



## US stocks pulled back last month on over-expectations for soft landing

### Clearer monetary policy direction & earnings recovery to pave way for rally in 4Q23F

#### Key message

Positive sentiment among US stock investors since late-2Q23 on expectations for an economic soft landing is clearly overdone, evidenced by market corrections over the past month. Readings of leading indicators and consumption suggest risks of a recession still exist. Meanwhile, we believe the market has overlooked the fact that short-term stock performance tends to be worse in an environment of low unemployment. If low unemployment persists, the risks of rebounding inflation and monetary tightening will make a comeback. We expect US stocks to consolidate in the remainder of 3Q23 before advancing again in 4Q23 when the direction of monetary policy and corporate earnings recovery are clearer.

When US stocks underwent a downward consolidation in early August, we argued that it was mainly due to overshoot expectations for an economic soft landing, and noted that the downtrend would likely extend through 3Q23F before new rallies materialize in 4Q23F.

#### Stocks pulled back in past month as buying on soft landing expectation was overdone; leading indicators & consumption suggest potential recession remains

US stocks advanced in 1H23 thanks to theme-based stories like generative AI. However, rate hikes are coming to an end, while economic growth has remained stronger than expected. We therefore note that expectations for a soft landing, in which the US economy remains somewhat resilient while inflation declines at a steady pace with the Fed terminating rate hikes and not yet switching to rate cuts, became the primary driving force of US stock rallies from May. The rallies were so strong that many believed the Goldilocks economy had returned. We, however, were not so positive about the situation and thought it was at best “near-Goldilocks conditions”. As it turned out, the upbeat sentiment has dissipated in the past month on Treasury yield hikes, which gave rise to doubts about whether rate hikes are really coming to an end and whether a soft landing is possible when the service sectors of other major economies are losing steam. For reference, the odds of a soft landing are indeed much higher than before, but they remain below 50% in our view. In fact, while all of the US economic concurrent indicators are still rising YoY, the readings of leading indicators have been in negative territory for months on a YoY basis (Figure 1). Historically, when leading indicators are in decline, the concurrent indicators will follow suit eventually, and that’s when the economy sinks into a real recession. Robust consumption is a major pillar that has shored up the US economy, and it makes a compelling story that has sold well among investors. However, we believe the excess savings accumulated over the past few years are almost depleted, and real wage growth, which has kept consumption afloat of late, is probably only temporary. When nominal wages decline faster than inflation in the future, the support that consumption provides to the US economy may begin to wobble (Figure 2).

#### Downside from low unemployment - US stock market to post sluggish performance amid low unemployment near term, while risk of inflation uptrend & tightening monetary policy may rise again as low unemployment lingers

Another factor that undermines positive expectations of a soft landing (but is usually neglected, however) is low unemployment. Stock market performance will be sluggish near term amid low unemployment. Economic growth will also be capped, leading to a lukewarm stock market when unemployment is low (Figure 3). On the other hand, when unemployment remains low, the labor market tightens. The risk of a possible inflation uptrend may then rise, leading to downside from tightening monetary policy regarding the current economic environment. Hence, it is difficult to define current low unemployment as a ‘real’ positive factor, though it can instead be seen as a headwind against a soft landing.

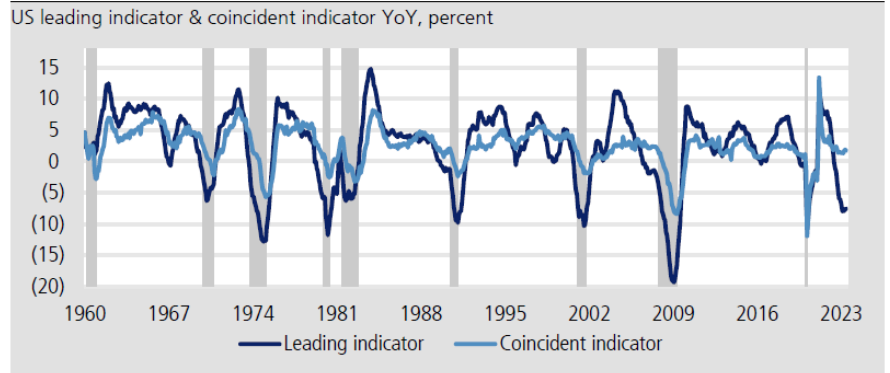
**US stock market lacks momentum on absence of earnings results; look for better performance in 4Q23F on improving earnings**

The absence of earnings results is another key factor in the lacklustre US stock market near term. 3Q23 results are to be released in mid-October (during 4Q23). Regarding current market expectations, it is confirmed that EPS YoY has troughed in 2Q23, while a slight rebound may occur in 3Q23, as improvement of fundamentals is still unclear; a more reasonable momentum boost will emerge in 4Q23F and beyond (Figure 4). This is why we believe a clearer US stock trend will be seen in 4Q23F (versus 3Q23).

**Conclusion - Better US stock performance will occur only when monetary policy trend firms in 4Q23F & a more meaningful earnings rebound is seen**

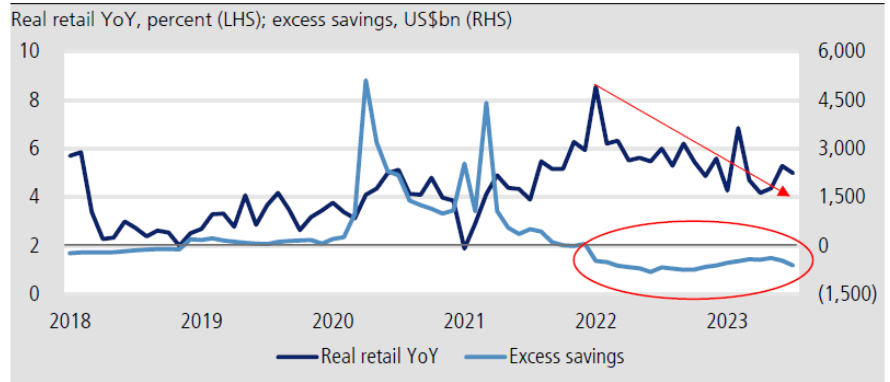
We project a lukewarm market performance in the remainder of 3Q23, as besides overtrading during the ongoing 'soft landing', the ending of the monetary tightening policy is unclear (compared to the past). Coupled with the absence of earnings results, and our expectation of tepid YoY earnings growth in 3Q23F, stocks will be capped. It is believed by some that many cash-rich investors missed the chance to enter the market on overly-aggressive US stock rallies in 1H23, and that the fear of missing out (FOMO) effect could still be a trigger. However, taking a closer look, we see that FOMO sentiment emerged at end-May to early-August (Figure 5), and that capital could be easily tied up when investors entered the market after mid-June. Aside from a lack of surplus capital, investors could also cut positions after the market rebounds, leading to faltering momentum. Hence, we believe better US stock performance will occur only when the monetary policy trend firms in 4Q23F, and when a more meaningful earnings rebound emerges.

**Figure 1: Although the coincident indicator is decent, the leading indicator has sunk into negative territory**



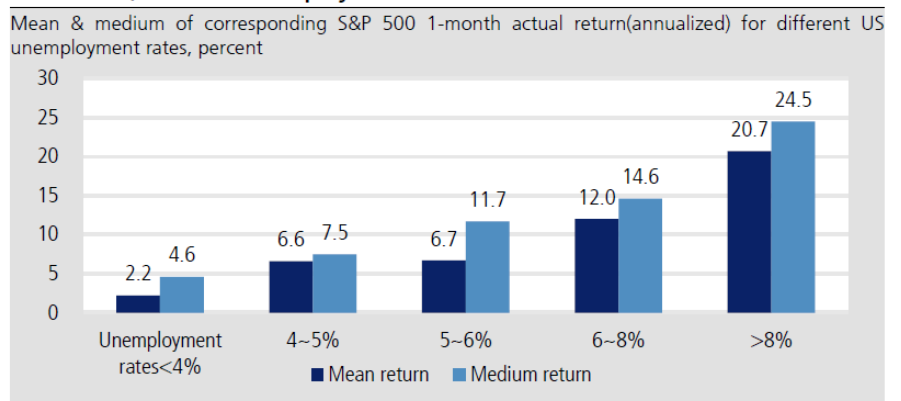
Note: Shaded areas are NBER-defined US recessions  
Source: Bloomberg; KGI Research

**Figure 2: Excess savings have turned negative, although real income is boosted by lower inflation; real retail growth will continue to fall in the future**



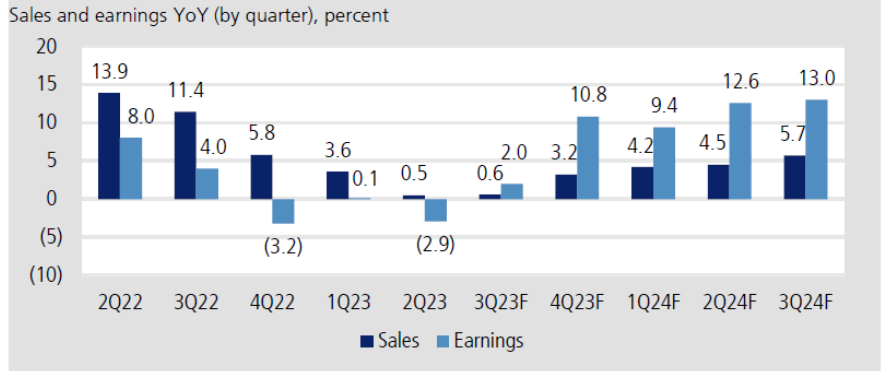
Note: Excess savings are calculated by subtracting the average savings in 2018-19 pre-pandemic  
Source: Bloomberg; KGI Research

**Figure 3: One-month annualized return declines alongside unemployment downtrend; thus low unemployment undermines the stock market**



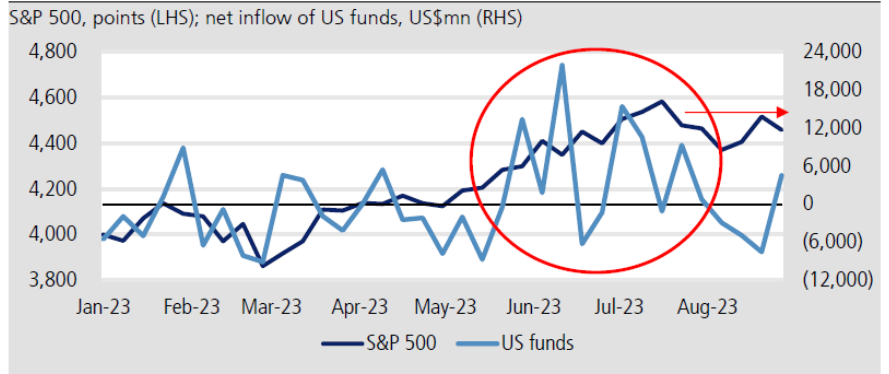
Source: BCA Research; KGI Research

**Figure 4: Market expects a more meaningful earnings YoY rebound in 4Q23F**



Source: Refinitiv; KGI Research

**Figure 5: US FOMO funds entered the market during end-May to early-August, hence capital may be tied up if investors did not engage shares early enough**



Source: Bloomberg; EPFR; KGI Research

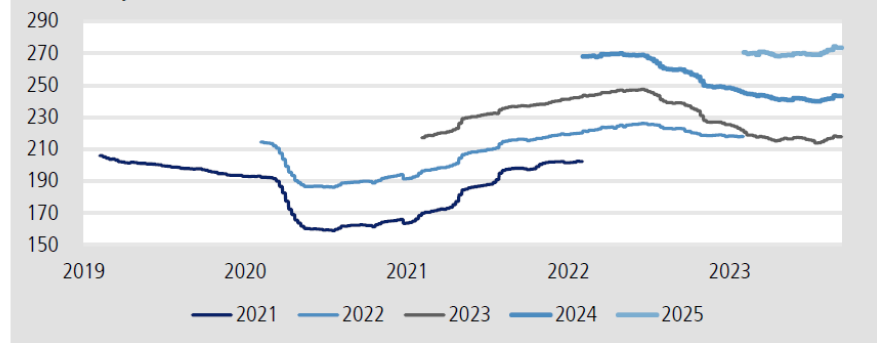
**Figure 8: Major global political & economic events in the coming quarter**

Date	Major event	Possible effect
September 14	ECB monetary policy meeting	May have probability of finally raising rates by 25bps; may discuss whether to cut rates earlier than US depending on the economic situation at that time
September 19-20	Fed FOMC meeting	May not raise rates; to express no rate cut in the near term
October 1	US government shutdown	The stopgap spending bill faced challenges from conservative lawmakers in August, posing a risk to the maturity of US government spending in October. The market is concerned about whether Moody's follows the other two credit rating agencies to downgrade US debts, which would cause volatility and raise yields in the short term
October 26	ECB monetary policy meeting	There may be no policy rate changes in this meeting if interest rates have been raised at the September meeting. If the economy downturns more than expected, investors may expect earlier interest rate cuts than in the US
October 31-November 1	Fed FOMC meeting	Leave interest rates unchanged and the dot plot shows a one-yard reduction in the year-end target rate. The market is focused on whether inflation and employment are moving in the direction of fulfilling rate cutting conditions
October/ November	The Third Plenary Session of the 20th Communist Party of China Central Committee	The market is focused on the Third Plenum for its economic reform focus. But with the current mindset of maintaining stability above all else, it may not be easy to introduce reforms or stimulus that are effective for the market.
December	China central economic working conference	Setting the economic development plan and growth target for next year; we expect the economic growth target to remain at about 5%
December 12-13	Fed FOMC meeting	May provide guidance for rate cutting conditions
December 14	ECB monetary policy meeting	May provide guidance for rate cutting conditions

Source: KGI Research

**Figure 9: S&P 500 full-year EPS forecasts**

S&amp;P 500 full-year EPS forecasts, US\$



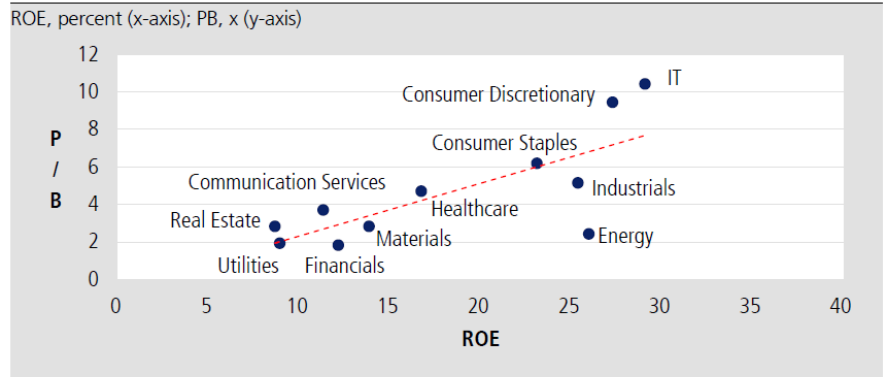
Source: Refinitiv, KGI Research

**Figure 10: S&P 500 sector EPS growth forecasts**

	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	2022	2023	2024
S&P 500	0.1	(2.9)	2.0	10.8	9.4	12.6	4.8	2.4	12.1
Consumer Discretionary	56.2	55.1	22.0	29.1	15.4	6.7	(9.0)	37.8	15.6
Consumer Staples	0.4	8.6	1.4	5.4	6.5	7.6	0.1	3.2	8.5
Energy	21.0	(47.7)	(37.4)	(23.8)	(15.0)	16.4	152.3	(27.1)	1.8
Financials	7.7	9.9	15.2	11.7	5.2	6.3	(13.2)	11.0	8.3
Health Care	(6.2)	(26.7)	(9.7)	2.6	6.0	28.4	10.8	(12.8)	13.1
Industrials	(14.8)	15.7	11.9	6.2	13.7	7.9	6.3	14.3	12.8
Materials	27.0	(26.4)	(19.8)	(7.2)	(5.1)	3.2	32.1	(20.3)	6.8
Real Estate	(8.3)	(2.2)	(6.7)	15.0	5.4	0.6	0.0	1.0	5.7
Information Technology	(22.2)	5.0	5.5	14.9	18.9	14.7	8.7	4.3	17.4
Communication Services	(8.9)	16.0	34.6	49.3	26.9	17.9	(22.1)	22.3	18.2
Utilities	(21.8)	0.6	13.3	55.4	20.1	11.0	2.0	6.7	8.5

Source: Refinitiv, KGI Research

Figure 11: S&P 500 PB & ROE by sector



Source: Bloomberg; KGI Research

## Appendix: ETF classified indices

### Multi-asset

Global Stock & Bond (Growth)	AOR	<a href="#">iShares Core Growth Allocation ETF</a>	Global Stock & Bond (Moderate)	AOM	<a href="#">iShares Core Moderate Allocation ETF</a>
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Source: KGI Research

### Equity

Region & country			Sectors & sub-sectors		
Global	ACWI	<a href="#">iShares MSCI ACWI ETF</a>	Technology	XLK	<a href="#">Technology Select Sector SPDR Fund</a>
Global ex. US	SPDW	<a href="#">SPDR Portfolio Developed World ex-US ETF</a>	Energy	XLE	<a href="#">Energy Select Sector SPDR Fund</a>
EAFE	IEFA	<a href="#">iShares Core MSCI EAFE ETF</a>	Health Care	XLV	<a href="#">Health Care Select Sector SPDR Fund</a>
US (S&P 500)	SPY	<a href="#">SPDR S&amp;P 500 ETF Trust</a>	Consumer Staples	XLV	<a href="#">Consumer Staples Select Sector SPDR Fund</a>
Short S&P 500	SH	<a href="#">ProShares Short S&amp;P500</a>	Utilities	XLU	<a href="#">Utilities Select Sector SPDR Fund</a>
3x Short S&P 500	SPXU	<a href="#">ProShares UltraPro Short S&amp;P500</a>	Consumer Discretionary	XLY	<a href="#">Consumer Discretionary Select Sector SPDR Fund</a>
US (Dow Jones)	DIA	<a href="#">SPDR Dow Jones Industrial Average ETF Trust</a>	Communication Services	XLC	<a href="#">Communication Services Select Sector SPDR Fund</a>
3x Short Dow Jones	SDOW	<a href="#">ProShares UltraPro Short Dow30</a>	Materials	XLB	<a href="#">Materials Select Sector SPDR Fund</a>
US (Nasdaq 100)	QQQ	<a href="#">Invesco QQQ Trust</a>	Financial	XLG	<a href="#">Financial Select Sector SPDR Fund</a>
3x Long Nasdaq 100	TQQQ	<a href="#">ProShares UltraPro QQQ</a>	3x Short Financials	FAZ	<a href="#">Direxion Daily Financial Bear 3X Shares</a>
Short Nasdaq 100	PSQ	<a href="#">ProShares Short QQQ</a>	Industrial	XLI	<a href="#">Industrial Select Sector SPDR Fund</a>
3x Short Nasdaq 100	SOQQ	<a href="#">ProShares UltraPro Short QQQ</a>	Real Estate	XLRE	<a href="#">Real Estate Select Sector SPDR Fund</a>
Eurozone	EZU	<a href="#">iShares MSCI Eurozone ETF</a>	3x Long Real Estates	DRN	<a href="#">Direxion Daily Real Estate Bull 3x Shares</a>
Europe Hedge	HEJ	<a href="#">WisdomTree Europe Hedged Equity Fund</a>	Semiconductor	SMH	<a href="#">VanEck Semiconductor ETF</a>
Japan	EWJ	<a href="#">iShares MSCI Japan ETF</a>	3x Long Semiconductor	SOXL	<a href="#">Direxion Daily Semiconductor Bull 3x Shares</a>
United Kingdom	EWU	<a href="#">iShares MSCI United Kingdom ETF</a>	Software	IGV	<a href="#">iShares Expanded Tech-Software Sector ETF</a>
Germany	EWG	<a href="#">iShares MSCI Germany ETF</a>	Retail	XRT	<a href="#">SPDR S&amp;P Retail ETF</a>
France	EWQ	<a href="#">iShares MSCI France ETF</a>	Online Retail	IBUY	<a href="#">Amplify Online Retail ETF</a>
Switzerland	EWL	<a href="#">iShares MSCI Switzerland ETF</a>	Food & Beverage	PBJ	<a href="#">Invesco Dynamic Food &amp; Beverage ETF</a>
Sweden	EWD	<a href="#">iShares MSCI Sweden ETF</a>	Bank	KBWB	<a href="#">Invesco KBW Bank ETF</a>
EM	EEM	<a href="#">iShares MSCI Emerging Markets ETF</a>	Regional Bank	KRE	<a href="#">SPDR S&amp;P Regional Banking ETF</a>
Asia ex. Japan	AAXJ	<a href="#">iShares MSCI All Country Asia ex-Japan ETF</a>	3x Long Big Bank	BNKU	<a href="#">MicroSectors U.S. Big Banks Index 3X Leveraged ETNs</a>
China	FXI	<a href="#">iShares China Large-Cap ETF</a>	Insurance	KIE	<a href="#">SPDR S&amp;P Insurance ETF</a>
China CSI 300	ASHR	<a href="#">Xtrackers Harvest CSI 300 China A-Shares ETF</a>	Global Upstream Natural Resources	GUNR	<a href="#">FlexShares Morningstar Global Upstream Natural Resources Index Fund</a>
3x Long China	YINN	<a href="#">Direxion Daily FTSE China Bull 3X Shares</a>	Oil & Gas Exploration & Production	XOP	<a href="#">SPDR S&amp;P Oil &amp; Gas Exploration &amp; Production ETF</a>
3x Short China	YANG	<a href="#">Direxion Daily FTSE China Bear 3X Shares</a>	Oil Services	OIH	<a href="#">VanEck Oil Services ETF</a>
China companies listed on US	PGJ	<a href="#">Invesco Golden Dragon China ETF</a>	Natural Gas Company	FCG	<a href="#">First Trust Natural Gas ETF</a>
Hong Kong	EWH	<a href="#">iShares MSCI Hong Kong ETF</a>	Metals & Mining	XME	<a href="#">SPDR S&amp;P Metals &amp; Mining ETF</a>
South Korea	EWY	<a href="#">iShares MSCI South Korea ETF</a>	Copper Miners	COPX	<a href="#">Global X Copper Miners ETF</a>
Taiwan	0050.TW	<a href="#">Yuanta/P-shares Taiwan Top 50 ETF</a>	Infrastructure Development	PAVE	<a href="#">Global X US Infrastructure Development ETF</a>
India	INDA	<a href="#">iShares MSCI India ETF</a>	Transportation	IYT	<a href="#">iShares US Transportation ETF</a>
Brazil	EWZ	<a href="#">iShares MSCI Brazil ETF</a>	Jets	JETS	<a href="#">U.S. Global Jets ETF</a>
Vietnam	VNM	<a href="#">VanEck Vietnam ETF</a>	Aerospace & Defense	ITA	<a href="#">iShares U.S. Aerospace &amp; Defense ETF</a>
			Biotech	XBI	<a href="#">SPDR S&amp;P Biotech ETF</a>
			Medical Devices	IHI	<a href="#">iShares U.S. Medical Devices ETF</a>
			Homebuilder	XHB	<a href="#">SPDR S&amp;P Homebuilders ETF</a>
			Global Energy	IXC	<a href="#">iShares Global Energy ETF</a>
			Global Metals & Mining Producers	PICK	<a href="#">iShares MSCI Global Metals &amp; Mining Producers ETF</a>
			Global Infrastructure	IGF	<a href="#">iShares Global Infrastructure ETF</a>
			Europe Financials	EUFN	<a href="#">iShares MSCI Europe Financials ETF</a>
			China Technology	CQQQ	<a href="#">Invesco China Technology ETF</a>
			China Internet	KWEB	<a href="#">KraneShares CSI China Internet ETF</a>
			<b>Theme</b>		
			ESG	ESGU	<a href="#">iShares ESG Aware MSCI USA ETF</a>
			EM ESG	ESGE	<a href="#">iShares ESG Aware MSCI EM ETF</a>
			Energy Storage	00902.TW	<a href="#">CTBC Battery &amp; Energy Storage Technology ETF</a>
			Clean Energy	ICLN	<a href="#">iShares Global Clean Energy ETF</a>
			Solar	TAN	<a href="#">Invesco Solar ETF</a>
			Autonomous & Electric Vehicles	DRIV	<a href="#">Global X Autonomous &amp; Electric Vehicles ETF</a>
			Lithium Battery	LIT	<a href="#">Global X Lithium &amp; Battery Tech ETF</a>
			Internet	SNSR	<a href="#">Global X Internet of Things ETF</a>
			Robotics & Automation	ROBO	<a href="#">ROBO Global Robotics &amp; Automation Index ETF</a>
			Cybersecurity	CIBR	<a href="#">First Trust NASDAQ Cybersecurity ETF</a>
			Cloud Computing	SKYY	<a href="#">First Trust Cloud Computing ETF</a>
			Blockchain	BLOK	<a href="#">Amplify Transformational Data Sharing ETF</a>
			Metaverse	METV	<a href="#">Roundhill Ball Metaverse ETF</a>
			3x Long FAANG	FNGU	<a href="#">MicroSectors FANG+™ Index 3X Leveraged ETN</a>
			Share Buyback	PKW	<a href="#">Invesco BuyBack Achievers™ ETF</a>
			IPO	FPX	<a href="#">First Trust US Equity Opportunities ETF</a>
			Inflation Beneficiaries	INFL	<a href="#">Horizon Kinetics Inflation Beneficiaries ETF</a>
			Wide Moat	MOAT	<a href="#">VanEck Morningstar Wide Moat ETF</a>
			Smart Grid	GRID	<a href="#">First Trust Nasdaq Clean Edge Smart GRID Infrastructure Index</a>
			<b>Volatility</b>		
			Long	UVXY	<a href="#">ProShares Ultra VIX Short-Term Futures ETF</a>
			2x Long	UVIX	<a href="#">2x Long VIX Futures ETF</a>
			Short	SVIX	<a href="#">-1x Short VIX Futures ETF</a>

Source: KGI Research

## Fixed income

Aggregate bond			Investment grade		
Global Aggregate	BNDX	<a href="#">Vanguard Total International Bond ETF</a>	Global IG	IBND	<a href="#">SPDR Bloomberg International Corporate Bond ETF</a>
US Core Aggregate	AGG	<a href="#">iShares Core U.S. Aggregate Bond ETF</a>	US IG	LQD	<a href="#">iShares iBoxx \$ Investment Grade Corporate Bond ETF</a>
<b>Treasury</b>			US Short-term IG	VCSH	<a href="#">Vanguard Short-Term Corporate Bond ETF</a>
US Treasury	GOVT	<a href="#">iShares U.S. Treasury Bond ETF</a>	US Mid-term IG	VCIT	<a href="#">Vanguard Intermediate-Term Corporate Bond ETF</a>
US Short-term (1-3M)	BIL	<a href="#">SPDR Bloomberg 1-3 Month T-Bill ETF</a>	US Long-term IG	VCLT	<a href="#">Vanguard Long-Term Corporate Bond ETF</a>
US Short-term (1-3Y)	SHY	<a href="#">iShares 1-3 Year Treasury Bond ETF</a>	US AAA-A Corporate Bond	00751B.TW	<a href="#">Yuantas US 20+ Year AAA-A Corporate Bond ETF</a>
US Mid-term (3-7Y)	IEI	<a href="#">iShares 3-7 Year Treasury Bond ETF</a>	<b>High Yield</b>		
US Mid-term (7-10Y)	IEF	<a href="#">iShares 7-10 Year Treasury Bond ETF</a>	US HY	HYG	<a href="#">iShares iBoxx \$ High Yield Corporate Bond ETF</a>
US Long-term (10-20Y)	TLH	<a href="#">iShares 10-20 Year Treasury Bond ETF</a>	US Short-term HY	SJNK	<a href="#">SPDR Bloomberg Short Term High Yield Bond ETF</a>
US Long-term (20+Y)	TLT	<a href="#">iShares 20+ Year Treasury Bond ETF</a>	Fallen Angel	ANGL	<a href="#">VanEck Fallen Angel High Yield Bond ETF</a>
3x Long US Long-term	TMF	<a href="#">Direxion Daily 20+ Year Treasury Bull 3X Shares</a>	<b>EM</b>		
3x Short US Long-term	TMV	<a href="#">Direxion Daily 20+ Year Treasury Bear 3x Shares</a>	EM USD Bond	EMB	<a href="#">iShares J.P. Morgan USD Emerging Markets Bond ETF</a>
TIPS	TIP	<a href="#">iShares TIPS Bond ETF</a>	EM Local Currency Bond	EMLC	<a href="#">VanEck J. P. Morgan EM Local Currency Bond ETF</a>
Short-term TIPS	VTIP	<a href="#">Vanguard Short-Term Inflation-Protected Securities ETF</a>	EM Sovereign Debt	PCY	<a href="#">Invesco Emerging Markets Sovereign Debt ETF</a>
Interest Rate Hedge	PFIX	<a href="#">Simplify Interest Rate Hedge ETF</a>	<b>Others</b>		
AMT-Free Municipal	PZA	<a href="#">Invesco National AMT-Free Municipal Bond ETF</a>	Convertible Securities	CWB	<a href="#">SPDR Bloomberg Convertible Securities ETF</a>
			MBS	MBB	<a href="#">iShares MBS ETF</a>
			Senior Loan	BKLN	<a href="#">Invesco Senior Loan ETF</a>

Source: KGI Research

## Commodity

Overall			Metals		
Commodity	DBC	<a href="#">Invesco DB Commodity Index Tracking Fund</a>	Gold	GLD	<a href="#">SPDR Gold Shares</a>
Dry Bulk Shipping	BDRY	<a href="#">Breakwave Dry Bulk Shipping ETF</a>	Silver	SLV	<a href="#">iShares Silver Trust</a>
<b>Energy</b>			2x Long Silver	AGQ	<a href="#">ProShares Ultra Silver</a>
Crude Oil	USO	<a href="#">United States Oil Fund LP</a>	Platinum	PPLT	<a href="#">abrdn Physical Platinum Shares ETF</a>
2x Long Crude Oil	UCO	<a href="#">ProShares Ultra Bloomberg Crude Oil</a>	Palladium	PALL	<a href="#">abrdn Physical Palladium Shares ETF</a>
2x Short Crude Oil	SCO	<a href="#">ProShares UltraShort Bloomberg Crude Oil</a>	Industrial Metal	DBB	<a href="#">Invesco DB Base Metals Fund</a>
Natural Gas	UNG	<a href="#">United States Natural Gas Fund LP</a>	Steel	SLX	<a href="#">VanEck Steel ETF</a>
2x Long Natural Gas	BOIL	<a href="#">ProShares Ultra Bloomberg Natural Gas</a>	Copper	CPER	<a href="#">United States Copper Index Fund</a>
2x Short Natural Gas	KOLD	<a href="#">ProShares UltraShort Bloomberg Natural Gas</a>	Aluminum	JJU	<a href="#">iPath Series B Bloomberg Aluminum Subindex Total Return ETN</a>
Carbon Strategy	KRBN	<a href="#">KraneShares Global Carbon Strategy ETF</a>	Nickel	JJN	<a href="#">iPath Series B Bloomberg Nickel Subindex Total Return ETN</a>
Uranium (Company)	URA	<a href="#">Global X Uranium ETF</a>	Rare Earth	REMX	<a href="#">VanEck Rare Earth/Strategic Metals ETF</a>
			<b>Agriculture</b>		
			Agriculture	DBA	<a href="#">Invesco DB Agriculture Fund</a>
			Soybean	SOYB	<a href="#">Teucrium Soybean Fund</a>
			Wheat	WEAT	<a href="#">Teucrium Wheat Fund</a>
			Corn	CORN	<a href="#">Teucrium Corn Fund</a>

Source: KGI Research

## Foreign exchange &amp; cryptocurrency

Foreign exchange			Cryptocurrency		
US Dollar	UUP	<a href="#">Invesco DB US Dollar Index Bullish Fund</a>	Bitcoin	BITO	<a href="#">ProShares Bitcoin Strategy ETF</a>
Short US Dollar	UDN	<a href="#">Invesco DB US Dollar Index Bearish Fund</a>	Short Bitcoin	BITI	<a href="#">ProShares Short Bitcoin Strategy ETF</a>
Euro Dollar	FXE	<a href="#">Invesco CurrencyShares Euro Trust</a>			
Short Euro Dollar	EUO	<a href="#">ProShares UltraShort Euro</a>			
Japanese Yen	FXJ	<a href="#">Invesco CurrencyShares Japanese Yen Trust</a>			
2x Long Japanese Yen	YCL	<a href="#">ProShares Ultra Yen</a>			
2x Short Japanese Yen	YCS	<a href="#">ProShares UltraShort Yen</a>			
British Pound	FXB	<a href="#">Invesco CurrencyShares British Pound Sterling Trust</a>			
Australian Dollar	FXA	<a href="#">Invesco CurrencyShares Australian Dollar Trust</a>			
Canadian Dollar	FXC	<a href="#">Invesco CurrencyShares Canadian Dollar Trust</a>			
Swiss Franc	FXF	<a href="#">Invesco CurrencyShares Swiss Franc Trust</a>			
Chinese Yuan	CYB	<a href="#">WisdomTree Chinese Yuan Strategy Fund</a>			
EM Currency	CEW	<a href="#">WisdomTree Emerging Currency Strategy Fund</a>			

Source: KGI Research



## Key US economic data

Indicators		Units	2020	2021	2022	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23
GDP	GDP QoQ SAAR	QoQ %, SAAR				3.2			2.6			2.0			2.1		
	GDP YoY	YoY %	(2.8)	5.9	2.1	1.9			0.9			1.8			2.5		
Consumer prices	CPI	YoY %	1.2	4.7	8.0	8.2	7.7	7.1	6.5	6.4	6.0	5.0	4.9	4.0	3.0	3.2	
	Core CPI	YoY %	1.7	3.6	6.2	6.6	6.3	6.0	5.7	5.6	5.5	5.6	5.5	5.3	4.8	4.7	
	PCE price index	YoY %	1.1	4.0	6.3	6.3	6.1	5.7	5.3	5.4	5.0	4.2	4.3	3.8	3.0	3.3	
	Core PCE index	YoY %	1.3	3.5	5.0	5.2	5.1	4.8	4.6	4.7	4.7	4.6	4.6	4.5	4.1	4.2	
Labor market	Labor force participation rate	%	61.5	62.0	62.3	62.3	62.2	62.2	62.3	62.4	62.5	62.6	62.6	62.6	62.6	62.6	62.8
	Unemployment rate	%	8.1	5.4	3.6	3.5	3.7	3.6	3.5	3.4	3.6	3.5	3.4	3.7	3.6	3.5	3.8
	Non farm payrolls	'000	(9,289)	7,267	4,793	350	324	290	239	472	248	217	217	281	105	157	187
	Net Change In total employment in labor force	'000	(8,873)	6,120	4,793	156	(257)	(66)	717	894	177	577	139	(310)	273	268	222
	Challenger job cut announce	YoY %	15.8	(1.2)	(1.7)	68	48	417	129	440	410	319	176	287	25	(8)	267
	Opening/ hiring	x	1.07	1.57	1.74	1.74	1.70	1.72	1.80	1.67	1.62	1.61	1.69	1.54	1.54	1.53	
	Avg. hourly earnings	YoY %	5.5	5.0	4.8	5.1	4.9	5.0	4.8	4.4	4.7	4.3	4.4	4.3	4.4	4.4	4.3
Economic activity & business condition	Industrial production	YoY %	(7.2)	4.4	3.4	4.5	3.1	1.9	0.6	1.5	0.9	0.2	0.3	(0.0)	(0.8)	(0.2)	
	Durable goods orders	YoY %	(4.6)	18.4	8.3	8.7	8.3	3.0	4.7	2.3	0.2	4.6	2.7	7.5	9.0	3.1	
	Core capital goods orders	YoY %	(8.3)	12.8	6.5	5.6	5.0	3.2	1.0	5.6	2.7	1.9	1.0	3.2	1.4	0.5	
	Total business inventory/ sales ratio	x	1.44	1.29	1.34	1.36	1.36	1.38	1.39	1.37	1.38	1.40	1.40	1.40	1.40		
	Manufacturing inventory/ sales ratio	x	1.62	1.49	1.47	1.47	1.46	1.47	1.49	1.48	1.49	1.48	1.50	1.49	1.48	1.48	
	Retail inventory/ sales ratio	x	1.34	1.15	1.24	1.27	1.25	1.27	1.30	1.27	1.28	1.30	1.29	1.30	1.30		
	ISM manufacturing index	Point	52.4	60.7	53.5	51.0	50.0	49.0	48.4	47.4	47.7	46.3	47.1	46.9	46.0	46.4	47.6
	ISM non-manufacturing index	Point	54.3	62.4	56.1	55.9	54.5	55.5	49.2	55.2	55.1	51.2	51.9	50.3	53.9	52.7	54.5
	ISM manufacturing index: new orders	Point	53.9	64.3	51.6	47.3	48.2	46.8	45.1	42.5	47.0	44.3	45.7	42.6	45.6	47.3	46.8
	Chicago Fed National activity Index	Point	(0.48)	0.37	0.01	0.11	(0.12)	(0.58)	(0.47)	0.43	(0.33)	(0.49)	0.07	(0.18)	(0.33)	0.12	
	Conference board leading index	YoY %	(4.6)	6.6	0.9	(1.6)	(3.2)	(4.6)	(6.0)	(6.0)	(6.8)	(7.9)	(8.0)	(7.8)	(7.7)	(7.7)	(7.5)
	C&I Loans for large/medium - tightening lending standard	%	37.6	(15.1)	11.8			39.1			44.8			46.0			50.8
	C&I Loans for large/medium - stronger demand	%	(15.5)	(1.2)	12.4		(8.8)				(31.3)			(55.6)			(51.6)
Housing market	Building Permits	'000, SAAR	1,479	1,740	1,666	1,588	1,555	1,402	1,409	1,354	1,482	1,437	1,417	1,496	1,441	1,443	
	Housing starts	'000, SAAR	1,397	1,606	1,551	1,463	1,432	1,427	1,357	1,340	1,436	1,380	1,348	1,583	1,398	1,452	
	New home sales	'000, SAAR	833	769	637	567	577	582	636	649	625	640	679	704	684	714	
	Existing home sales	mn, SAAR	5.6	6.1	5.1	4.7	4.4	4.1	4.0	4.0	4.6	4.4	4.3	4.3	4.2	4.1	
	NAHB housing market index	Point, SA	70	81	59	46	38	33	31	35	42	44	45	50	55	56	50
S&P/Case-Shiller 20-city composite home price index	YoY %	10.3	18.6	4.7	10.4	8.7	6.8	4.7	2.6	0.4	(1.2)	(1.7)	(1.8)	(1.2)			
Consumption	Personal expenditures	YoY %, SA	(3.0)	8.3	2.7	2.1	1.7	1.4	1.9	2.6	2.4	2.1	2.2	2.2	2.4	3.0	
	Retail sales	YoY %	0.9	18.2	9.7	9.4	8.8	6.1	6.0	7.4	5.3	2.2	1.3	2.1	1.6	3.2	
	Retail sales ex-autos	YoY %	1.7	17.2	11.3	10.3	9.6	7.4	7.2	8.4	6.4	2.5	1.6	1.4	0.6	2.2	
	Domestic vehicles sales	mn, SA	173.0	179.2	164.8	13.5	14.9	14.1	13.3	15.7	14.9	14.8	15.9	15.1	15.7	15.7	15.0
	Conference board consumer confidence	Point	101.0	112.7	104.5	107.8	102.2	101.4	109.0	106.0	103.4	104.0	103.7	102.5	110.1	114.0	106.1
Michigan Consumer Sentiment Index	Point	81.5	77.6	59.0	58.6	59.9	56.8	59.7	64.9	67.0	62.0	63.5	59.2	64.4	71.6	69.5	
Fiscal	Budget balance	As % of GDP	(15.4)	(10.6)	(5.4)	(5.3)	(5.0)	(5.2)	(5.4)	(6.0)	(6.1)	(6.8)	(7.3)	(8.0)	(8.5)	(8.4)	
	Current account balance	As % of GDP	(2.8)	(3.6)	(3.8)	(3.8)			(3.7)			(3.4)					
Int'l balance	Net foreign securities transactions	US \$bn	505	907	1,321	117.7	67.8	171.5	152.8	30.8	92.4	207.2	131.2	23.6	195.9		
	Federal funds rate	%	0.25	0.25	4.50	3.25	3.25	4.00	4.50	4.50	4.75	5.00	5.00	5.25	5.25	5.50	5.50
Monetary & financial	10-Year treasury yield	%	0.91	1.51	3.87	3.83	4.05	3.61	3.87	3.51	3.92	3.47	3.42	3.64	3.84	3.96	4.11
	Dollar index	Point	89.9	95.7	103.5	112.1	111.5	106.0	103.5	102.1	104.9	102.5	101.7	104.3	102.9	101.9	103.6

Source: Bloomberg; KGI Research

## Key Taiwan economic data

Indicators		Units	2020	2021	2022	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	
GDP	GDP YoY	YoY %	3.4	6.5	2.4	3.6			(0.8)			(3.3)			1.4			
Consumer prices	CPI	YoY %	(0.2)	2.0	3.0	2.8	2.7	2.4	2.7	3.1	2.4	2.4	2.4	2.0	1.8	1.9	2.5	
	Core CPI	YoY %	0.7	1.9	2.7	2.8	3.0	2.9	2.7	3.0	2.6	2.6	2.7	2.6	2.6	2.7	2.6	
Labor market	Unemployment rate	%	3.7	3.7	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.5	3.5	3.4		
Economic activity	Industrial production	YoY %	8.8	14.7	(1.7)	(8.5)	(8.1)	(9.2)	(11.5)	(23.6)	(10.0)	(16.0)	(22.6)	(15.7)	(17.3)	(15.2)		
	Markit Taiwan manufacturing PMI	Point		58.5	47.7	42.2	41.5	41.6	44.6	44.3	49.0	48.6	47.1	44.3	44.8	44.1	44.3	
	NDC monitoring light signal					Yellow-blue	Yellow-blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	
	NDC monitoring indicators	Point	24.3	39.0	24.2	17.0	18.0	12.0	12.0	11.0	10.0	11.0	11.0	11.0	12.0	13.0	15.0	
	NDC composite leading index	YoY %	(0.5)	4.5	(3.2)	(6.1)	(6.9)	(7.1)	(6.8)	(6.2)	(5.6)	(5.3)	(4.9)	(4.4)	(3.8)	(3.3)		
	NDC composite coincident index	YoY %	(0.7)	7.1	(1.2)	(4.6)	(7.2)	(9.6)	(11.7)	(13.2)	(14.1)	(14.4)	(14.0)	(13.0)	(11.6)	(9.8)		
Consumption	Retail sales	YoY %	0.2	3.3	7.4	7.8	2.1	1.8	9.4	4.3	4.6	7.6	7.5	17.1	13.9	5.3		
Trade	Exports	US\$bn	345.2	446.6	479.7	37.5	39.9	36.1	35.8	31.5	31.1	35.2	36.0	36.1	32.3	38.7	37.4	
	Imports	US\$bn	285.8	381.3	428.1	32.5	37.0	32.7	31.0	29.2	28.7	31.0	29.3	31.3	26.4	30.3	28.8	
	Trade balance	US\$bn	59.4	65.3	51.6	5.0	3.0	3.4	4.8	2.3	2.4	4.2	6.7	4.9	6.0	8.5	8.6	
	Export growth	YoY %	4.9	29.4	7.4	(5.3)	(0.5)	(13.1)	(12.1)	(21.2)	(17.1)	(19.1)	(13.3)	(14.1)	(23.4)	(10.4)	(7.3)	
	Import growth	YoY %	0.1	33.4	12.3	(2.6)	8.2	(9.2)	(11.4)	(16.8)	(9.4)	(20.1)	(20.3)	(21.8)	(29.9)	(20.9)	(22.9)	
	Export orders	US\$bn	533.7	674.1	666.8	60.9	55.4	50.1	52.2	47.5	42.1	46.6	42.5	45.7	44.2	47.7		
	Export order growth	YoY %	10.1	26.3	(1.1)	(3.1)	(6.3)	(23.5)	(23.2)	(19.3)	(18.3)	(25.7)	(18.1)	(17.6)	(24.9)	(12.0)		
Monetary & financial	M1B	YoY %	16.2	12.8	4.1	6.6	5.2	4.4	4.1	2.7	2.0	2.0	2.7	3.3	2.4	3.7		
	M2	YoY %	8.5	8.0	7.1	6.8	7.3	7.4	7.1	6.7	6.8	6.6	6.7	6.6	5.9	6.9		
	Foreign reserves	US\$bn	529.9	548.4	554.9	541.1	542.8	552.2	554.9	557.1	558.4	560.3	561.1	562.9	564.8	566.5	565.5	
	Rediscount rate	%	1.1	1.1	1.8	1.6	1.6	1.6	1.8	1.8	1.8	1.9	1.9	1.9	1.9	1.9	1.9	
	Exchange rate	USD/TWD	28.3	27.7	30.7	31.8	32.2	30.9	30.7	30.0	30.5	30.5	30.7	30.8	31.1	31.4	31.9	

Source: Bloomberg; KGI Research

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