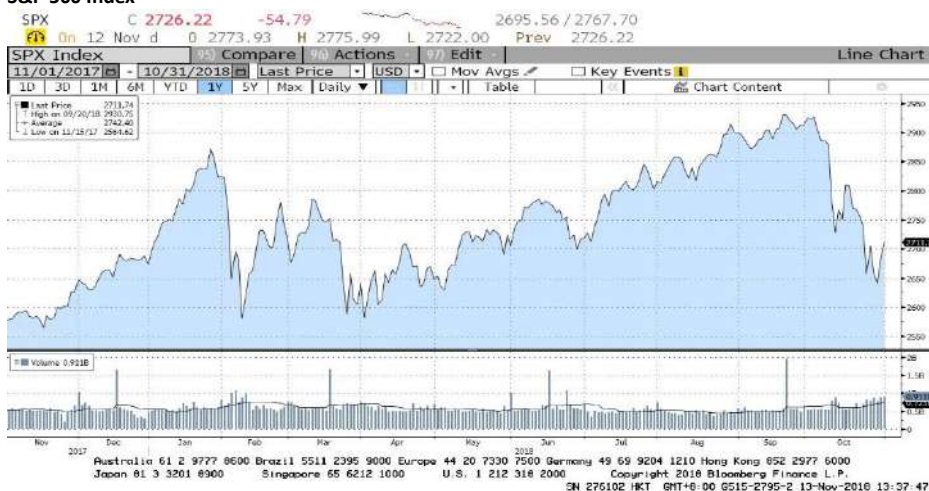
HSCEI was seeking a bottom

FIGURE 2
Hang Seng China Enterprises Index



SPX declined on the top.

FIGURE 3
S&P 500 Index



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