

Weekly Market Recap

Asia Pacific | 9 July 2018

Week in review

			Survey	Actual	Prior
CN	Manufacturing PMI	June	51.1	51.0	51.1
CN	Services PMI	June	52.7	53.9	52.9
U.S.	Unemployment Rate	June	3.8%	4.0%	3.8%
U.S.	Trade Balance	May	-\$43.7B	-\$43.1B	-\$46.2B

Week ahead

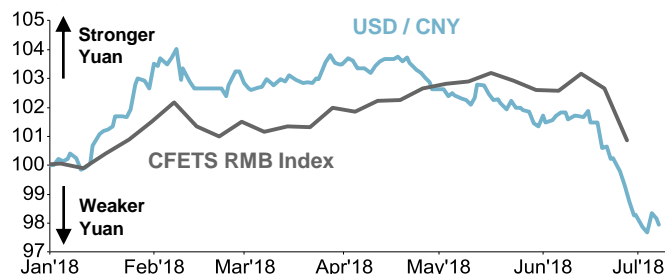
- 9/7 - **CN** - Manufacturing PMI
- 11/7 - **U.S.** - Core PPI
- 12/7 - **U.S.** - Core CPI
- 13/7 - **CN** - Trade Balance

Thought of the week

Rapid renminbi (RMB) depreciation against the U.S. dollar raised fears China would use currency devaluation as a weapon in its trade dispute with the U.S. However, rather than an intentional policy move, recent RMB weakness is more likely driven by other factors, such as weaker domestic growth, broad U.S. dollar strength, and narrower spreads between U.S. and Chinese bonds. Furthermore, the RMB has also been trending downwards against a trade-weighted basket of currencies, not just against the U.S. dollar. Later in the week, the RMB recovered slightly after the People's Bank of China announcement that it will keep the exchange rate "basically stable at a reasonable and balanced level". The RMB will likely stabilize against its basket, given that Chinese policy makers want to avoid the loss of domestic confidence and capital outflows that would accompany a too rapidly depreciating currency. Investors should keep China's overarching policy goals—a balance between growth and stability—in mind when considering moves in Chinese assets.

Chart of the week

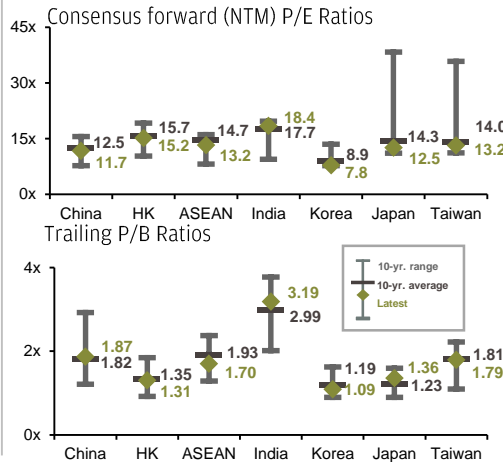
Chinese yuan exchange rate: CFETS RMB vs. USD Index, 1 Jan 2018 = 100**



EQUITIES (Indices: 2 to 6 July)

	% w/w	% m/m	% YTD
MSCI AC Asia Pac ex JP U\$	-1.1	-7.6	-6.4
MSCI AC Asia Pac ex JP	-1.1	-5.8	-3.8
MSCI US	1.5	-0.4	3.5
MSCI Europe U\$	1.4	-1.3	-3.9
MSCI EM U\$	-0.9	-7.8	-8.5
MSCI World U\$	1.2	-1.1	0.5
Countries			
Hong Kong Hang Seng	-2.2	-9.4	-5.4
Taiwan SE Weighted	-2.1	-5.3	-0.3
Korea SE Composite	-2.3	-7.4	-7.9
Japan Topix	-2.3	-4.8	-6.9
MSCI Japan U\$	-1.6	-4.7	-4.6
Shanghai SE A Share	-3.5	-11.8	-16.9
MSCI China U\$	-2.2	-11.3	-4.7
Singapore Straits Times	-0.4	-6.1	-4.3
KLCI Composite	-1.6	-6.4	-7.4
Bangkok SET	1.2	-7.1	-7.9
Philippine SE Composite	-0.1	-6.5	-16.0
Jakarta SE Composite	-1.8	-6.2	-10.4
MSCI ASEAN U\$	-1.2	-10.1	-12.2
India BSE100	0.5	0.6	0.1
ASX All Ordinaries	1.0	3.6	3.1

Asian equity markets valuations



	6/7/2018	Change (bps)		
GOV'T 10-YEAR YIELDS		w/w	m/m	YTD
Indonesia	7.50	-37	33	104
India	7.87	-2	4	53
US	2.82	-3	-16	41
Singapore	2.40	-14	-17	39
Thailand	2.57	-1	4	25
Korea	2.55	-1	-17	7
UK	1.25	-2	-11	6
Japan	0.03	0	-2	-1
Australia	2.61	-2	-15	-2
Germany	0.28	-2	-18	-14
China	3.56	-1	-15	-38

		Change (%) (per USD)*			
CURRENCIES	6/7/2018	w/w	m/m	YTD	
Japan USD/JPY	110.45	0.3	-0.4	2.0	
Malaysia USD/MYR	4.0400	0.0	-1.6	0.2	
Swiss USD/CHF	0.9892	0.4	-0.4	-1.5	
Singapore USD/SGD	1.3582	0.4	-1.9	-1.6	
Thailand USD/THB	33.18	-0.1	-3.8	-1.8	
UK GBP/USD	1.3275	0.5	-1.1	-1.9	
China USD/CNY	6.6475	-0.3	-3.8	-2.0	
Euro EUR/USD	1.1758	0.7	-0.2	-2.1	
Taiwan USD/TWD	30.47	0.1	-2.4	-2.3	
New Zealand NZD/USD	0.6828	0.8	-3.0	-4.0	
Korea USD/KRW	1,116	-0.1	-4.1	-4.1	
Canada USD/CAD	1.3097	0.4	-1.4	-4.3	
Australia AUD/USD	0.7426	0.5	-3.2	-5.1	
Indonesia USD/IDR	14,370	-0.3	-3.6	-5.6	
Philippines USD/PHP	53.41	-0.1	-1.9	-6.5	
India USD/INR	68.90	-0.6	-2.8	-7.4	

COMMODITIES	6/7/2018	w/w	m/m	YTD
Crude Oil (WTI, \$/bbl)	73.79	-0.5	14.0	22.0
Nat. Gas (HH, \$/mm BTU)	2.85	-3.7	-1.4	-22.8
Silver (\$/troy oz)	16.00	-0.2	-3.3	-5.2
Gold (\$/troy oz)	1,255	0.4	-3.4	-2.8
DJ/UBS Commodity Index	86.21	-1.4	-4.0	-2.2
Copper (\$/ton)	6,326	-4.8	-11.5	-11.6

Weekly Market Recap

Asia Pacific | 9 July 2018

Source: CFETS – Foreign Exchange Trade Center China, Factset, J.P. Morgan Asset Management. Data reflect most recently available as of 6/7/18.

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.

** CFETS RMB index is the China Foreign Exchange Trade System basket of 24 currencies traded against the Chinese renminbi. Past performance is not a reliable indicator of current and future results.

The Market Insights program provides comprehensive data and commentary on global markets without reference to products. Designed as a tool to help clients understand the markets and support investment decision-making, the program explores the implications of current economic data and changing market conditions.

For the purposes of MiFID II, the JPM Market Insights and Portfolio Insights programmes are marketing communications and are not in scope for any MiFID II / MiFIR requirements specifically related to investment research. Furthermore, the J.P. Morgan Asset Management Market Insights and Portfolio Insights programmes, as non-independent research, have not been prepared in accordance with legal requirements designed to promote the independence of investment research, nor are they subject to any prohibition on dealing ahead of the dissemination of investment research.

This document is a general communication being provided for informational purposes only. It is educational in nature and not designed to be taken as advice or a recommendation for any specific investment product, strategy, plan feature or other purpose in any jurisdiction, nor is it a commitment from J.P. Morgan Asset Management or any of its subsidiaries to participate in any of the transactions mentioned herein. Any examples used are generic, hypothetical and for illustration purposes only. This material does not contain sufficient information to support an investment decision and it should not be relied upon by you in evaluating the merits of investing in any securities or products. In addition, users should make an independent assessment of the legal, regulatory, tax, credit, and accounting implications and determine, together with their own professional advisers, if any investment mentioned herein is believed to be suitable to their personal goals. Investors should ensure that they obtain all available relevant information before making any investment. Any forecasts, figures, opinions or investment techniques and strategies set out are for information purposes only, based on certain assumptions and current market conditions and are subject to change without prior notice. All information presented herein is considered to be accurate at the time of production, but no warranty of accuracy is given and no liability in respect of any error or omission is accepted. It should be noted that investment involves risks, the value of investments and the income from them may fluctuate in accordance with market conditions and taxation agreements and investors may not get back the full amount invested. Both past performance and yields are not a reliable indicator of current and future results.

J.P. Morgan Asset Management is the brand for the asset management business of JPMorgan Chase & Co. and its affiliates worldwide. This communication is issued by the following entities: in the United Kingdom by JPMorgan Asset Management (UK) Limited, which is authorized and regulated by the Financial Conduct Authority; in other European jurisdictions by JPMorgan Asset Management (Europe) S.à r.l.; in Hong Kong by JF Asset Management Limited, or JPMorgan Funds (Asia) Limited, or JPMorgan Asset Management Real Assets (Asia) Limited; in Singapore by JPMorgan Asset Management (Singapore) Limited (Co. Reg. No. 197601586K), or JPMorgan Asset Management Real Assets (Singapore) Pte Ltd (Co. Reg. No. 201120355E); in Taiwan by JPMorgan Asset Management (Taiwan) Limited; in Japan by JPMorgan Asset Management (Japan) Limited which is a member of the Investment Trusts Association, Japan, the Japan Investment Advisers Association, Type II Financial Instruments Firms Association and the Japan Securities Dealers Association and is regulated by the Financial Services Agency (registration number "Kanto Local Finance Bureau (Financial Instruments Firm) No. 330"); in Korea by JPMorgan Asset Management (Korea) Company Limited; in Australia to wholesale clients only as defined in section 761A and 761G of the Corporations Act 2001 (Cth) by JPMorgan Asset Management (Australia) Limited (ABN 55143832080) (AFSL 376919); in Brazil by Banco J.P. Morgan S.A.; in Canada for institutional clients' use only by JPMorgan Asset Management (Canada) Inc., and in the United States by JPMorgan Distribution Services Inc. and J.P. Morgan Institutional Investments, Inc., both members of FINRA/SIPC.; and J.P. Morgan Investment Management Inc.

In APAC, distribution is for Hong Kong, Taiwan, Japan and Singapore. For all other countries in APAC, to intended recipients only.

Copyright 2018 JPMorgan Chase & Co. All rights reserved.

Material ID: 0903c02a82281683