

Weekly Market Recap

Asia Pacific | 15 October 2018

Week in review

			Survey	Actual	Prior
CN	Caixin services PMI	Sep	51.5	53.1	51.5
US	PPI y/y nsa	Sep	2.7%	2.6%	2.8%
US	CPI y/y nsa	Sep	2.4%	2.3%	2.7%
CB	Exports y/y	Sep	8.4%	14.5%	9.8%

Week ahead

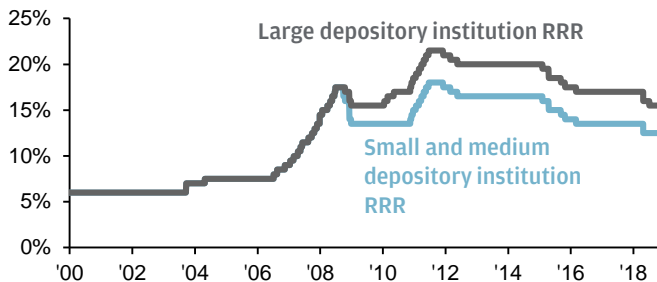
- 15/10 - **US** - Retail sales
- 16/10 - **CN** - CPI, PPI
- 17/10 - **EU** - CPI
- 19/10 - **CN** - GDP, retail sales

Thought of the week

The People's Bank of China (PBoC) announced a cut to its required reserve ratio (RRR) for most banks by 1 percentage point, effective on October 15, 2018. We are not surprised to see the RRR cut given recent uncertainty. The RRR cut should help lower the financing costs for banks, and stimulate them to lend more. However, the policy move is not without side effects. Most notably, market confidence on the RMB might be hurt, especially with U.S. interest rates rising and the U.S. dollar strengthening. We still expect the authorities will step up intervention to support the RMB in view of the RRR cut. In our view, the Chinese leadership is aware of the associated risks, and is attempting to jump start the growth engine. The market volatility we have seen last week will have provided more backing for the idea of greater supportive policies. We might see more announcements at a series of important meetings in the upcoming months, most significantly the 4th Party Plenum in October or November, and the Central Economic Work Conference in December.

Chart of the week

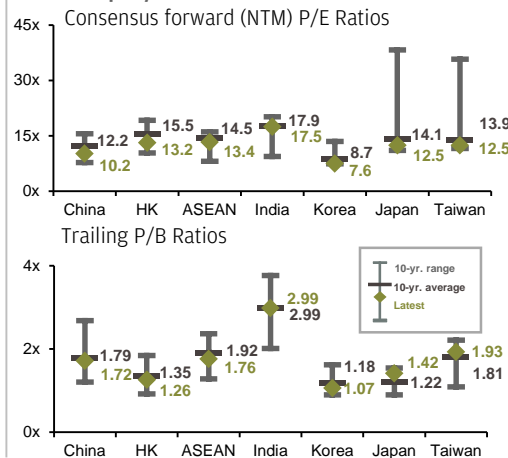
PBoC's required reserve ratio



EQUITIES (Indices: 5 to 12 October)

	% w/w	% m/m	% YTD
MSCI AC Asia Pac ex JP U\$	-3.2	-4.6	-14.9
MSCI AC Asia Pac ex JP	-3.3	-4.3	-10.9
MSCI US	-4.1	-4.4	3.5
MSCI Europe U\$	-4.2	-5.0	-11.2
MSCI EM U\$	-2.1	-2.4	-15.4
MSCI World U\$	-4.1	-4.1	-1.9
Countries			
Hong Kong Hang Seng	-2.9	-2.1	-13.8
Taiwan SE Weighted	-4.5	-6.3	-5.6
Korea SE Composite	-4.7	-5.3	-12.4
Japan Topix	-5.0	0.7	-6.3
MSCI Japan U\$	-3.7	-0.2	-5.1
Shanghai SE A Share	-7.6	-1.8	-21.2
MSCI China U\$	-3.6	-3.2	-18.6
Singapore Straits Times	-4.4	-1.8	-9.8
KLCI Composite	-2.6	-3.1	-3.7
Bangkok SET	-1.4	1.0	-3.3
Philippine SE Composite	-1.0	-6.0	-18.2
Jakarta SE Composite	0.4	-0.7	-9.4
MSCI ASEAN U\$	-2.3	-2.3	-13.1
India BSE100	1.5	-8.2	-3.0
ASX All Ordinaries	-4.7	-4.4	-2.6

Asian equity markets valuations



GOV'T 10-YEAR YIELDS	12/10/2018	Change (bps)		
		w/w	m/m	YTD
Indonesia	8.78	44	16	232
US	3.14	-9	18	71
India	7.99	-5	-18	65
Singapore	2.58	-2	14	58
Thailand	2.84	-3	-1	51
UK	1.63	-6	15	45
Australia	2.74	2	15	11
Japan	0.14	-1	4	10
Germany	0.50	-5	9	7
Korea	2.40	-5	15	-8
China	3.61	-4	-7	-33

CURRENCIES	12/10/2018	Change (%) (per USD)*		
		w/w	m/m	YTD
Japan USD/JPY	112.12	1.5	-0.8	0.5
Thailand USD/THB	32.7525	0.3	0.1	-0.5
Swiss USD/CHF	0.9921	0.0	-2.1	-1.8
Malaysia USD/MYR	4.155	-0.2	-0.2	-2.6
UK GBP/USD	1.3157	0.6	1.0	-2.7
Singapore USD/SGD	1.3781	0.3	-0.2	-3.0
Taiwan USD/TWD	30.86	-0.1	-0.1	-3.6
Euro EUR/USD	1.1562	0.4	-0.5	-3.7
Canada USD/CAD	1.3028	-0.7	-0.1	-3.8
Korea USD/KRW	1131.45	-0.1	-0.3	-5.4
China USD/CNY	6.9222	-0.6	-0.8	-5.9
Philippines USD/PHP	54.1250	0.2	0.0	-7.8
New Zealand NZD/USD	0.6508	0.9	-0.5	-8.5
Australia AUD/USD	0.712	0.8	-0.3	-9.0
Indonesia USD/IDR	15205	-0.2	-2.5	-10.8
India USD/INR	73.63	0.3	-2.0	-13.3

COMMODITIES	12/10/2018	Change (%)		
		w/w	m/m	YTD
Crude Oil (WTI, \$/bbl)	71.41	-3.8	1.5	18.1
Nat. Gas (HH, \$/mm BTU)	3.16	-2.8	6.0	-14.4
Silver (\$/troy oz)	14.60	-0.2	3.1	-13.4
Gold (\$/troy oz)	1,220	1.3	2.0	-5.5
DJ/UBS Commodity Index	86.24	-0.8	3.3	-2.2
Copper (\$/ton)	6,325	2.3	7.4	-11.6

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Source: FactSet, People's Bank of China, J.P. Morgan Asset Management. Data reflect most recently available as of 11/10/18.

All returns in local currency unless stated otherwise.

* Currencies' return are based on foreign currencies per U.S. dollar. An appreciation of the foreign currency against the U.S. dollar would be positive and a depreciation of the foreign currency against the U.S. dollar would be negative.

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