

## Policy Combo, Mumbo Jumbo?

- Jackson Hole shows divergence in global central banks and dyssynchronization in global economic cycle. Yield surging to new highs and splitting from gold. A paradigm shift is afoot, but near term the US sell-off is abating.
- The market is well versed with the stamp duty cut and its effects. The sentiment boost from such a cut will be fleeting, but its policy intent should not be unheeded.
- Economic fundamentals, as reflected in the cyclical asset prices, have so far failed to respond to policies as they used to. More needs to be done, and will be.

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Chinese version:

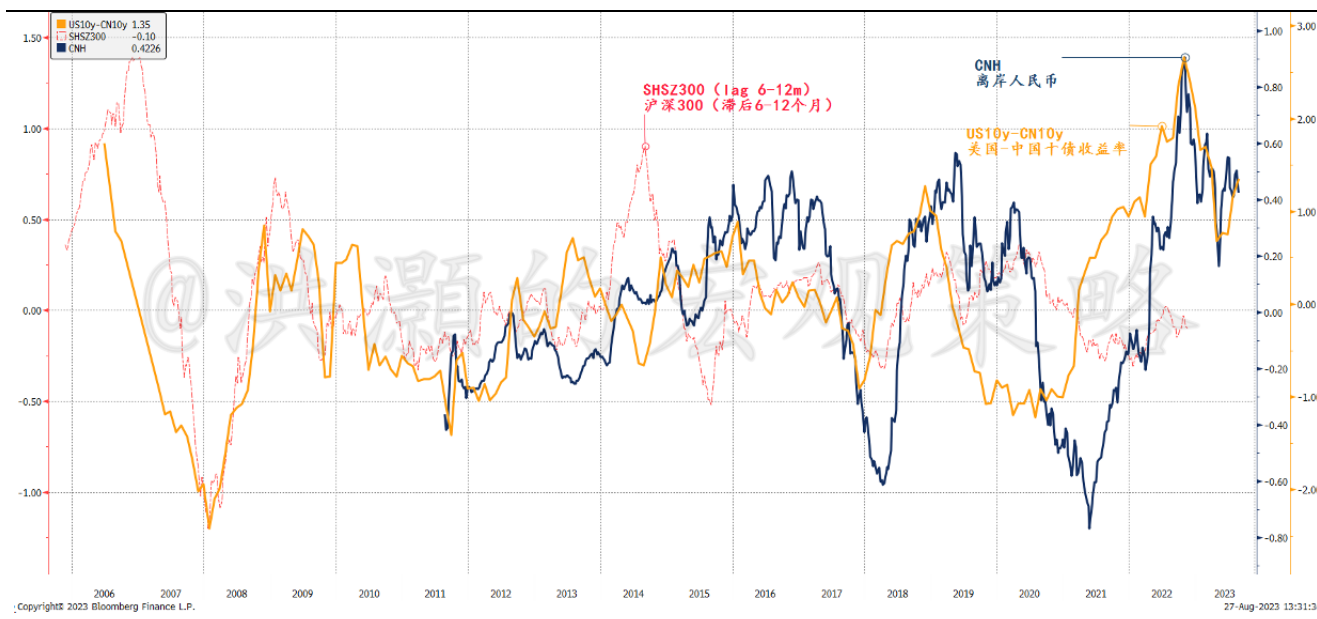
《难念的经》

## US-China yield gap widens to record.

Jackson Hole has made its name, not just because at its inception it had attracted fishing-aficionado Paul Volker with its pristine fishing locales, but also because Bernanke unveiled two of his QEs masterfully at this summit. Not to mention back in 2014 Draghi stealing the show with his “bazooka” and Kuroda asserting “policy easing not even half done”. Even the PBoC went into a stimulating mode in 2014, probably due to the downtrodden property sector after a clampdown in speculation.

That was a time when the central bankers of the world united as Fantastic Four. Now the economic cycles of world appear desynchronized after COVID, countries are confronted with different demons to fight. China is on the verge of deflation, while the US is still reining in inflation. Consequently, the US-China yield gap has widened to one of the largest on record. And the US 10-year yield has surged to its highest in 15 years (Figure 1).

**Figure 1: US/China long yield gap widens to almost all time high, pressuring CNH and stocks.**

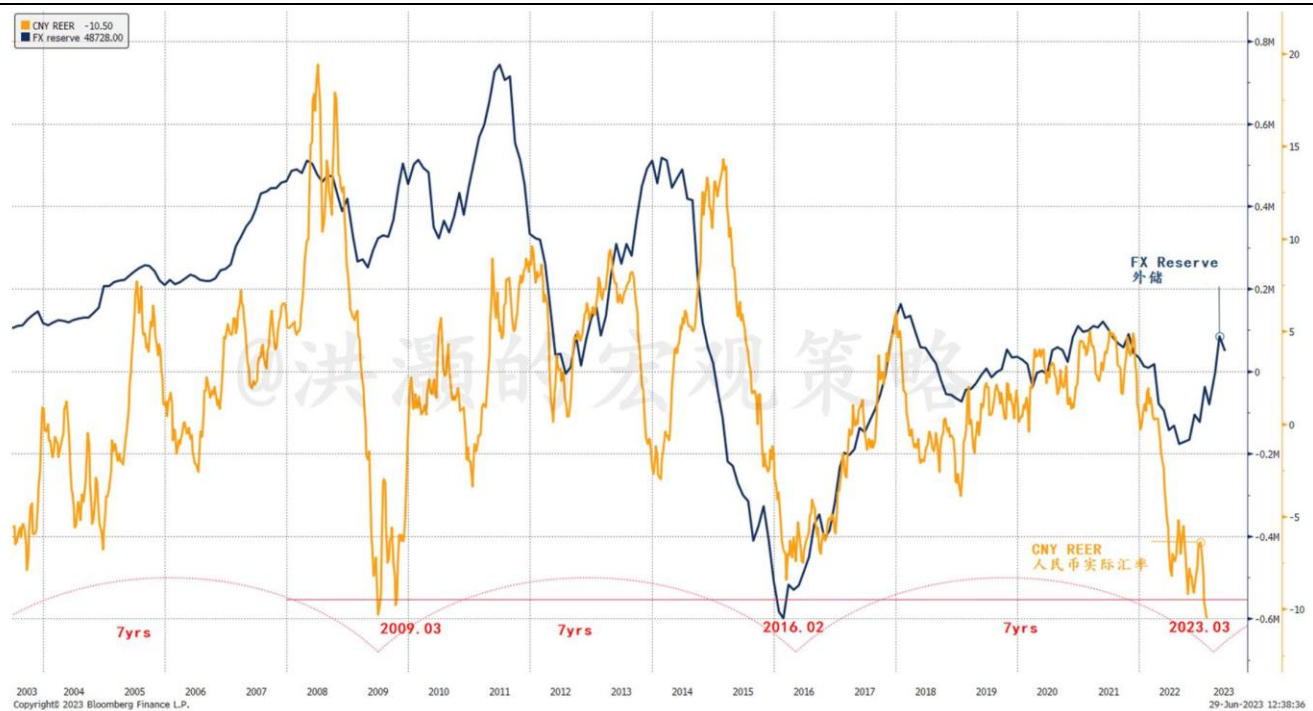


Source: Bloomberg, GROW Research

Historically, US-China yield gap correlated closely with the RMB exchange rate. As yield gap widened, the depreciation pressure on the Chinese yuan aggravated (**Figure 1**). Such yield difference explains the fluctuations in the offshore RMB exchange rate since we have data, as well as the direction of the Chinese stock market. After all, the Chinese stocks are priced in RMB. And for foreign investors, exchange gains and losses are part of their return.

As the RMB is such an indicator of risk appetite, it is no wonder that the PBOC has intensified its defense against the Yuan depreciation at around 7.30. And the PBoC is a formidable player, with the bigger forex war chest of the world at its disposal. During the past week, it set the RMB reference rate at the largest difference from open bidding, and had just issued 950-million-yuan worth of RMB bond offshore to mop up the excess RMB liquidity. This policy combo once again suggests that around 7.30 level should be the current cyclical low for the RMB exchange rate (**Figure 2**).

**Figure 2: CNY REER is around its cyclical lows, and splitting from FX reserve accumulation.**



Source: Bloomberg, GROW Research

## A paradigm shift.

Cross-asset prices movements suggest that a paradigm shift is underway. This is shown by the sudden divergence of prices that used to move in tandem. For instance, after the Jackson Hole summit, US 10-year yield has surged to fresh new highs since mid 2008, and has taken out the previous peak we saw in late October last year. While surging long yields have been headwind for gold price in the past, this time around gold price has remained resilient, and hovering around its all-time-high (**Figure 3**).

**Figure 3: Gold is breaking away from 10y.**

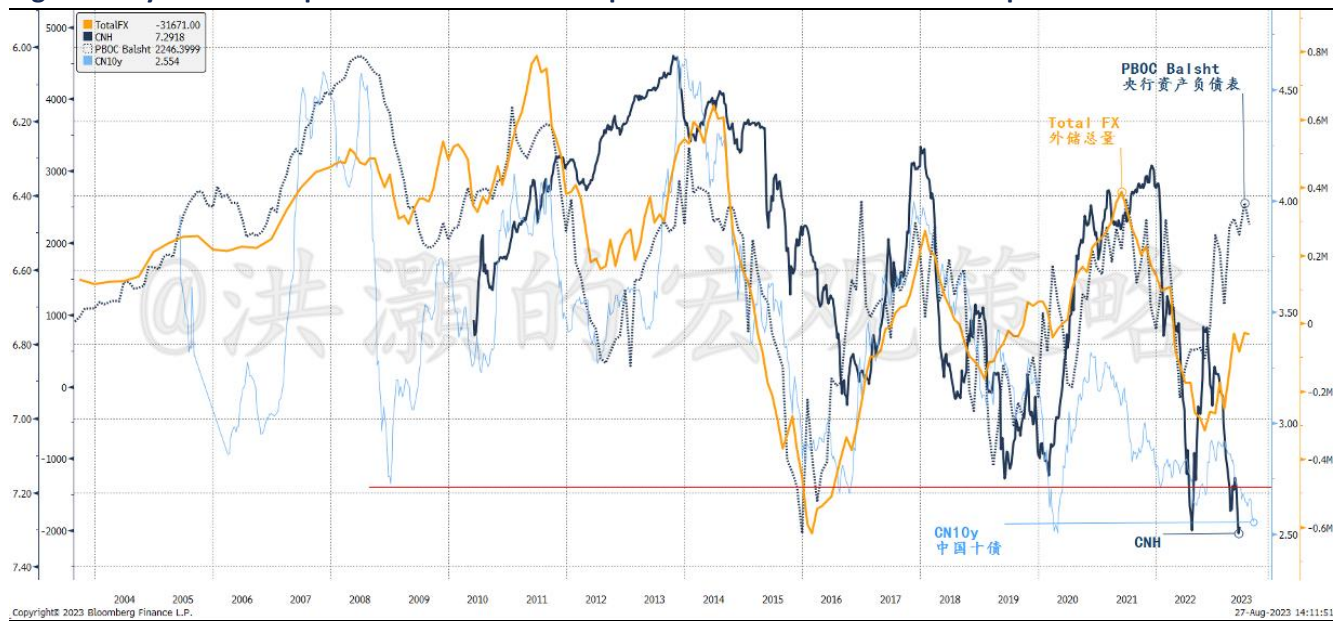


Source: Bloomberg, GROW Research

Such breakdown in correlation between two important asset prices suggests a paradigm shift. It appears that the US treasury as the anchor of global risk-free rate is being challenged, as seen in the sovereign rating downgrade by Fitch. And gold as the bedrock for perpetual credit, as it has been in human history, is starting to shine again.

Meanwhile, we are also detecting other breakdowns in cross-asset correlations. For instance, the PBoC's balance sheet expansion, together with the accumulation of China's FX assets, seems to have failed to support the RMB exchange rate and China's long yield in this cycle (**Figure 4**). This is consistent with the market's desperation for policies to move the market.

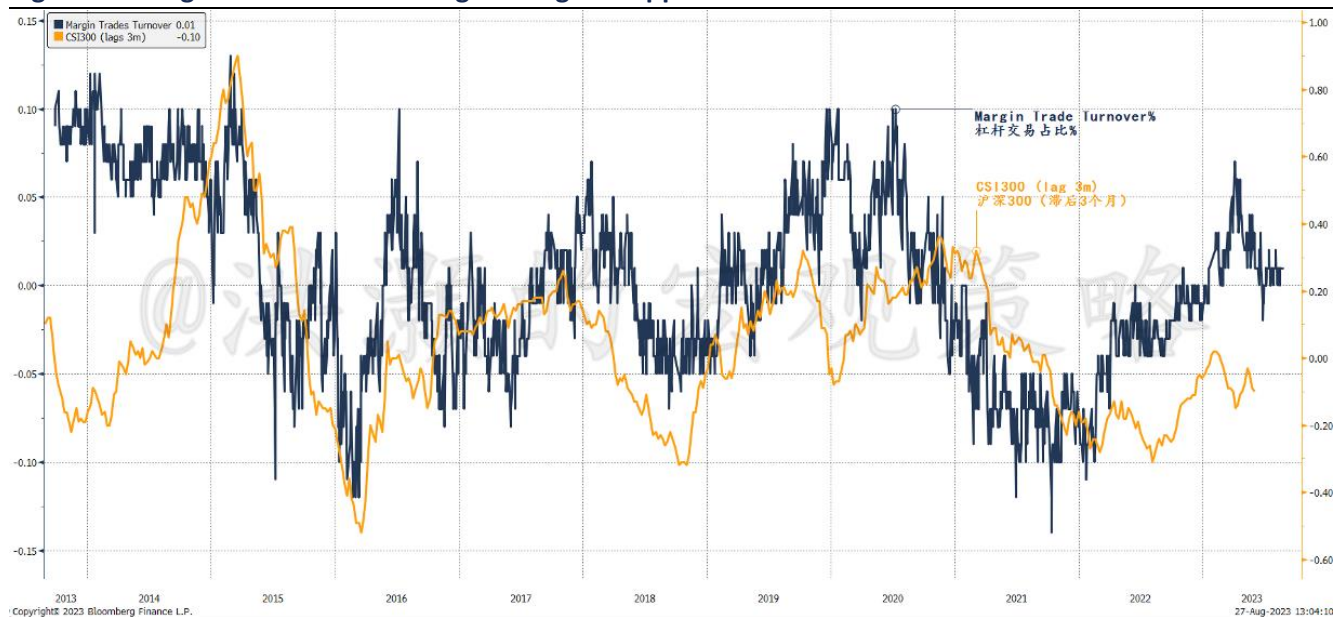
That said, consensus may have misunderstood the effect of policy easing on the RMB exchange rate. Many believe that cutting interest rate would further pressure the RMB. We beg to differ – it is dichotomy: only when policy easing fail to lift economic growth, or the expectation for such growth, then easing would mean weaker RMB. Otherwise, the RMB should strengthen on the back of growth expectations. After all, the RMB is a cyclical asset and one of the important risk indicators for the market. Why else would the PBoC defend it with such zeal.

**Figure 4: Cyclical asset prices have failed to respond to PBOC balance sheet expansion for now.**


Source: Bloomberg, GROW Research

## Stamp duty is cut. Now what?

As we were writing on a Sunday afternoon, there came the news that stamp duty would be cut half on Monday. Indeed, for the past two weeks the market has been whispering a stamp duty cut coming soon. And now the regulator has spoken.

**Figure 5: Margin trades are showing waning risk appetite.**


Source: Bloomberg, GROW Research



That said, the market is well versed with the benefits of a stamp duty cuts. After all, the rumor has been around, and its effect on stock prices in the short-term is well understood – when cut, stocks rise in the near term.

However, margin trade as a percentage of total turnover continues to recede from its recent highs. Historically, this metric has been a consistent market sentiment gauge, and tends to lead the market by up to three months (**Figure 5**). As such, since the pre-announced stamp duty cut has failed to lift the market, its sentiment boost can be transient, but its policy signal should not be unheeded.

## Conclusion

The 2023 Jackson Hole Summit continues to show divergence between the world's two most important central banks' policy choices, as well as the dyssynchronization of global economic cycle. The US-China yield gap widens to record, heralding a paradigm shift and looming market risks in the coming months.

In the near term, however, there are signs that the US sell-off is abating, and stamp duty in China is cut. Rumors about such a cut has been circulating in the market for some time and its effect on the market is well known. As such, its sentiment boost will be fleeting, but its policy intent should not be unheeded.

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

Asset Class		25/8/2023	18/8/2023	11/8/2023	4/8/2023	28/7/2023	21/7/2023	14/7/2023	7/7/2023	30/6/2023	23/6/2023	16/6/2023
MSCI Index												
	MSCI World	0.52%	-2.42%	-0.63%	-2.34%	1.16%	0.17%	3.38%	-1.38%	1.95%	-2.21%	2.67%
	MSCI DM	0.50%	-2.53%	-0.46%	-2.33%	0.96%	0.36%	3.21%	-1.43%	2.22%	-2.03%	2.66%
	MSCI EM	0.68%	-3.34%	-1.99%	-2.41%	2.82%	-1.35%	4.88%	-0.89%	-0.14%	-3.70%	2.76%
	MSCI China	-0.02%	-5.44%	-3.58%	-0.96%	6.46%	-2.63%	5.96%	-1.65%	-0.10%	-6.74%	4.38%
	MSCI AC Asia Ex. Japan	0.47%	-3.16%	-2.18%	-2.28%	2.98%	-1.62%	5.48%	-1.37%	-0.14%	-4.13%	2.88%
	MSCI Europe	0.72%	-2.16%	0.04%	-2.49%	1.13%	0.97%	2.91%	-3.13%	1.92%	-2.82%	1.52%
Stock												
	U.S. S&P 500	0.82%	-2.11%	-0.11%	-2.17%	1.01%	0.69%	2.42%	-1.16%	2.35%	-1.39%	2.58%
	Chinese Mainland SHCOMP	-2.17%	-1.80%	-3.01%	0.37%	3.42%	-2.16%	1.29%	-0.17%	0.18%	-2.10%	1.30%
	SZCOMP	-3.47%	-2.60%	-3.35%	0.92%	2.03%	-2.15%	1.36%	-0.92%	0.46%	-2.09%	3.83%
	HK SAR, China HSI	0.03%	-5.89%	-2.38%	-1.99%	4.41%	-1.14%	5.71%	-2.91%	0.14%	-5.74%	3.35%
	Japan Nikkei 225	0.55%	-3.45%	0.87%	-1.73%	1.41%	-0.17%	0.01%	-2.41%	1.24%	-2.74%	4.47%
	South Korea KOSPI	-3.35%	-0.44%	-0.21%	-0.06%	0.00%	-0.11%	4.02%	-1.47%	-0.13%	-2.49%	1.53%
	Germany DAX	0.37%	-1.63%	-0.15%	-3.14%	1.81%	0.45%	3.22%	-3.37%	2.01%	-3.23%	2.56%
	U.K. FTSE 100	1.05%	-3.48%	-0.13%	-1.69%	0.40%	3.08%	2.45%	-3.65%	0.93%	-2.37%	1.06%
	France CAC 40	0.81%	-2.40%	0.34%	-2.16%	0.59%	0.79%	3.69%	-3.89%	3.30%	-3.05%	2.43%
Bloomberg Barclays Indices												
	Global	0.29%	-0.77%	-0.76%	-0.83%	-0.18%	-0.53%	2.28%	-0.66%	-0.17%	-0.16%	0.36%
	China	0.17%	-0.42%	-0.63%	-0.13%	0.20%	-0.44%	1.53%	0.52%	-0.78%	-1.07%	0.19%
	Global + China	0.29%	-0.77%	-0.76%	-0.83%	-0.18%	-0.53%	2.28%	-0.66%	-0.17%	-0.16%	0.36%
	U.S.	0.27%	-0.90%	-0.64%	-0.59%	-0.40%	0.01%	1.51%	-1.29%	-0.26%	0.14%	0.20%
	Europe	-0.32%	-1.05%	-0.68%	-0.47%	-0.78%	-0.74%	3.64%	-0.81%	-0.03%	0.10%	1.31%
	Asian Pacific	-0.41%	-0.39%	-1.04%	-1.47%	0.39%	-1.35%	2.07%	0.82%	-0.67%	-1.36%	-0.42%
	EM	0.33%	-1.45%	-0.03%	-0.13%	0.19%	0.12%	1.77%	-1.11%	0.07%	0.29%	0.60%
	Treasuries	0.28%	-0.81%	-0.83%	-1.04%	-0.77%	-0.75%	2.38%	-0.44%	-0.16%	-0.19%	0.19%
	Corporate	0.41%	-0.80%	-0.65%	-0.61%	-0.17%	-0.14%	2.18%	-0.97%	0.06%	0.02%	0.68%
	High Yield	0.41%	-1.19%	0.18%	-0.44%	0.26%	-0.13%	2.26%	-0.60%	0.63%	-0.10%	0.89%
Commodity												
Bloomberg Commodity Index												
	Energy	1.18%	-1.17%	-0.33%	-1.11%	0.97%	1.53%	2.63%	0.43%	-0.85%	-2.66%	4.14%
		-0.05%	-2.69%	3.07%	1.18%	3.50%	4.02%	1.38%	1.19%	1.31%	-2.06%	5.72%
	Natural Gas	-0.43%	-5.37%	10.13%	-2.24%	-2.64%	7.00%	-1.57%	-7.29%	-1.16%	4.01%	16.25%
	WTI Crude	-0.49%	-2.42%	0.37%	2.78%	4.55%	2.32%	2.10%	4.22%	2.11%	-3.62%	2.30%
	Brent Crude	-0.49%	-2.07%	0.42%	2.22%	4.20%	1.68%	1.87%	4.06%	1.89%	-3.36%	2.46%
	Heating Oil	3.73%	0.37%	1.92%	3.81%	7.74%	5.74%	1.86%	4.09%	3.16%	-4.46%	5.90%
	Unleaded Gasoline	1.33%	-3.05%	5.40%	-3.62%	4.75%	6.75%	2.93%	1.88%	3.99%	-5.34%	3.78%
	Precious Metal	2.43%	-1.12%	-2.08%	-1.64%	-0.54%	-0.12%	3.09%	0.39%	0.46%	-3.11%	-0.11%
	Gold	1.22%	-1.55%	-1.49%	-1.19%	-0.27%	0.11%	1.63%	0.16%	-0.01%	-2.11%	-0.30%
	Silver	6.60%	-0.10%	-4.13%	-3.18%	-1.45%	-1.55%	8.18%	1.17%	2.09%	-7.35%	-1.18%
	Industrial Metal	1.65%	-1.39%	-3.99%	-1.25%	3.16%	-2.87%	4.34%	-0.07%	-1.34%	-3.84%	2.96%
	Copper	1.16%	-0.11%	-3.61%	-1.50%	2.84%	-2.42%	3.99%	0.60%	-1.47%	-2.13%	2.58%
	Aluminum	0.59%	-1.80%	-2.87%	0.14%	0.70%	-3.23%	5.95%	-0.43%	-1.28%	-4.19%	0.13%
	Zinc	3.67%	-4.03%	-4.28%	0.16%	5.39%	-2.65%	3.19%	-1.10%	0.98%	-4.52%	3.05%
	Nickel	3.25%	-0.61%	-5.23%	-4.60%	7.33%	-4.04%	3.87%	1.26%	-3.81%	-7.47%	8.76%
	Agriculture	1.69%	0.26%	-0.89%	-3.78%	-1.11%	3.00%	2.89%	-0.16%	-4.44%	-2.53%	7.13%
	Grains	0.26%	1.20%	-1.10%	-6.95%	-0.76%	3.58%	3.25%	-0.77%	-8.01%	0.10%	10.12%
	Softs	3.61%	-3.80%	1.21%	0.42%	-2.84%	2.74%	1.40%	2.01%	-3.60%	-6.75%	0.07%
	Livestock	0.00%	-0.43%	-1.26%	0.49%	-0.56%	-0.02%	1.67%	0.90%	3.58%	-0.15%	2.29%
	Live Cattle	1.31%	-1.88%	-0.86%	1.84%	-1.16%	-0.40%	1.50%	-0.10%	3.75%	-0.55%	-0.07%
	Lean Hogs	-2.80%	0.96%	-2.11%	-2.19%	0.92%	0.78%	1.96%	2.75%	3.26%	-1.10%	6.95%
Foreign Exchange												
	US Dollar Index	0.68%	0.52%	0.81%	0.39%	0.55%	1.16%	-2.31%	-0.62%	0.01%	0.65%	-1.17%
	USDCNY	0.04%	0.62%	0.93%	0.34%	-0.54%	-1.15%	-1.15%	-0.39%	1.03%	0.74%	-0.05%
	MSCI EM Currency	0.54%	-0.77%	-0.48%	-0.99%	0.29%	-0.43%	1.64%	0.07%	-0.49%	-0.84%	0.62%
	USDHKD	0.14%	0.19%	0.08%	0.19%	-0.26%	0.03%	-0.16%	-0.11%	0.09%	0.13%	-0.14%
	JPYUSD	0.72%	0.30%	2.26%	0.48%	-0.40%	2.41%	-2.40%	-1.46%	0.42%	1.33%	1.74%
	EURUSD	-0.11%	-0.49%	-0.52%	-0.09%	-0.97%	-0.43%	2.38%	0.53%	0.14%	-0.19%	1.75%
	GBPUSD	-1.23%	0.30%	-0.42%	-0.79%	-0.02%	-1.83%	1.98%	1.07%	-0.09%	-0.80%	1.95%

Source: Bloomberg, GROW Research (Updated on 26/08/2023, same below)

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

Asset Class		2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>MSCI Index</b>															
MSCI World		10.7%	-19.8%	16.8%	14.3%	24.0%	-11.2%	21.6%	5.6%	-4.3%	2.1%	20.3%	13.4%	-9.4%	10.4%
MSCI DM		11.9%	-19.5%	20.1%	14.1%	25.2%	-10.4%	20.1%	5.3%	-2.7%	2.9%	24.1%	13.2%	-7.5%	9.6%
MSCI EM		1.5%	-22.4%	-4.5%	15.8%	15.4%	-16.6%	34.3%	8.6%	-17.0%	-4.5%	-5.0%	15.1%	-20.4%	16.4%
MSCI China		-8.4%	-23.5%	-22.4%	26.7%	20.4%	-20.3%	52.3%	-1.4%	-10.1%	4.7%	0.4%	18.7%	-20.4%	2.6%
MSCI AC Asia Ex. Japan		-1.0%	-21.5%	-6.4%	22.5%	15.4%	-16.4%	38.7%	2.9%	-11.3%	2.2%	0.7%	19.4%	-19.2%	17.0%
MSCI Europe		6.5%	-11.9%	22.4%	-5.4%	22.2%	-13.1%	7.3%	-0.5%	5.5%	4.1%	16.4%	13.4%	-10.9%	8.9%
<b>Stock</b>															
U.S.	S&P 500	14.7%	-19.4%	26.9%	16.3%	28.9%	-6.2%	19.4%	9.3%	-0.7%	11.4%	29.5%	13.4%	0.0%	12.8%
Chinese Mainland	SHCOMP	-0.3%	-15.1%	4.8%	13.9%	22.3%	-24.6%	6.6%	-12.3%	9.4%	52.9%	-6.7%	3.2%	-21.7%	-14.3%
	SZCOMP	-4.7%	-21.9%	8.6%	35.2%	35.9%	-33.2%	-3.5%	-14.7%	63.2%	33.8%	20.0%	1.7%	-32.9%	7.5%
HK SAR, China	HSI	-9.2%	-15.5%	-14.1%	-3.4%	9.1%	-13.6%	36.0%	0.4%	-7.2%	1.3%	2.9%	22.9%	-20.0%	5.3%
Japan	Nikkei 225	21.2%	-9.4%	4.9%	16.0%	18.2%	-12.1%	19.1%	0.4%	9.1%	7.1%	56.7%	22.9%	-17.3%	-3.0%
South Korea	KOSPI	12.6%	-24.9%	3.6%	30.8%	7.7%	-17.3%	21.8%	3.3%	2.4%	-4.8%	0.7%	9.4%	-11.0%	21.9%
Germany	DAX	12.3%	-12.3%	15.8%	3.5%	25.5%	-18.3%	12.5%	6.9%	9.6%	2.7%	25.5%	29.1%	-14.7%	16.1%
U.K.	FTSE 100	-1.5%	0.9%	14.3%	-14.3%	12.1%	-12.5%	7.6%	14.4%	-4.9%	-2.7%	14.4%	5.8%	-5.5%	9.9%
France	CAC 40	11.7%	-9.5%	28.9%	-7.1%	26.4%	-11.0%	9.3%	4.9%	8.5%	-0.5%	18.0%	15.2%	-17.0%	-3.8%
<b>Bloomberg Barclays Indices</b>															
Global		0.1%	-16.2%	-4.7%	9.2%	6.8%	-1.2%	7.4%	2.1%	-3.2%	0.6%	-2.5%	4.3%	5.6%	5.5%
China		-0.9%	-5.2%	8.4%	9.8%	3.4%	3.5%	6.2%	-5.2%	3.9%	8.0%	1.3%	5.1%	9.2%	6.4%
Global + China		0.1%	-16.2%	-4.7%	9.2%	6.6%	-0.9%	7.3%	1.7%	-2.9%	0.9%	-2.5%	4.3%	5.8%	5.6%
U.S.		0.4%	-13.0%	-1.5%	7.5%	8.7%	0.0%	3.5%	2.6%	0.5%	6.0%	-2.0%	4.2%	7.8%	6.5%
Europe		3.0%	-22.3%	-9.7%	13.4%	4.1%	-4.4%	14.5%	0.3%	-9.8%	-2.4%	6.8%	12.9%	-0.1%	-4.5%
Asian Pacific		-5.3%	-12.8%	-5.0%	6.6%	3.7%	2.7%	5.2%	5.3%	-0.5%	-6.8%	-14.6%	-7.0%	7.3%	17.2%
EM		2.5%	-15.3%	-1.7%	6.5%	13.1%	-2.5%	8.2%	9.9%	1.3%	4.8%	-4.1%	17.9%	7.0%	12.8%
Treasury		-1.0%	-17.5%	-6.5%	9.5%	5.6%	-0.4%	7.3%	1.7%	-3.3%	-0.8%	-4.3%	1.8%	6.3%	5.9%
Corporate		2.6%	-16.7%	-2.9%	10.4%	11.5%	-3.5%	9.1%	4.3%	-3.5%	3.1%	0.3%	11.2%	4.3%	5.8%
High Yield		6.0%	-12.7%	1.0%	7.0%	12.6%	-4.1%	10.4%	14.3%	-2.7%	0.0%	7.3%	19.5%	3.1%	14.8%
<b>Commodity</b>															
<b>Bloomberg Commodity Index</b>		-6.5%	13.8%	27.1%	-3.5%	5.4%	-13.0%	0.7%	11.4%	-24.7%	-17.0%	-9.5%	-1.1%	-13.4%	16.7%
Energy		-12.5%	33.5%	52.1%	-42.9%	9.4%	-14.4%	-5.2%	15.9%	-38.9%	-39.4%	5.1%	-9.4%	-16.0%	-10.7%
	Natural Gas	-52.6%	17.0%	27.9%	-42.2%	-38.5%	-2.1%	-37.0%	10.0%	-40.0%	-30.7%	4.9%	-30.7%	-47.1%	-40.7%
	WTI Crude	0.1%	22.4%	61.5%	-50.9%	31.6%	-22.0%	4.1%	6.7%	-44.4%	-41.7%	6.8%	-11.8%	-3.7%	3.7%
	Brent Crude	0.3%	38.9%	65.5%	-31.8%	32.7%	-16.6%	13.2%	25.0%	-45.6%	-47.6%	7.2%	7.5%	16.8%	11.3%
	Heating Oil	8.1%	90.3%	58.2%	-38.5%	22.0%	-17.4%	13.9%	33.0%	-42.9%	-38.8%	0.3%	5.4%	10.5%	8.2%
Unleaded Gasoline		21.2%	45.7%	69.5%	-31.2%	41.5%	-29.7%	1.8%	6.1%	-12.7%	-43.8%	1.9%	25.6%	14.4%	12.9%
Precious Metal		0.5%	-1.9%	-6.1%	25.1%	14.6%	-6.4%	9.9%	9.1%	-11.5%	-6.7%	-30.8%	6.2%	4.5%	42.5%
	Gold	1.4%	-2.7%	-4.3%	20.5%	15.6%	-4.7%	11.7%	7.4%	-10.9%	-1.8%	-28.7%	6.0%	9.6%	28.5%
Industrial Metal		-1.9%	0.5%	-12.3%	41.9%	11.5%	-11.9%	4.8%	13.5%	-12.8%	-20.5%	-36.7%	7.0%	-10.2%	81.6%
	Silver	-14.7%	-4.4%	30.3%	15.9%	4.7%	-21.1%	28.1%	19.5%	-26.9%	-6.9%	-13.7%	0.6%	-24.3%	16.1%
	Copper	-2.2%	-15.3%	27.0%	22.8%	5.0%	-22.8%	28.0%	15.4%	-25.2%	-16.6%	-8.8%	4.9%	-24.5%	29.4%
	Aluminum	-13.5%	-16.8%	38.9%	3.5%	-5.3%	-18.5%	29.9%	9.4%	-23.0%	-3.1%	-20.8%	-4.1%	-21.7%	5.2%
	Zinc	-19.4%	-12.3%	27.9%	18.1%	-3.2%	-22.9%	28.5%	56.9%	-28.0%	3.5%	-7.0%	8.9%	-27.8%	-9.0%
	Nickel	-32.6%	43.7%	25.1%	16.2%	29.8%	-18.0%	24.4%	11.5%	-42.7%	7.3%	-20.1%	-10.3%	-24.7%	32.0%
Agriculture		-1.9%	13.2%	26.5%	16.0%	-0.4%	-12.5%	-11.9%	1.8%	-15.7%	-9.3%	-14.3%	3.9%	-14.4%	38.3%
	Grains	-10.0%	15.6%	20.9%	18.9%	-3.2%	-7.4%	-12.1%	-6.2%	-19.5%	-9.4%	-16.9%	18.1%	-14.5%	30.1%
Livestock		13.5%	-5.4%	43.9%	2.5%	2.1%	-23.8%	-15.6%	12.8%	-9.9%	-10.1%	-16.9%	-22.5%	-14.0%	59.7%
	Softs	3.0%	5.3%	8.6%	-23.7%	-8.0%	-3.5%	5.4%	-5.9%	-18.9%	11.5%	-3.5%	-3.5%	-2.4%	9.1%
	Live Cattle	15.5%	2.6%	-0.1%	-18.2%	-0.9%	0.6%	8.1%	-7.7%	-14.3%	22.0%	-5.1%	-4.0%	-1.1%	14.8%
Lean Hogs		-17.3%	10.8%	25.1%	-31.8%	-20.9%	-12.7%	1.8%	-3.8%	-26.1%	-4.4%	-2.1%	-3.0%	-4.5%	0.2%
<b>Foreign Exchange</b>															
US Dollar Index		0.5%	8.2%	6.4%	-6.7%	0.2%	4.4%	-9.9%	3.6%	9.3%	12.8%	0.3%	-0.5%	1.5%	1.5%
USDCNY		5.6%	8.5%	-2.5%	-6.3%	1.2%	5.7%	-6.3%	6.9%	4.6%	2.5%	-2.3%	-1.0%	-4.5%	-3.4%
MSCI EM Currency		1.0%	-4.3%	0.9%	3.3%	3.1%	-3.3%	11.4%	3.5%	-7.1%	-4.3%	-1.9%	5.5%	-2.5%	7.9%
USDHKD		0.5%	0.1%	0.6%	-0.5%	-0.5%	0.2%	0.7%	0.1%	-0.1%	0.0%	0.0%	-0.2%	-0.1%	0.2%
JPYUSD		11.7%	13.9%	11.5%	-4.3%	-1.0%	-2.7%	-3.7%	-2.7%	0.4%	13.7%	21.4%	12.8%	-5.2%	-12.8%
EURUSD		0.9%	-5.8%	-6.9%	8.9%	-2.2%	-4.5%	14.1%	-3.2%	-10.2%	-12.0%	4.2%	1.8%	-3.2%	-6.5%
GBPUSD		4.1%	-10.7%	-1.0%	3.1%	3.9%	-5.5%	9.5%	-16.3%	-5.4%	-5.3%	1.9%	4.6%	-0.4%	-3.5%

Source: Bloomberg, GROW Research

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

	25/8/2023	18/8/2023	11/8/2023	4/8/2023	28/7/2023	21/7/2023	14/7/2023	7/7/2023	30/6/2023	23/6/2023	16/6/2023
<b>S&amp;P 500 GICS Groups Index</b>											
S&P 500 GICS Groups Index	0.82%	-2.11%	-0.31%	-2.27%	1.01%	0.69%	2.42%	-1.16%	2.35%	-1.39%	2.58%
Info. Tech.	2.57%	-0.82%	-2.87%	-4.14%	1.27%	-0.08%	2.79%	-1.46%	2.93%	-2.03%	4.44%
Industrials	0.28%	-2.50%	0.53%	-1.79%	0.56%	0.88%	2.22%	-1.04%	3.87%	-1.65%	2.95%
Materials	-0.04%	-2.37%	-1.00%	-2.03%	1.81%	0.58%	2.48%	-2.01%	3.96%	-1.96%	3.32%
Consumer Staples	-0.76%	-2.44%	0.30%	-1.90%	0.72%	1.64%	1.20%	-1.09%	0.56%	-0.45%	1.97%
Health Care	-0.14%	-1.57%	2.46%	-2.09%	-0.85%	3.46%	2.03%	-2.87%	0.56%	0.24%	1.40%
Consumer Discretionary	1.13%	-4.10%	-0.99%	-0.23%	1.21%	-2.28%	3.31%	-0.33%	2.48%	-0.02%	3.15%
Financials	0.05%	-2.80%	-0.02%	-0.83%	-0.24%	2.96%	1.96%	-0.46%	2.93%	-2.02%	1.19%
Energy	-1.37%	-1.66%	3.54%	1.15%	1.68%	3.53%	0.58%	-0.67%	4.77%	-3.45%	-0.71%
Real Estate	0.71%	-3.24%	0.83%	-2.20%	-1.80%	-0.51%	2.63%	0.21%	5.00%	-4.03%	1.19%
Utilities	0.26%	-2.01%	0.84%	-4.66%	-2.10%	2.40%	2.26%	-0.20%	0.69%	-2.59%	1.29%
Telecom	0.98%	-2.74%	0.33%	-2.85%	6.85%	-3.01%	3.36%	-0.32%	0.37%	-0.76%	2.13%
<b>Shanghai Stock Exchange Sector Index</b>											
Info.Tech.	-3.92%	-5.33%	-4.68%	2.61%	0.54%	-4.82%	1.70%	-1.01%	-3.60%	-1.60%	4.73%
Industrials	-4.67%	-2.52%	-3.42%	0.56%	2.66%	-2.19%	1.45%	-0.41%	0.89%	-2.12%	2.83%
Materials	-1.03%	-2.69%	-2.25%	0.51%	2.71%	0.57%	3.45%	0.44%	0.60%	-3.60%	1.82%
Consumer Staples	-0.87%	-1.76%	-3.33%	-0.42%	5.73%	-0.21%	2.05%	0.24%	-3.51%	-3.73%	5.65%
Health Care	-2.10%	-1.53%	-1.71%	-2.92%	3.58%	-1.07%	0.46%	-1.47%	1.49%	-3.90%	1.53%
Consumer Discretionary	-2.82%	-3.15%	-3.59%	0.73%	5.65%	-1.23%	0.39%	0.43%	-0.27%	-1.37%	5.11%
Financials	-0.99%	-1.09%	-3.63%	0.58%	8.51%	-2.07%	1.31%	0.33%	-0.72%	-3.23%	-1.31%
Energy	0.23%	-1.27%	-0.09%	-2.27%	1.02%	-3.63%	0.13%	2.35%	1.88%	-2.31%	-0.90%
Utilities	-2.30%	0.26%	-2.17%	1.43%	-0.30%	-2.05%	-0.58%	-0.01%	2.12%	0.52%	-4.03%
Telecom	0.69%	-2.82%	-2.80%	2.17%	0.00%	-2.86%	4.68%	-2.25%	-1.94%	-4.29%	-0.53%
<b>Hang Seng Sector Index</b>											
Info.Tech.	0.21%	-5.31%	-2.87%	-0.54%	6.31%	-3.81%	9.01%	-0.31%	-1.57%	-8.19%	7.93%
Industrials	-2.45%	-5.66%	-3.64%	-2.96%	4.69%	-3.23%	2.97%	-2.09%	3.82%	-7.31%	5.05%
Materials	2.21%	-6.00%	-2.07%	-0.79%	2.48%	-0.97%	8.57%	0.49%	-0.08%	-6.48%	2.47%
Consumer	0.43%	-4.45%	-2.92%	0.35%	4.13%	-1.85%	6.19%	-3.58%	0.63%	-6.85%	5.42%
Financials	-0.86%	-5.65%	-2.66%	-2.57%	3.75%	-0.69%	3.51%	-5.25%	1.03%	-3.44%	0.19%
Energy	1.10%	-3.34%	4.42%	-1.95%	-1.13%	-0.83%	5.10%	-0.76%	2.57%	-5.37%	-4.02%
Real Estate	-0.22%	-5.78%	-4.66%	-3.25%	6.56%	-0.79%	1.18%	-3.39%	1.93%	-6.99%	1.36%
Utilities	-3.52%	-4.81%	-0.41%	-2.09%	2.04%	-2.14%	3.48%	-4.28%	2.13%	-3.37%	-0.13%
Telecom	0.62%	-3.44%	1.56%	-0.88%	0.03%	0.98%	2.15%	-0.85%	2.39%	-2.81%	-2.61%

Source: Bloomberg, GROW Research



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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>S&amp;P 500 GICS Groups Index</b>														
S&P 500 GICS Groups Index	14.7%	-15.4%	26.9%	16.3%	28.9%	-6.2%	19.4%	9.5%	-0.7%	11.4%	29.5%	13.4%	0.0%	12.8%
Info. Tech.	37.9%	-28.9%	33.4%	42.2%	48.0%	-1.5%	36.9%	12.0%	4.3%	18.2%	26.2%	13.1%	1.3%	9.1%
Industrials	8.2%	-7.1%	19.4%	9.0%	26.8%	-15.0%	18.5%	16.1%	-4.7%	7.5%	37.6%	12.5%	-2.9%	23.9%
Materials	3.8%	-14.1%	25.0%	18.1%	21.9%	-16.4%	21.4%	14.1%	-10.4%	4.7%	22.7%	12.2%	-11.6%	19.9%
Consumer Staples	-2.4%	-3.2%	15.6%	7.6%	24.0%	-11.2%	10.5%	2.6%	3.8%	12.9%	22.7%	7.5%	10.5%	10.7%
Health Care	-2.1%	-3.5%	24.2%	11.4%	18.7%	4.7%	20.0%	-4.4%	5.2%	23.3%	38.7%	15.2%	10.2%	0.7%
Consumer Discretionary	29.1%	-37.6%	23.7%	32.1%	26.2%	-0.5%	21.2%	4.3%	8.4%	8.0%	41.0%	21.9%	4.4%	25.7%
Financials	-1.0%	-12.4%	32.5%	-4.1%	29.2%	-14.7%	20.0%	20.1%	-3.5%	13.1%	33.2%	26.3%	-18.4%	10.8%
Energy	-0.9%	59.0%	47.7%	-13.3%	7.6%	-20.5%	-3.8%	23.7%	-23.6%	-10.0%	22.3%	2.3%	2.8%	17.9%
Real Estate	-1.7%	-28.4%	42.5%	-5.2%	24.9%	-5.5%	7.2%	0.0%	1.2%	26.1%	-1.5%	16.2%	7.9%	28.0%
Utilities	-10.3%	-1.4%	14.0%	-2.8%	22.2%	0.5%	8.3%	12.2%	-8.4%	24.3%	8.8%	-2.9%	14.8%	0.9%
Telecom	38.5%	-40.4%	20.5%	22.2%	30.9%	-16.4%	-6.0%	17.8%	-1.7%	-1.9%	6.5%	12.5%	0.8%	12.3%
<b>Shanghai Stock Exchange Sector Index</b>														
Info.Tech.	3.2%	-37.1%	-0.2%	22.5%	65.4%	-34.1%	-4.9%	-26.9%	60.0%	36.5%	46.8%	-14.1%	-39.2%	27.2%
Industrials	-11.4%	-18.3%	14.3%	25.3%	13.7%	-23.6%	5.5%	-15.0%	10.7%	68.0%	-3.2%	-4.3%	-32.5%	-4.9%
Materials	-3.8%	-21.4%	15.9%	22.7%	29.0%	-30.1%	27.3%	-7.5%	-1.0%	38.9%	-24.0%	9.1%	-35.1%	-3.2%
Consumer Staples	-14.3%	-16.0%	-6.9%	81.5%	47.5%	-19.3%	43.8%	1.1%	24.1%	15.1%	7.7%	4.5%	-22.1%	12.7%
Health Care	-11.4%	-22.7%	-8.3%	57.4%	24.3%	-26.4%	18.2%	-11.4%	45.8%	6.3%	32.5%	10.3%	-31.2%	33.8%
Consumer Discretionary	-11.1%	-16.0%	-6.9%	81.5%	47.5%	-19.3%	43.8%	1.1%	24.1%	15.1%	7.7%	4.5%	-22.1%	12.7%
Financials	2.7%	-11.2%	-12.7%	-3.0%	29.6%	-17.4%	23.4%	-7.8%	-9.7%	82.0%	-9.9%	20.9%	-13.9%	-26.8%
Energy	1.8%	16.4%	29.6%	-11.3%	2.4%	-26.3%	6.4%	-3.9%	-15.0%	24.0%	-33.0%	-4.3%	-23.5%	-10.9%
Utilities	2.8%	-15.3%	39.4%	-3.8%	3.4%	-11.1%	-3.0%	-20.5%	6.2%	73.1%	-1.2%	3.4%	-17.2%	-16.8%
Telecom	17.7%	-10.5%	9.2%	-6.2%	29.9%	-29.8%	12.1%	-7.5%	56.0%	34.6%	30.6%	-22.8%	-38.8%	4.6%
<b>Hang Seng Sector Index</b>														
Info.Tech.	-6.2%	-25.1%	-32.3%	69.6%	23.7%	-29.6%	92.3%	18.2%	22.3%	8.9%	70.0%	36.5%	-18.6%	-7.0%
Industrials	-24.9%	-21.2%	-18.8%	-15.9%	15.7%	-10.2%	48.8%	-1.8%	-2.5%	3.1%	-9.9%	42.9%	-26.5%	4.5%
Materials	0.8%	-15.2%	9.4%	30.0%	-0.8%	-29.5%	30.5%	21.0%	-18.7%	-1.1%	-21.9%	8.1%	-42.4%	4.4%
Consumer Goods	-15.5%	-21.1%	19.1%	-27.1%	51.3%	-6.5%	-10.3%	-11.1%	11.2%	10.1%	-24.3%	9.3%	116.6%	-52.6%
Consumer Services	-15.5%	-21.1%	6.7%	-22.6%	39.7%	3.6%	-23.9%	-30.5%	40.1%	22.2%	-20.6%	25.3%	70.6%	-62.1%
Financials	-8.2%	-5.5%	-6.3%	-6.9%	7.5%	-14.8%	31.2%	-3.1%	-10.0%	7.6%	3.0%	24.2%	-24.6%	-0.7%
Energy	17.1%	17.3%	20.5%	-33.7%	-4.1%	-2.8%	11.4%	14.3%	-31.3%	-17.3%	-16.2%	12.7%	-15.1%	16.5%
Real Estate	-24.9%	-21.2%	-18.8%	-15.9%	15.7%	-10.2%	48.8%	-1.8%	-2.5%	3.1%	-9.9%	42.9%	-26.5%	4.5%
Utilities	-14.4%	-30.3%	17.5%	-9.4%	-0.9%	1.2%	15.7%	-7.4%	-8.1%	6.2%	13.8%	15.0%	2.8%	6.2%
Telecom	18.2%	6.9%	0.5%	-29.9%	-9.7%	-3.4%	-1.0%	-6.0%	-5.1%	11.5%	-10.2%	11.7%	2.7%	8.4%

Source: Bloomberg, GROW Research

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