

Monthly Highlights September 2022

Global central banks remain committed to raising rates despite growth risks.
Attractively valued Emerging Markets await more catalysts.

Macro: Emerging Markets' PMIs still beating Developed Markets'

Global growth at risk of contracting

But EM Manufacturing Purchasing Managers' Index are still beating Developed Markets'¹

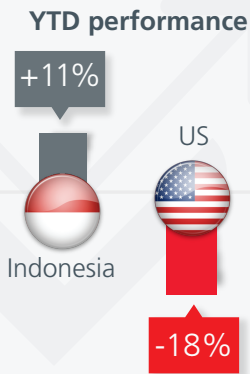
EM.....	50.7
China.....	50.3
US.....	48.9
Europe.....	42.2



Markets: EM equities and Asian credits appear attractive

Selected Asian markets have outperformed the US year to date²

Reopening momentum has helped keep the region's economic recovery on track, boosting India and the Asean markets.



Deflation and weak growth remain key risks for China

Developments to watch:

Property developers' sales recovery

No. of COVID cases and lockdowns

Government's zero-COVID policy

Emerging Markets equities are attractively valued

MSCI EM Relative to MSCI AC World Trailing PB (x)

What we need to turn more positive:

Improving global trade volumes

More aggressive stimulus for China

More dovish Fed

Global central banks reaffirm commitment to fight inflation

Fed raises rates by **75 bp** in September as inflation stays stubbornly high³

US inflation

Measure	Value
CPI	8.3%
Core CPI	6.3%

The Fed is unlikely to change its tightening path soon

Weaker inflation in Asia supportive for Asian bonds

Asian credits to benefit from:

Less aggressive rate hikes

Lower bond supply in 2023

Attractive yields, especially for Investment Grade credits

¹Refinitiv Datastream, Eastspring Investments (Singapore) Limited. August 2022. ²Source: MSCI. In USD dollars. As of 20 September.
³Source: Refinitiv Datastream, as of 31 August 2022.

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