

# "Mai! Mai! Mai!"

- ✓ Hot money outflow is at its 2<sup>nd</sup> worst in history. But these are speculative weak hands. What is left is the strong hands with holding power.
- ✓ Foreign brokers in HK cutting stock positions, while the mainland counterparts holding still. HK ETF attracts some of the largest inflows in history.
- ✓ While the Hang Seng can see further downside, this is a time when excessive pessimism doesn't help anyone and starts to disagree with our contrarian-self.

## Hot Money Outflow 2<sup>nd</sup> Worst in History.

Mandarin is lilting when spoken. One of the challenges for foreigners to master mandarin speaking is the four tones. Same sound but different tones can have opposite meaning. For instance, "mai3" with falling-rising tone means "buy", but "mai4" with falling tone means "sell".

Such subtle differences in the intonation of a same sound but contrary meanings sum up the impasse confronting the Chinese market – valuation is at levels unseen before and screaming "*mai3*" with falling-rising tone, but Hong Kong is rife with risks and wailing "*mai4*" with falling tone. Our tentative knife-catching trade suffered a small loss of less than 1% and was stopped out. Nonetheless, losing money never feels good.

Hao Hong, CFA hao.hong@growim.com

Chinese version: 《"Mai! Mai! Mai!"》



#### Figure 1: Estimated hot money flowing out of China is second worst in history.

31 October, 2022



Our data and estimates show that "hot money", the cross-border capital flows unexplained by changes in current and financial/capital accounts, is once again flowing out. Indeed, we estimate that the extent of hot-money outflow is close to its worst between mid-2015 to early 2016 after the burst of Chinese stock bubble. Hot money flows tend to exacerbate market volatility and exit at the most inconvenient time when the market needs support the most – like it was in 2015 and probably now (**Figure 1**).

That said, just because some are selling does not necessarily mean the market would have to go down – if there are more buyers than sellers. We note that while the absolute size of hot money outflow appears to be similar to that of 2015, but the Chinese economy and its market value are substantially larger. As such, hot money outflow of the similar magnitude now means much less to the Chinese market and thus has less sway.

Meanwhile, the HKMA is engaged in epic battle with the HKD sellers. The market intervention to stop the HKD from depreciating beyond its weaker bound by Hong Kong's de facto central bank is the largest in amount and most frequent in history of the peg (**Figure 2**). As a result, the decline in HKMA's FX reserve is the largest and the fastest in history. Embattled by sellers from all fronts, the Hang Seng appears almost defenseless, and cannot stop falling.





Source: Bloomberg, GROW Research

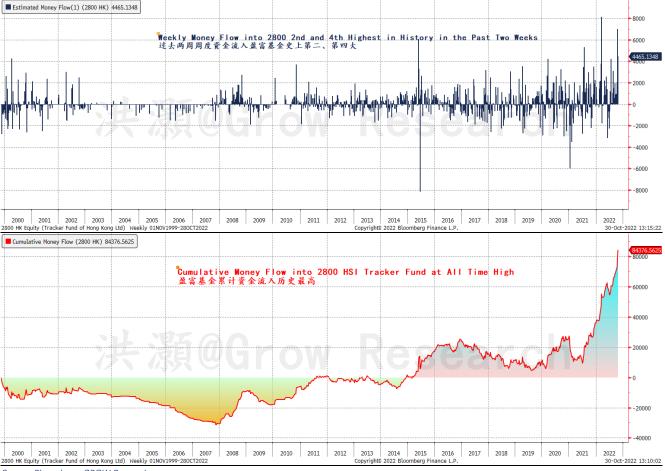
In sum, both the PBoC and the HKMA are engaged in battles against capital outflow. The magnitude and the pace of falling in their FX reserves are testaments of the formidable challenges. As the Fed continues to tighten and the global economy slowly sinks into a recession, capital will continue to seek shelter in the USD. Unfortunately, it is the flaw in the current USD hegemony. There isn't much we could do about it but to keep our chin up.



#### But the Brave is Buying.

At turbulent times like this, it is natural to assume that everyone is selling. But our data are suggesting some are indeed buying. Our record shows that weekly money flow into the biggest Hong Kong ETF (**2800.HK**) is the highest in history in recent weeks, despite dramatic plunge in the Hong Kong market. And the cumulative money flow into this ETF stands at all time high (**Figure 3**).

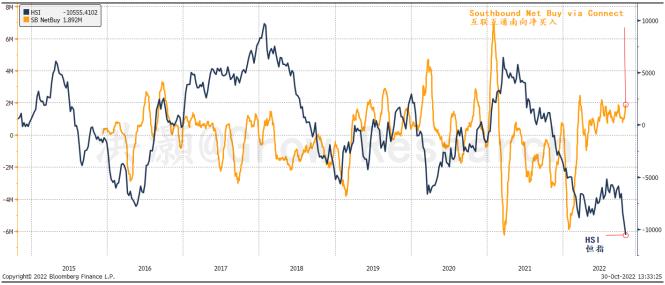
#### Figure 3: Money flowing into HK ETFs at record speed.



Source: Bloomberg, GROW Research

Meanwhile, Southbound net buying via the Connect Scheme is rising – contrary to popular assumption and is diverging from the falling Hang Seng (**Figure 4**). It can be considered as a vote of confidence from the mainland investors. In the past two years, this money has shown uncanny prescience, spotting the market top in Hong Kong twice – once in early 2021 and then again in early 2022. As such, while the buying by this money has not yet translate into a market bottom, its shrewd and contrarian nature makes its buying significant for a market mired in distress.





#### Figure 4: Southbound buying rising despite HSI being under pressure.

Source: Bloomberg, GROW Research

#### Disparity between mainland and foreign brokers in HK.

If the central bank is intervening by buying the HKD with its FX reserve, mainland investors are net long via the Connect Scheme while the biggest HK-focused ETF is attracting the largest inflow in years, who is selling?

We note that the market value of positions in foreign brokers in HK is falling, while the mainland brokers are largely steady. The divergence started after July, and really accelerated into October. **Figure 5** clearly tells us who is selling.



#### Figure 5: Foreign/HK brokers liquidating HK stock positions. But mainland brokers didn't.

Source: Wind, GROW Research



#### Conclusion

"Hot money" is once again flowing out at a speed like 2015 after the burst of the Chinese stock bubble. Meanwhile, the HKMA is burning through its FX reserve to defend the HKD peg. Foreign brokers in HK are cutting their positions and diverging from the positions of the mainland brokers.

But mainland money has been buying via the Connect Scheme, and its prescience shown through its trading around the two significant market peaks in early 2021 and 2022 should be noted. And the largest HK-focused ETF is attracting some of the biggest inflows in its history, with cumulative inflow at all-time high.

At times like these, there are reasons to both "mai3" and "mai4". There won't be a clear intonation for these confusing Chinese words as soon as we would like. But with many market indicators at their historical extremes, the difference between "buy" and "sell" can be as nuanced as how the Chinese pronounce "mai" and "mai".

## 31 October, 2022





### Appendix Figure 1: Performance of major asset classes (weekly)

sset Class		28/10/2022	21/10/2022	14/10/2022	7/10/2022	30/9/2022	23/9/2022	16/9/2022	9/9/2022	2/9/2022	26/8/2022	19/8/2022
ISCI Index		2 404	2 400	<b>r</b> har		The second			2 100			den/
MSCI World		3.3%	3.2%	-10%	1.7%	2.6%	-5.0%	-4.1%	2.6%	<b>3.</b> 8%	-2.9%	-16%
MSCI DM		4.0%	3.5%	-117%	1.6%	- <b>2</b> 5%	<b>-5.</b> 1%	<mark>-4.</mark> 2%	3.0%	<b>13.</b> 8%	<b>3</b> 8%	-17%
MSCI EM		-2.2%	0.2%	<b>-3.</b> 8%	2.5%	-3.8%	-4.1%	2.7%	-0.2%	-3.4%	0.5%	- <b>1</b> 5%
MSCI China		<u>-9.</u> 0%	27%	<b>6.</b> 2%	1.5%	26%	<b>-5.</b> 7%	<mark>-4.</mark> 4%	-0 <mark>8</mark> %	3.2%	3. <mark>0</mark> %	- <b>1</b> 9%
MSCI AC Asia Ex. Japa	n	2.6%	-14%	-4.2%	2.0%	-3.7%	4.3%	2.7%	-0 <mark>.</mark> 2%	<b>L3.</b> 8%	0.2%	-13%
MSCI Europe		3.5%	1.3%	-0.2%	1.0%	-0 <mark>1</mark> 6%	4.3%	2.8%	1.0%	24%	25%	-0 <b>6</b> %
tock												
U.S.	S&P 500	4.0%	4.7%	-16%	1.5%	2.9%	4.6%	-4.8%	3.6%	<b>3</b> 8%	-4.0%	-112%
Chinese Mainland	SHCOMP	<b>4</b> 0%	-141%	1.5%	0.0%	-21%	-12%	<u>-4.</u> 2%	2.4%	-15%	-07%	-0 <b>6</b> %
	SZCOMP	4.5%	-0.9%	3.8%	0.0%	2.6%	-21%	<b>-5.</b> 8%	1.4%	2.6%	2.8%	0.0%
HK SAR, China	HSI	-8.8%	-28%	6.5%	3.0%	-4.0%	4.4%	<b>L3</b> 1%	-0 <mark>1</mark> 5%	<b>-3</b> 6%	2.0%	-20%
Japan	Nikkei 225	0.8%	-0.7%	-0.1%	4.5%	-4.5%	-115%	-2.3%	2.0%	<b>-3.</b> 5%	-10%	1.8%
South Korea	KOSPI	0.0%	0.0%	-0 <mark>1</mark> 9%	3.5%	-5.9%	-3.9%	-011%	-10%	29%	-015%	-114%
Germany	DAX	4.0%	2.4%	1.3%	1.3%	-14%	-3.6%	2.7%	0.3%	0.5%	4.2%	-18%
U.K.	FTSE 100	1.1%	1.6%	-10%	1.4%	-18%	3.0%	-16%	1.0%	-20%	-16%	0.7%
France	CAC 40	3.9%	1.7%	1.1%	1.8%	-04%	-4.8%	-22%	0.7%	-17%	-3.4%	-0 <mark>1</mark> 9%
loomberg Barclays Indices		5. <b>p</b> /0	1.7/0	1.1/0	1.9%	-0.470	-4.0%	-12.12 /0	0.7/0	- 📫 / 70	<b></b> + /0	-0.9%
	1	2.5%	-017%	1100/	-0 <b>1</b> 4%	-017%	<b>-2.</b> 4%	000/	- <b>01</b> 8%	<b>11</b> 8%	-017%	<b>-1</b> 9%
Global				114%				- <b>0</b> 9%				
China		0.1%	-017%	-11%	0.0%	0.0%	-12%	15%	-0.1%	-04%	-048%	-05%
Global + China		2.5%	-017%	11,4%	-0 <mark>0</mark> 4%	-017%	<b>-2.</b> 4%	- <mark>01</mark> 9%	- <mark>0.</mark> 8%	118%	-017%	<b>-1</b> 9%
U.S.		1.7%	-111%	-11.2%	-0.8%	-10%	1.6%	-0.9%	-0.7%	-10%	-0.4%	- <b>0.</b> 9%
Europe		4.0%	0.2%	1.8%	-0 <mark>1</mark> 6%	0.0%	-4.8%	-0 <mark>1</mark> 5%	-018%	-008%	15%	<b>-3</b> 7%
Asian Pacific		1.7%	14%	20%	0.1%	-10%	-10%	-11%	- <mark>1</mark> 0%	1,6%	-047%	17%
EM		2.0%	-112%	17%	0.3%	2.4%	-1.8%	- <mark>11</mark> 1%	0.2%	15%	0.1%	- <mark>11</mark> 1%
Treasuries		2.8%	-017%	15%	-0 <b>1</b> 5%	-016%	-2.4%	-018%	- <mark>11</mark> 0%	114%	-018%	-22%
Corporate		2.4%	-017%	15%	-011%	14%	<b>-2.</b> 5%	-10%	-04%	15%	-015%	-1,9%
High Yield		2.8%	0.0%	14%	1.1%	<b>-1</b> 9%	24%	116%	1.1%	<b>11</b> 8%	-016%	17%
ommodity												
loomberg Commodity Ind	ex	0.4%	-2 <mark>1</mark> 1%	-310%	5.1%	-0.8%	-317%	-1 <mark>1</mark> 5%	-0 <b>5</b> %	- <b>4</b> 4%	1.9%	-017%
Energy		3.4%	- <mark>7.</mark> 0%	-50%	10,9%	-0.6%	-6.9%	-3.6%	-40%	-6.8%	1.7%	3.0%
LIICIBY	Natural Gas	3.5%	-18,3%	-311%	-02%	-3 <mark>1</mark> 8%	10,5%	-219%	<b>19</b> 1%	-52%	-0.6%	6.5%
	WTI Crude	3. <b>2</b> %	0.5%	-31%	165%	1.0%	<b>7</b> 1%	-1.9%	-01%	-64%	2.5%	-0.8%
		2.7%	1.3%	- <mark>61</mark> 0%		-0.1%	-55%	-1 <b>.</b> 9%	-0.12% -0.13%	- <mark>61</mark> 0%	2. <b>3</b> %	-0.8%
	Brent Crude				14 8%					-0.0%		-0.8%
	Heating Oil	4.4%	-18%	-3.8%	24,7%	2.0%	0.7%	<b>10</b> ,9%	0.2%	<b>8</b> 9%	6.9%	4.7%
	Unleaded Gasoline	3.4%	0.7%	- <mark>5.</mark> 8%	154%	2.7%	-2 <mark>1</mark> 8%	-0.8%	-0.5%	7.6%	-311%	0.4%
Precious Metal		-0.4%	1.6%	-512%	3.2%	0.9%	-18%	-1 <mark>8</mark> %	1.3%	-2 <mark>1</mark> 8%	-1.0%	-411%
	Gold	-0.7%	0.4%	-3.5%	2.2%	1.0%	-1.7%	-2 <mark>.</mark> 6%	0.8%	-1.6%	-0.7%	-2.9%
	Silver	0.4%	5. <mark>5</mark> %	<b>10</b> 8%	6.4%	0.7%	-2 <mark>1</mark> 4%	3.3%	5.0%	-510%	-18%	80%
Industrial Metal		-0.9%	-0.5%	-0.6%	2.8%	-1.9%	- <b>4</b> 6%	0.5%	4.1%	82%	1.3%	-18%
	Aluminum	-18%	1.5%	1.1%	-0.8%	2.1%	-419%	-14%	4.5%	77%	0.7%	-02%
	Copper	0.1%	-42%	0.3%	6.3%	-0.2%	-50%	-0.5%	-0.5%	81%	4.6%	-20%
	Nickel	- <b>3</b> 6%	-0.2%	-14%	0.4%	-0.6%	-448%	-0 <mark>.</mark> 8%	1.1%	-12 1%	2.4%	-2.6%
	Zinc	0.8%	0.8%	-312%	6.4%	9.9%	-317%	5.4%	12,0%	-51%	-208%	-34%
Agriculture		-1.9%	0.3%	-0.7%	0.7%	-12%	-0 <b>B</b> %	-0.2%	1.2%	-20%	4.9%	-313%
- Billoundic	Grains	-1.0%	-0 <b>B</b> %	0.1%	-0.8%	0.0%	0.1%	0.3%	2.8%	-0.8%	5.0%	- <b>4</b> 0%
	Softs	-1,0%	-3 <b>1</b> 0%	-317%	-0.5%	-12%	-0.2%	-4 <b>1</b> 0%	0.3%	- <b>4</b> 8%	5. <b>5%</b>	-18%
Liverteek	30113	-0,8%	4.8%	1.8%		-312%	-310%				-19%	-211%
Livestock	Live Cottle				0.8%			1.6%	1.7%	0.5%		
	Live Cattle	0.4%	3.1%	-0.2%	0.7%	-1.0%	-1.6%	-0.1%	0.8%	1.0%	-15%	0.5%
	Lean Hogs	-314%	8.4%	6.6%	1.2%	7.9%	- <mark>5.</mark> 9%	5.8%	3.4%	-017%	-2 <mark>1</mark> 7%	69%
oreign Exchange												
US Dollar Index		-11%	-111%	0.5%	0.6%	-0.9%	3.1%	0.7%	-0.5%	0.7%	0.6%	2.4%
USDCNY		0. <b>5</b> %	0.5%	1.1%	0.0%	-02%	2.0%	0.9%	0.4%	0.4%	0.8%	1.1%
MSCI EM Currency		0.2%	-04%	-018%	0.8%	-04%	-111%	-10%	-0.2%	-018%	-0.1%	-10%
USDHKD		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
JPYUSD		0.0%	-017%	2.4%	0.4%	1.0%	0.3%	0. <b>3</b> %	1.6%	1.9%	0.5%	2.7%
EURUSD		1.0%	1.4%	-02%	-016%	1.2%	-3.8%	-0 <mark>.</mark> 8%	0.9%	-01%	-017%	22%
						2.9%	4.9%	1.5%	0.070			-2.5%

Source: Bloomberg, GROW Research (Updated on 10/29/2022, same below)



### Figure 2: Performance of major asset classes (annual)

Asset Class		2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
MSCI Index									,						
MSCI World		-22.0%	16.8%	14.3%	24.0%	-11.2%	21.6%	5.6%	-48%	2.1%	20.3%	13.4%	-9 <mark>1</mark> 4%	10.4%	31.5%
MSCI DM		-20.8%	20.1%	14 1%	25.2%	-10.4%	20.1%	5.3%	-2.7%	2.9%	24,1%	13.2%	-7 <mark>1</mark> 6%	9.6%	27 0%
MSCI EM		-31 4%	-46%	158%	15.4%	-1 <mark>6</mark> .6%	34 3%	8.6%	-170%	-4.6%	-50%	15 1%	-20.4%	16.4%	745%
MSCI China		42.7%	-22.4%	26 7%	20.4%	-20.3%	52.3%	-1.4%	-10.1%	4.7%	0.4%	18.7%	-20.4%	2.6%	58 9%
MSCI AC Asia Ex. Ja	pan	-33.7%	-64%	22 5%	15.4%	-1 <mark>6</mark> .4%	38,7%	2.9%	-113%	2.2%	0.7%	19.4%	-1 <mark>9</mark> .2%	17.0%	68 3%
MSCI Europe	pan	-14.6%	22.4%	-54%	22.2%	-13.1%	7.3%	-0.5%	5.5%	4.1%	16,4%	13.4%	-10.9%	8.0%	27.1%
Stock		1-0/0	22.470	5470	22.270	1.1.1/0	7.970	0.070	5.570	4.4.70	10,470	13,470	10.570	0.070	2/1/0
U.S.	S&P 500	-182%	26.9%	163%	28.9%	-62%	194%	9.5%	-0.7%	114%	29.6%	13.4%	0.0%	12.8%	23 5%
Chinese Mainland	SHCOMP	-19.9%	4.8%	13 9%	22.3%	-24.6%	6.6%	-123%	9.4%	52.9%	-617%	3.2%	-21.7%	-14.3%	80,0%
Chinese Mainanu						-3 <b>3</b> .2%						5.2% 1.7%			
	SZCOMP	-25.7%	8.6%	35 2%	35.9%		-35%	-14.7%	63.2%	33.8%	20.0%		-32.9%	7.5%	117.1%
HK SAR, China	HSI	-36.5%	-14.1%	-34%	9.1%	-13.6%	36.0%	0.4%	-72%	1.3%	2.9%	22.9%	-20.0%	5.3%	52 0%
Japan	Nikkei 225	-5.9%	4.9%	16 0%	18.2%	-12.1%	19. <mark>1</mark> %	0.4%	9.1%	7.1%	56.7%	22.9%	-17.3%	-3.0%	19 0%
South Korea	KOSPI	-2 <mark>3</mark> .8%	3.6%	30,8%	7.7%	-17.3%	21.8%	3.3%	2.4%	-4.8%	0.7%	9.4%	-1 <b>1</b> .0%	21.9%	49.7%
Germany	DAX	-16.6%	15.8%	3.5%	25.5%	-1 <mark>8</mark> .3%	12.5%	6.9%	9.6%	2.7%	25 <mark>.</mark> 5%	29,1%	-14.7%	16.1%	23 8%
U.K.	FTSE 100	-4 <b>1</b> 6%	14.3%	-14.3%	12.1%	-12.5%	7.6%	14.4%	-4 <b>!</b> 9%	-217%	14,4%	5.8%	-5 <b>1</b> 6%	9.0%	22,1%
France	CAC 40	-12.3%	28.9%	-711%	26.4%	-1 <b>1</b> 0%	9.3%	4.9%	8.5%	-0. <mark>5</mark> %	18,0%	15.2%	-11.0%	-3 <b>B</b> %	22 3%
<b>Bloomberg Barclays In</b>	dices														
Global		-19.9%	-4.7%	9. <b>2</b> %	6.8%	-12%	7.4%	2.1%	-32%	0.6%	-2 <b>1</b> 6%	4.3%	5.6%	5.5%	6. <b>9</b> %
China		-8.6%	8.4%	9.8%	3.4%	3.5%	6.2%	-5 2%	3.9%	8.0%	1.3%	5.1%	9.2%	6.4%	1.8%
Global + China		-19.9%	-417%	9.2%	6.6%	-019%	7.3%	1.7%	-219%	0.9%	-215%	4.3%	5.8%	5.6%	6.8%
U.S.		-1 <b>5</b> .4%	-1.5%	7.5%	8.7%	0.0%	3.5%	2.6%	0.5%	6.0%	-2.0%	4.2%	7.8%	6.5%	5.9%
		-16.4%	-1.5% -9 <mark>1</mark> 7%	13,4%	0. % 4.1%	-44%	14.6%		-9 <mark>-</mark> 3%	-2.4%	-2 <b>0</b> %	4.2%		-4 <b>1</b> 5%	10,4%
Europe								0.3%					-0.1%		
Asian Pacific		-19.1%	-50%	6.6%	3.7%	2.7%	5.2%	5.3%	-0.5%	-6.8%	-14.6%	-7 <mark>.</mark> 0%	7.3%	17.2%	0.0%
EM		-21.0%	-1.7%	6.5%	13.1%	-215%	8.2%	9.9%	1.8%	4.8%	-411%	17.9%	7.0%	12.8%	34 2%
Treasuries		-21.3%	-66%	9.5%	5.6%	-0 <mark>1</mark> 4%	7.3%	1.7%	-3 <mark>.</mark> 8%	-0.8%	-48%	1.8%	6. <mark>3</mark> %	5.9%	2.5%
Corporate		-20.9%	-2.9%	10 4%	11.5%	-36%	9.1%	4.3%	-3.6%	3.1%	0.3%	112%	4.3%	5.8%	19 2%
High Yield		-17.1%	1.0%	7. <mark>0</mark> %	12.6%	-41%	10.4%	14,3%	-2.7%	0.0%	7.3%	19.6%	3.1%	14.8%	594%
Commodity															
<b>Bloomberg Commodity</b>	y Index	12.7%	27.1%	-35%	5.4%	-13.0%	0.7%	11.4%	-2 <mark>4</mark> .7%	-11.0%	-96%	-1.1%	-1 <b>3</b> .4%	16.7%	18 7%
Energy		50,3%	52.1%	-42.9%	9.4%	-14.4%	-52%	15,9%	-38.9%	-39,4%	5.1%	-94%	-16.0%	-10.7%	-55%
01	Natural Gas	50.9%	27.9%	-42.2%	-38.5%	-211%	-37.0%	10.0%	-40.0%	-30,7%	4.9%	-30.7%	-47.1%	-40,7%	-51.6%
	WTI Crude	32.4%	61.5%	-50.9%	31.6%	-22.0%	4.1%	6.7%	-44,4%	-41.7%	6.8%	-11.8%	-317%	3.7%	4.2%
	Brent Crude	47.0%	65 5%	-31.8%	32.7%	-16.6%	13 2%	25.0%	-45.6%	-47.6%	7.2%	7.5%	16 8%	11.3%	28 4%
	Heating Oil	109.2%	58.2%	-38.5%	22.0%	-17.4%	13.9%	33.0%	-42.9%	-38.8%	0.3%	5. <b>4</b> %	10.6%	8.2%	20,3%
	-	48,4%	69.5%	-31.2%	41.5%	-2 <mark>9</mark> .7%	1.8%	6.1%	-12,7%	-43.8%	0.5% 1. <b>9</b> %	25.6%	14 4%	12,9%	
Deside of Markel	Unleaded Gasoline														74 4%
Precious Metal	<u></u>	-13.5%	-6.1%	25 1%	14.6%	-614%	9.9%	9.1%	-11.5%	-6 <mark>.</mark> 7%	-30.8%	6.2%	4.5%	42.5%	29.0%
	Gold	-11.7%	-4.8%	20 5%	15.6%	-417%	11.7%	7.4%	-10.9%	-1.8%	-2 <mark>8</mark> .7%	6.0%	9.5%	28.5%	22 7%
	Silver	-19.4%	-1 <mark>2</mark> .3%	41,9%	11.5%	-11.9%	4.8%	13.6%	-12.8%	-2 <b>0</b> .5%	-3 <mark>6</mark> .7%	7.0%	-10.2%	81.6%	47.4%
Industrial Metal		-16.4%	30.3%	15 9%	4.7%	-21.1%	28.1%	19.5%	-2 <mark>6</mark> .9%	-6 <mark>.</mark> 9%	-13.7%	0.6%	-2 <mark>4</mark> .3%	16.1%	79 7%
	Aluminum	-2 <mark>8</mark> .9%	27.0%	22.8%	5.0%	-22.8%	28.0%	15.4%	-2 <mark>5</mark> .2%	-1 <b>6</b> .6%	-88%	4.9%	-2 <b>4</b> .5%	29.4%	129.6%
	Copper	-2 <mark>1</mark> .8%	38.9%	3.5%	-5 <mark>8</mark> %	-18.5%	29,9%	9.4%	-2 <b>3</b> 0%	-341%	-20.8%	-411%	-21.7%	5.2%	33 6%
	Nickel	-17.0%	27.9%	18 1%	-32%	-229%	28.5%	56,9%	-2 <mark>8</mark> .0%	3.5%	-70%	8.9%	-27.8%	-90%	98 0%
	Zinc	6.5%	25.1%	16 2%	29.8%	-18.0%	24.4%	11.5%	-42.7%	7.3%	-20.1%	-10.3%	-2 <b>4</b> .7%	32.0%	54.6%
Agriculture		9.8%	26.6%	16 0%	-0.4%	-12.5%	-1 <b>1</b> .9%	1.8%	-15.7%	-98%	-14.3%	3.9%	-14.4%	38,3%	13 5%
0	Grains	14.8%	20.9%	18 9%	-32%	-74%	-12.1%	-6.2%	-19.5%	-94%	-16.9%	18.1%	-14.5%	30.1%	-1.8%
	Softs	-13.9%	43.9%	2.5%	2.1%	-28.8%	-15.6%	12,8%	-9.9%	-10,1%	-16.9%	-22.5%	-14.0%	59,7%	44 0%
Livestock	50105	4.6%	8.6%	-28.7%	-80%	-316%	5.4%	-59%	-18,9%	11.5%	-36%	-3.6%	-24%	9.1%	-15.2%
LIVESTOCK	Live Cattle			-18.2%	-0.9%										
	Live Cattle	0.7%	-0.1%			0.5%	8.1%	-7.7%	-14.3%	22.0%	-51%	-4.0%	-11%	14,8%	-9 <b>9</b> %
Foreign Evelopee	Lean Hogs	13.0%	25 1%	-31.8%	-20.9%	-1 <b>2</b> .7%	1.8%	-38%	-2 <b>6</b> .1%	-4.4%	-211%	-3.0%	-4 <b>6</b> %	0.2%	-2 <b>2</b> .6%
Foreign Exchange		45 000	c • • •				a har	a . tar	0.00	1000					. hai
US Dollar Index		15.8%	6.4%	-617%	0.2%	4.4%	-9.9%	3.6%	9.3%	12.8%	0.3%	-0.5%	1.5%	1.5%	-42%
USDCNY		14.1%	-26%	- <mark>6</mark> 8%	1.2%	5. <b>7%</b>	-6 <mark>1</mark> 8%	6.9%	4.6%	2.5%	-2.8%	-1.0%	-45%	-34%	0.0%
MSCI EM Currency		-88%	0.9%	3.8%	3.1%	-3.8%	11.4%	3.5%	- <mark>2</mark> 1%	-4 <mark>.</mark> 3%	-19%	5.5%	-2 <mark>.</mark> 6%	7.9%	13 9%
USDHKD		0.7%	0.6%	-05%	-0.5%	0.2%	0.7%	0.1%	-0.1%	0.0%	0.0%	-0.2%	-0.1%	0.2%	0.1%
JPYUSD		28 3%	11.5%	-49%	-1.0%	-2.7%	-3.7%	-27%	0.4%	13,7%	21,4%	12.8%	-512%	-12.8%	2.5%
EURUSD		- <mark>12</mark> .4%	-619%	8.9%	-22%	-45%	14,1%	-32%	-10.2%	-12.0%	4.2%	1.8%	-32%	- <mark>6</mark> 5%	2.5%
		-14.2%	-10%	3.1%	3.9%	-5 <mark>1</mark> 6%	9.5%	<b>16</b> 3%	-5 <b>1</b> 4%	-5 <mark>1</mark> 9%	1.9%	4.6%	-04%	-35%	10.8%
GBPUSD															

Source: Bloomberg, GROW Research

Disclosures and disclaimer at the back forms part of this report and must be read.



### Figure 3: Performance of major stock market sectors (weekly)

	28/10/2022	21/10/2022	14/10/2022	7/10/2022	30/9/2022	23/9/2022	16/9/2022	9/9/2022	2/9/2022	26/8/2022	19/8/2022
S&P 500 GICS Groups Index											
S&P 500 GICS Groups Index	3.95%	4.74%	-1.55%	1.51%	-2.91%	-4.65%	-4.77%	3.65%	-3.29%	-4.04%	-1.21%
Info. Tech.	4.28%	6.49%	-3.23%	1.64%	-4.19%	-3.59%	-6.12%	3.24%	-4.98%	-5.58%	-1.71%
Industrials	6.73%	4.65%	-0.56%	2.86%	-2.37%	-4.55%	-6.38%	3.39%	-3.59%	-3.45%	-1.05%
Materials	3.34%	6.15%	-1.89%	2.15%	-0.73%	-5.67%	-6.65%	4.94%	-4.99%	-1.33%	-2.45%
Consumer Staples	6.09%	2.16%	1.45%	-0.40%	-3.96%	-2.15%	-3.63%	1.92%	-2.38%	-3.33%	1.94%
Health Care	5.00%	2.29%	0.80%	1.30%	-1.38%	-3.38%	-2.38%	4.35%	-1.79%	-4.32%	-0.57%
Consumer Discretionary	0.71%	5.64%	-4.09%	-1.12%	-2.38%	-7.02%	-4.15%	5.62%	-2.66%	-4.75%	-1.58%
Financials	6.19%	3.93%	0.20%	1.84%	-2.43%	-5.58%	-3.81%	4.38%	-2.51%	-3.58%	-1.72%
Energy	2.75%	8.08%	-1.85%	13.86%	1.83%	-9.00%	-2.60%	0.60%	-3.31%	4.27%	0.99%
Real Estate	6.17%	2.79%	-2.36%	-4.15%	-3.95%	-6.44%	-6.48%	4.13%	-3.94%	-3.83%	-1.94%
Utilities	6.48%	1.95%	-2.58%	-2.63%	-8.81%	-3.05%	-3.82%	3.68%	-1.57%	-2.60%	1.23%
Telecom	-2.85%	5.03%	-1.86%	1.47%	-3.03%	-5.10%	-6.43%	2.85%	-2.37%	-4.82%	-3.28%
Shanghai Stock Exchange Sector Ind	ex										
Info.Tech.	2.05%	2.80%	1.14%	0.00%	-3.02%	-6.60%	-3.22%	0.23%	0.26%	-6.18%	-3.04%
Industrials	-1.34%	-1.13%	4.12%	0.00%	-3.41%	-0.75%	-5.87%	4.22%	-2.91%	-2.19%	-0.03%
Materials	-3.55%	-3.15%	1.25%	0.00%	-4.56%	-0.80%	-6.21%	5.72%	-4.06%	0.53%	-3.19%
Consumer Staples	-10.57%	-5.32%	-3.72%	0.00%	3.26%	-0.95%	-0.62%	-1.01%	-2.82%	2.14%	-3.08%
Health Care	-1.35%	2.10%	7.35%	0.00%	4.74%	-5.96%	-4.98%	-0.06%	-1.74%	-1.52%	-3.60%
Consumer Discrentionary	-4.45%	-4.74%	0.69%	0.00%	-0.36%	-3.02%	-4.64%	3.04%	-2.93%	-0.39%	-0.65%
Financials	-5.08%	-2.36%	-0.82%	0.00%	-2.17%	-0.67%	-2.14%	2.17%	0.28%	0.76%	-0.61%
Energy	-3.79%	-2.23%	-0.70%	0.00%	-3.05%	3.22%	-6.77%	6.16%	-3.04%	6.85%	2.90%
Utilities	-7.45%	-2.09%	6.98%	0.00%	-3.42%	-0.70%	-7.59%	5.24%	-2.36%	0.90%	5.04%
Telecom	-3.84%	0.48%	4.39%	0.00%	-2.02%	-0.64%	-4.96%	1.34%	1.21%	-1.87%	1.50%
Hang Seng Sector Index											
Info.Tech.	-11.55%	-5.02%	-9.75%	2.76%	-2.11%	-7.06%	-4.78%	-2.64%	-2.05%	4.65%	-1.43%
Industrials	-6.01%	1.24%	-4.90%	1.75%	-6.24%	-7.16%	-4.13%	-0.44%	-7.45%	-1.30%	-1.50%
Materials	-2.35%	-1.38%	-3.40%	4.10%	-7.46%	-4.37%	-5.06%	6.31%	-8.90%	3.74%	-4.05%
Consumer	-6.52%	-5.13%	-8.60%	5.35%	-3.42%	-4.23%	-0.80%	-0.53%	-5.17%	-0.22%	-0.63%
Financials	-7.40%	0.59%	-4.23%	2.41%	-5.64%	-2.96%	-2.73%	0.44%	-2.54%	0.46%	-2.85%
Energy	-4.37%	1.75%	-3.36%	4.22%	-5.72%	0.41%	-1.50%	-1.59%	-2.47%	8.88%	-1.20%
Real Estate	-11.10%	-1.91%	-5.10%	1.87%	-7.16%	-5.86%	-0.82%	4.15%	-2.78%	0.24%	0.28%
Utilities	-4.83%	-1.19%	-3.72%	-0.41%	-6.37%	-3.60%	-3.80%	0.46%	-3.18%	-2.45%	2.14%
Telecom	-3.84%	-0.53%	-1.30%	1.18%	-5.02%	0.18%	0.19%	-0.55%	-2.15%	-0.96%	0.58%

Source: Bloomberg, GROW Research

## 31 October, 2022

GROW Investment Group

#### **GROW** Research

### Figure 4: Performance of major stock market sectors (annual)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
S&P 500 GICS Groups Index														
S&P 500 GICS Groups Index	-1 <mark>8</mark> .2%	26.9%	16.3%	28.9%	-62%	19.4%	9. <mark>5</mark> %	-0.7%	11.4%	29.6%	13.4%	0.0%	12.8%	23.5%
Info. Tech.	- <mark>25</mark> .7%	33.4%	42.2%	48.0%	-1.6%	36.9%	12.0%	4.3%	18.2%	26 2%	13.1%	1.3%	9.1%	59.9%
Industrials	-10.6%	19.4%	9. <mark>0</mark> %	26.8%	-15.0%	18.5%	16.1%	-4 7%	7. <mark>5</mark> %	37.6%	12.5%	-2.9%	23.9%	17.3%
Materials	-1 <mark>7</mark> .4%	25.0%	18,1%	21.9%	-16.4%	21.4%	14.1%	-104%	4.7%	22.7%	12.2%	-116%	19.9%	45.2%
Consumer Staples	-5 <mark>.</mark> 8%	15.6%	7. <mark>6</mark> %	24.0%	-112%	10.5%	2.6%	3.8%	12.9%	22.7%	7. <mark>5</mark> %	10.5%	10.7%	11.2%
Health Care	-5 <mark>.</mark> 8%	24.2%	11.4%	18.7%	4.7%	20.0%	-4 4%	5.2%	23.3%	38.7%	15.2%	10.2%	0.7%	17.1%
Consumer Discretionary	- <mark>29</mark> .7%	23.7%	32.1%	26.2%	-0.5%	21.2%	4.3%	8. <mark>4</mark> %	8. <mark>0</mark> %	41.0%	21.9%	4.4%	25.7%	38.8%
Financials	-1 <mark>2</mark> .6%	32.5%	-4 <mark>1</mark> %	29.2%	-14.7%	20.0%	20.1%	-3 <mark>.</mark> 5%	13,1%	33.2%	26.3%	-1 <mark>8</mark> 4%	10.8%	14.8%
Energy	62.2%	47.7%	- <mark>37</mark> 3%	7.6%	-2 <mark>0</mark> 5%	-3 8%	23.7%	-2 <mark>3</mark> .6%	-100%	22.3%	2.3%	2.8%	17.9%	11.3%
Real Estate	- <mark>28</mark> .9%	42.5%	-5.2%	24.9%	-5.6%	7. <mark>2</mark> %	0.0%	1.2%	26.1%	-1.5%	16.2%	7. <mark>9</mark> %	28.0%	20.8%
Utilities	-5 <mark>.</mark> 9%	14.0%	-2. <mark>8%</mark>	22.2%	0.5%	8. <mark>3</mark> %	12. <mark>2</mark> %	-8 <mark>.</mark> 4%	24.3%	8. <mark>8</mark> %	-2.9%	14.8%	0.9%	6.8%
Telecom	- <mark>38</mark> .5%	20.5%	22.2%	30.9%	-16.4%	-6 <mark>.</mark> 0%	17.8%	-1.7%	-1.9%	6.5%	12. <mark>5</mark> %	0.8%	12.3%	2.6%
Shanghai Stock Exchange Secto														
Info.Tech.	-3 <mark>7</mark> .9%	-0.2%	22.5%	65.4%	-341%	-4.9%	-2 <mark>6</mark> .9%	60.0%	36.5%	46.8%	-141%	-3 <mark>9</mark> .2%	27.2%	100.4%
Industrials	-17 <mark>.</mark> 0%	14.3%	25. <mark>3</mark> %	13.7%	-23.6%	5.5%	-15 <mark>0%</mark>	10.7%	68.0%	-3.2%	-4.3%	-3 <mark>2</mark> .5%	-4. <mark>9</mark> %	62.9%
Materials	-2 <mark>7</mark> .1%	15.9%	22. <mark>7</mark> %	29.0%	-30.1%	27,3%	-7.6%	-1.0%	38.9%	-240%	9.1%	-3 <mark>5</mark> .1%	-3.2%	132.8%
Consumer Staples	-3 <mark>2</mark> .0%	-6. <mark>9</mark> %	81.6%	47.5%	-19 <mark>3%</mark>	43.8%	1.1%	24. <mark>1</mark> %	15.1%	7.7%	4.5%	-2 <mark>2</mark> .1%	12.7%	89.9%
Health Care	-2 <mark>5</mark> .4%	-8 <mark>,</mark> 8%	57.4%	24.3%	-264%	182%	-114%	45.8%	6.3%	32.6%	10.3%	-3 <mark>1</mark> .2%	33.8%	88.4%
Consumer Discrentionary	-2 <mark>8</mark> .5%	-6. <mark>9</mark> %	81.6%	47.5%	-19 <mark>3%</mark>	43.8%	1.1%	24.1%	15.1%	7.7%	4.5%	-2 <mark>2</mark> .1%	12.7%	89.9%
Financials	-2 <mark>3</mark> .2%	-12,7%	-3. <b>0</b> %	29.6%	-17,4%	23. <mark>4</mark> %	-7.8%	-9 <mark>.</mark> 7%	82.0%	-9.9%	20. <mark>9</mark> %	-13 <mark>.</mark> 9%	-2 <mark>6</mark> .8%	99.9%
Energy	24.8%	29. <mark>6</mark> %	-11 3%	2.4%	-26,3%	6.4%	-3.9%	-15,0%	24.0%	-3 <mark>3</mark> .0%	-4.3%	-2 <mark>3</mark> .5%	-10,9%	125.7%
Utilities	-17 <mark>.</mark> 7%	39. <mark>4</mark> %	-3.8%	3.4%	-11 1%	-3.0%	-2 <mark>0</mark> .5%	6.2%	73.1%	-1.2%	3.4%	-17 2%	-16 <mark>.</mark> 8%	54.2%
Telecom	-13 <mark>.</mark> 6%	9.2%	-6. <mark>2%</mark>	29.9%	-29.8%	12.1%	-7.6%	56.0%	34.6%	30.6%	-2 <mark>2</mark> .8%	-3 <mark>8</mark> .8%	4.6%	61.1%
Hang Seng Sector Index								,						
Info.Tech.	-5 <mark>0</mark> .2%	-3 <mark>2</mark> .3%	69.6%	23.7%	-29 <mark>.6%</mark>	92,3%	18.2%	22. <mark>3</mark> %	8.9%	70.0%	36. <mark>5</mark> %	-18,6%	-7.0%	205 <mark>.1%</mark>
Industrials	-41.2%	-18 8%	-159%	15. <mark>7</mark> %	-10.2%	48.8%	-1.8%	-2.6%	3.1%	-9 <mark>.</mark> 9%	42.9%	-26 5%	4.5%	61.2%
Materials	-3 <mark>3</mark> .5%	9.4%	30.0%	-0.4%	-295%	30.5%	21.0%	-18,7%	-1.1%	-21 <mark>.</mark> 9%	8.1%	-4 <mark>2</mark> .4%	4.4%	114.7%
Consumer Goods	-41.3%	19.1%	-271%	51.3%	-6.5%	-10.3%	-11 1%	11.2%	10.1%	-24,3%	9.3%	116.6%	-5 <mark>2</mark> .6%	33.7%
Consumer Services		6.7%	-226%	39.7%	3.6%	-23 <mark>.</mark> 9%	-30.5%	40.1%	22.2%	-20.6%	25. <mark>3</mark> %	70.6%	-6 <mark>2</mark> 1%	50.4%
Financials	-27 <mark>.</mark> 3%	-6 <mark>.</mark> 8%	-6.9%	7.5%	-14,8%	312%	-3.1%	-10.0%	7.6%	3.0%	24. <mark>2</mark> %	-246%	-0.7%	57.8%
Energy	11.4%	20.5%	-3 <mark>3</mark> 7%	-4.1%	-2.8%	11.4%	14.3%	-31,3%	-173%	-16.2%	12.7%	-15,1%	16.5%	77.3%
Real Estate	-41.2%	-188%	-15 <mark>9%</mark>	15.7%	-10.2%	48.8%	-1.8%	-2.6%	3.1%	-9 <mark>.</mark> 9%	42. <mark>9</mark> %	-26 <mark>.</mark> 5%	4.5%	61.2%
Utilities	-40.8%	17.6%	-9.4%	-0.9%	1.2%	15.7%	-7.4%	-8.1%	6.2%	13.8%	15.0%	2.8%	6.2%	15.8%
Telecom	-2.9%	0.5%	-29,9%	-9.7%	-3.4%	-1.0%	-6.0%	-5.1%	11,5%	-10 2%	11.7%	2.7%	8.4%	-4.7%

Source: Bloomberg, GROW Research

#### **Recent Reports**

20221016	Whose Confidence Is Gold?
20221009	Saving Hong Kong
20220925	Can Property Save the Day - Again?
20220919	"Chill" about CNY Beyond 7



## **Required Disclosures**

This report has been prepared by GROW Asset Management (HK) Limited ("GROW AM"). GROW AM, its subsidiaries, branches and affiliates are referred to herein as GROW. For information on the ways in which GROW manages conflicts and maintains independence of its research product; historical performance information; certain additional disclosures concerning GROW research recommendations; and terms and conditions for certain third party data used in research report, please contact GROW. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. GROW AM is licensed by Securities and Futures Commission to conduct Type 9 (asset management) activities. Analyst Certification: Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact GROW.

#### **Global Disclaimer**

This document has been prepared by GROW Asset Management (HK) Limited ("GROW AM"). GROW AM, its subsidiaries, branches and affiliates are referred to herein as GROW. **This Document is provided solely to recipients who are expressly authorized by GROW to receive it. If you are not so authorized you must immediately destroy the Document.** GROW research is provided to our clients. When you receive GROW research through, your access and/or use of such research is subject to this Global Disclaimer. When you receive GROW research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this Global Disclaimer. **If you receive GROW research by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any GROW research provided, and that you shall not extract data from any research or estimates provided to you via GROW research or otherwise, without the prior written consent of GROW.** 

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive GROW research and you understand and agree that (i) the GROW Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of GROW for any legal or regulatory purpose; (iii) the GROW research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow. This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject GROW to any registration or licensing requirement within such jurisdiction.



This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of GROW or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of GROW or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. Past performance is not necessarily indicative of future results. Neither GROW nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information. Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives. Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. Different assumptions by GROW or any other source may yield substantially different results. No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"). The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. GROW does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of GROW. Any statements contained in this report attributed to a third party represent GROW's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees. By receiving this document and the Information you will be deemed to represent and warrant to GROW that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information. GROW has policies and procedures, which include, without limitation, independence policies and



permanent information barriers, that are intended, and upon which GROW relies, to manage potential conflicts of interest and control the flow of information within divisions of GROW and among its subsidiaries, branches and affiliates. For further information on the ways in which GROW manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning GROW research recommendations, please contact GROW. Research will initiate, update and cease coverage solely at the discretion of GROW, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

GROW specifically prohibits the redistribution of this document in whole or in part without the written permission of GROW and in any event GROW accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. The key symbol and GROW are among the registered and unregistered trademarks of GROW. All rights reserved.