Weekly Market Recap

Week in review

- China's PPI grew by 8.9% in February while CPI grew by 0.9%
- U.S. CPI grew by 7.9% in February
- The European Central Bank kept monetary policy rates unchanged as expected

Week ahead

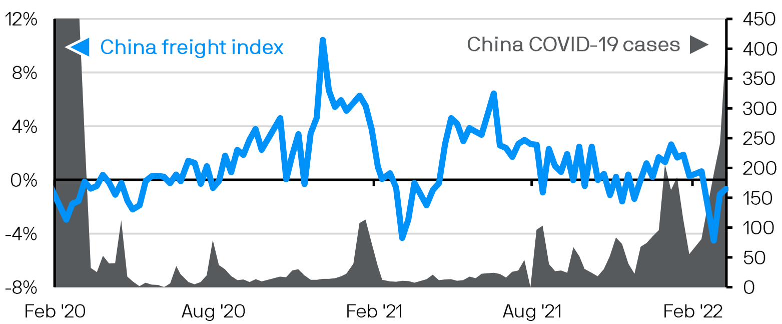
- China trade balance
- U.S. FOMC meeting, PPI, retail sales, housing starts
- Japan CPI and Bank of Japan policy rate meeting

Thought of the week

The recent resurgence of COVID-19 in China has led to concerns about a further pinch to the global supply chain. However, based on high-frequency container throughput data during previous outbreaks and the adoption of a "closed-loop management" blueprint by Chinese manufacturers over the past few days, we think that substantial downside risks to supply chains are limited. During the previous outbreak in Shenzhen last May, Yantian port (which accounts for 25% of China's shipments to the U.S.) was shutdown. While container throughput dipped briefly into negative territory, it quickly rebounded within two weeks. Similarly, when a port in Ningbo was halted in August last year, container throughput recovered within 20 days. Given that local governments are increasingly adept at containing outbreaks, it's possible that port disruptions will be resolved within a shorter time frame. Furthermore, unlike the wide scale lockdowns witnessed during previous waves, manufacturers in Shanghai and Shenzhen have opted to adopt isolation bubbles within its factories in order to keep manufacturing lines open. While the negative impact of COVID-19 cannot be fully discounted, as China's zero-COVID policy adjusts to minimize disruptions to the economy, the impact will undoubtedly decrease.

China container throughput swiftly recovered during previous outbreaks

Week-over-week change / Daily cases



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Market data

MSCI indices	Index returns (%) w/w	m/m	YTD
World US$	6.0	0.9	-6.8
U.S.	6.4	2.6	-7.0
Europe $US	6.1	-4.0	-8.8
Japan $US	4.5	-4.2	-8.1
EM $US	3.4	-8.8	-8.8
Asia Pac ex JP $US	4.0	-6.1	-7.4
Asia Pac ex JP	3.4	-5.8	-6.8
ASEAN $US	3.0	-3.7	0.7
China $US	5.1	-14.0	-15.1

Markets	w/w	m/m	YTD
Hong Kong Hang Seng	4.2	-12.0	-8.5
Taiwan SE Weighted	1.1	-4.3	-4.2
Korea SE Comp	1.7	-1.4	-9.1
TOPIX	6.1	-0.8	-4.2
Shanghai SE A Share	-1.8	-6.9	-10.7
KLCI Comp	1.5	-0.7	1.5
Bangkok SET	1.2	-2.0	1.3
Philippine SE Comp	-1.5	-5.5	-1.6
Singapore Straits Times	2.5	-2.9	6.6
Jakarta SE Comp	0.5	0.9	5.7
India BSE100	3.8	0.1	-0.5
ASX All Ords	3.2	0.9	-2.7

Sectors (World $US)	w/w	m/m	YTD
Cons. Disc	8.8	-2.9	-12.4
Cons. Staples	3.9	-3.0	-5.1
Energy	-2.3	1.2	16.7
Financials	5.9	-2.7	-0.2
Healthcare	5.9	6.0	-4.2
Industrials	5.1	2.8	-5.0
Info Tech	7.6	1.1	-11.9
Materials	2.6	0.7	-0.3
Telecoms	5.7	-0.6	-11.1
Utilities	0.8	3.2	-2.9
Real Estate	3.2	1.7	-7.0

Volatility	Level (%) 19/03/22	12/03/22	31/12/21
VIX	23.9	30.8	17.2

Gov't 10-year bonds	Yield	Change (bps) w/w	m/m	YTD
Australia	2.56	18	33	89
China	2.82	0	0	3
Germany	0.35	8	15	54
India	6.83	-3	13	37
Indonesia	6.71	3	24	26
Japan	0.21	3	-1	14
Korea	2.73	4	0	49
Singapore	2.08	18	11	43
Thailand	2.24	0	9	35
UK	1.48	-3	9	52
U.S.	2.15	15	22	64

Credit markets	Yield	w/w	m/m	YTD
Global Agg	1.99	6	22	68
Global IG	2.99	1	41	113
Global HY	6.65	-12	62	180
EMD ($US)	6.86	-24	86	156
EMD (LCL)	4.67	-3	0	7

Currencies (vs US$)	Level	Change (%) w/w	m/m	YTD
Australia	0.7402	1.1	3.1	1.8
China	6.3642	-0.6	-0.6	0.1
Euro	1.1049	0.7	-2.6	-2.8
India	75.82	1.0	-1.5	-2.0
Indonesia	14,342	-0.3	-0.1	-0.6
Japan	119.18	-1.8	-3.4	-3.4
Korea	1207.50	2.0	-1.0	-1.6
Malaysia	4.1930	0.0	-0.2	-0.6
Philippines	52.34	-0.1	-1.9	-2.6
Swiss	0.9338	-0.1	-1.4	-2.4
Taiwan	28.33	0.2	-1.6	-2.4
Thailand	33.33	-0.1	-3.5	0.2
UK	1.3170	0.6	-3.0	-2.8

Commodities	Level	w/w	m/m	YTD
DJ Commodity index	123.36	-2.4	10.5	24.4
Oil (WTI, $/bbl)	104.70	-4.2	14.7	39.0
Gold ($/oz)	1,936	-2.2	2.2	7.2
Silver ($/oz)	25.24	-1.6	6.2	9.3
Copper ($/ton)	10,249	1.0	2.3	5.7

Source: Bloomberg, Our World in Data, J.P. Morgan Asset Management.

Data reflect most recently available as of 19/03/22.

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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