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Asia Quantamental Strategy

Deep skepticism of market bounce leaves room for further recovery

- **A truly remarkable week in Chinese equities** came to an end with MXCN up 5.1%. What appears to be portfolio liquidations after an extended drawdown led to a two-day -14% capitulation early-week. But, as we noted last week, this was coming at a time when [foreign positioning had already unwound quite sharply and valuations were at trough levels](#), with [many stocks deeply oversold](#). The resulting reversal was turbocharged by [sweeping policy support](#), leading to a 23% rally from the lows (which is the largest weekly range since Oct 2008 – Fig 1). Despite the bounce, **a majority of investors express skepticism about the sustainability of upside**. Thus, short selling in HK has remained elevated. Recession concerns abound (with a flattening yield curve), the Fed is hiking (with perhaps some 50bp increments this year), China employment is starting to look weak, concerns on regulation/ADR have not fully gone away, and [tail risks](#) of commodity surges and disastrous COVID outcomes remain on the cards.
- **Yes, the yield curve is flattening**, but both cyclical and structural factors [obscure the curve's signaling value](#). The **Fed's hiking cycle** is underway, but historically the [most challenging part](#) for equity markets is in preparing for Fed hikes, and this is already behind us. Notably at the [FOMC](#), Chair Powell expressed multiple times a desire for a “long cycle” which implies a reluctance to get ahead of inflation. On **China policy**, while ADR delisting may eventually be inevitable, the concrete signal on the end of regulatory tightening is a substantial positive. Negative sentiment might also have bottomed out (Fig 23). **Commodity prices** have gained, but so far appear to be having limited impact on [consumer spending](#). And our [GDP nowcasters](#) are actually drifting higher. On **China COVID**, given the [failure of severe cases to inflect up](#), the [incremental policy changes underway](#) can get more concrete by the end of this wave. And from a technical perspective, the **elevated estimate dispersion** and **spike in stock correlations** leave room for improvement. Indeed, JPM global macro strategists argue that there are [great opportunities](#) in high beta, **beaten down segments** that now include innovation, tech, biotech and EM (e.g. China). With the commodity supercycle, bond yields moving up again, and re-opening to broaden ahead, the **environment is suitable for a broad-based rally in Asia across multiple styles**. We highlight high Quality stocks that are still substantially down in recent months (Fig 3).
- **Data and the weeks ahead:** [China's activity data](#) for Jan and Feb (combined) was better than expected. Industrial production (+7.5% oya) and FAI (12.2% oya) surprised notably, due to strength in exports and frontloading of fiscal support. US [retail sales](#) (+0.3% m/m) were slightly below consensus. Global [COVID cases](#) increased again due to a rise in Europe and parts of Asia (Korea, Thailand). **This week**, flash PMIs for March will be important.
- **W-w changes in major Style deciles:** DBS into top Momentum decile; SK Hynix into top Revisions decile; Ping An into bottom Revisions decile.
- **Earnings and Revisions:** Regional revision breadth worsened further. 4Q reporting in Asia is 75% through, and aggregate EPS is now tracking 8% below consensus (Fig 44), with earnings in China still weak. [Ping An's](#) earnings missed estimates. Tencent (Wed) and Meituan (Fri) will report this week.

See page 31 for analyst certification and important disclosures, including non-US analyst disclosures.

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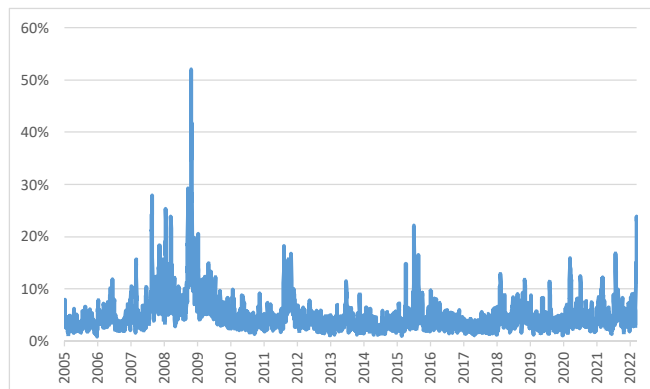
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Talk of the Week: More Upside if No Imminent Recession

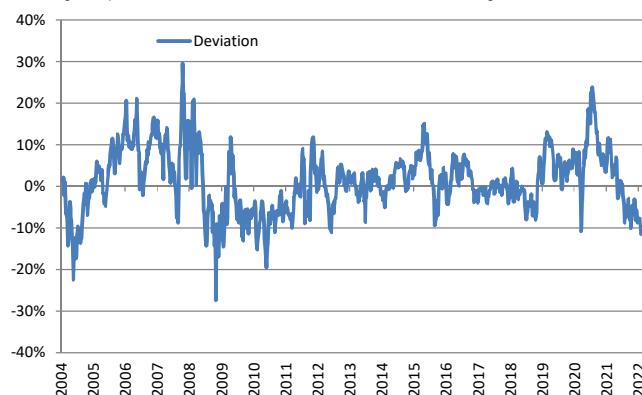
Figure 1: Rolling 5-day Low-to-high range in MSCI China %



Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research

Figure 2: MXASJ more than 10% cheap vs fair value

Earnings implied fair value based on fwd EPS and earnings revision breadth



Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research

Figure 3: High quality stocks that are still down substantially in recent months

High estimated ROE, low estimate dispersion, poor recent price performance, ADV > \$10mn

Name	Ticker	Market	Industry Group	Market cap (\$mn)	3m ADV (\$mn)	Price	RSI 14d	1m Perf	3m Perf	Fwd EPS revn 1m	Fwd ROE	FCF yield	FY2 EPS Stdev
Nongfu Spring Co Ltd	9633 HK	China	Food, Beverage & Tobacco	55,087	59	38	40	-20.0	-21.8	0.0	34.8	2.4	8%
China International Travel Ser	601888 CH	China A	Retailing	54,143	344	176	37	-20.3	-18.8	-1.8	33.2	1.0	10%
Li Ning Co Ltd	2331 HK	China	Consumer Durables & Apparel	20,281	153	61	43	-22.9	-27.9	-0.1	29.7	3.9	8%
Shenzhou International Group H	2313 HK	China	Consumer Durables & Apparel	19,090	74	99	31	-32.0	-33.8	-8.1	19.3	2.2	9%
ZTE Corp	763 HK	China	Technology Hardware & Equipmen	16,487	13	15	38	-22.7	-27.8	-3.4	15.1	8.7	11%
Country Garden Services Holdin	6098 HK	China	Commercial & Professional Serv	15,863	109	37	46	-28.6	-26.9	-1.0	22.8	3.3	9%
Citic Pacific Special Steel Gr	000708 CH	China A	Materials	14,476	37	18	27	-24.9	-7.7	-2.4	24.5	10.7	7%
Smooere International Holdings	6969 HK	China	Food, Beverage & Tobacco	14,451	57	19	33	-47.0	-54.0	-3.1	33.2	4.2	9%
Focus Media Information Techno	002027 CH	China A	Media & Entertainment	14,390	165	6	36	-21.7	-18.1	-0.9	25.8	7.6	3%
Shenzhen Transsion Holdings Co	688036 CH	China A	Technology Hardware & Equipmen	13,010	51	103	32	-21.7	-31.6	-0.4	28.4	3.0	3%
Jiangsu Hengli Hydraulic Co Lt	601100 CH	China A	Capital Goods	11,314	56	55	32	-21.9	-34.6	-2.9	27.6	3.3	9%
Tingyi Cayman Islands Holding	322 HK	China	Food, Beverage & Tobacco	10,156	17	14	32	-21.8	-7.2	-0.9	20.7	6.4	7%
China Feihe Ltd	6186 HK	China	Food, Beverage & Tobacco	9,624	24	8	42	-21.0	-20.3	0.4	34.2	11.1	8%
China Resources Gas Group Ltd	1193 HK	Hong Kong	Utilities	8,346	17	28	34	-29.8	-34.3	-0.5	15.9	6.8	8%
Kunlun Energy Co Ltd	135 HK	Hong Kong	Utilities	6,877	13	6	41	-23.6	-15.7	-0.2	11.3	13.6	8%
momo.com Inc	8454 TT	Taiwan	Retailing	5,668	26	882	37	-21.6	-44.7	-0.6	41.0	3.4	8%
Beijing Roborock Technology Co	688169 CH	China A	Consumer Durables & Apparel	5,428	60	517	27	-33.0	-36.5	-6.2	19.2	2.2	9%
Vipshop Holdings Ltd	VIPS US	China	Retailing	5,303	68	8	47	-23.0	-5.9	-1.2	14.2	9.4	7%
Topsports International Holdin	6110 HK	China	Retailing	5,068	10	6	42	-24.9	-24.8	-1.3	27.4	14.5	10%
Eclat Textile Co Ltd	1476 TT	Taiwan	Consumer Durables & Apparel	4,357	19	450	19	-23.6	-26.2	-8.7	28.3	0.4	7%
Hangzhou Robam Appliances Co L	002508 CH	China A	Consumer Durables & Apparel	4,288	57	29	39	-20.2	-14.2	0.3	21.1	4.7	4%
Accton Technology Corp	2345 TT	Taiwan	Technology Hardware & Equipmen	4,268	19	216	44	-21.5	-16.1	-3.2	35.1	2.2	12%
Juewei Food Co Ltd	603517 CH	China A	Food, Beverage & Tobacco	4,233	67	44	32	-20.5	-32.0	-0.2	19.5	2.4	6%
WUS Printed Circuit Kunshan Co	002463 CH	China A	Technology Hardware & Equipmen	3,902	94	13	31	-23.9	-10.3	-0.6	18.4	3.8	9%
Zhejiang Dingli Machinery Co L	603338 CH	China A	Capital Goods	3,888	42	49	31	-20.1	-37.6	-2.0	21.5	-1.4	11%
Jonjee Hi-Tech Industrial And	600872 CH	China A	Food, Beverage & Tobacco	3,602	73	29	36	-21.6	-21.3	0.0	15.3	1.7	8%
Yihai International Holding Lt	1579 HK	China	Food, Beverage & Tobacco	3,227	18	24	38	-37.6	-43.2	-0.7	22.9	2.0	10%
Ever Sunshine Lifestyle Servic	1995 HK	Hong Kong	Commercial & Professional Serv	2,479	13	11	46	-30.6	-10.8	-1.0	22.4	5.4	7%

Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research

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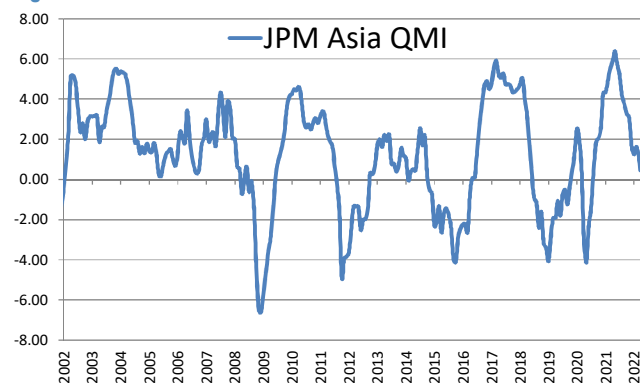
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Asia Business Cycle Conditions

We track macro/market conditions in Asia with our aggregate **QMI business cycle monitor**. See more details of construction in [Asian Year Ahead 2019: Positioning ideas for the Year of the Pig](#), 03 Dec 2018. Identifying the business cycle state is a key first step to select appropriate style positioning - which inform our tactical and core recommendations.

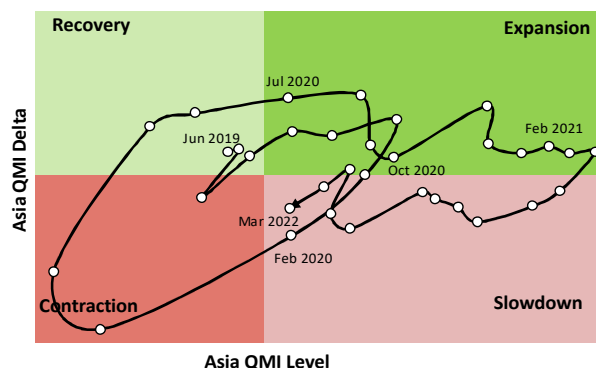
Current level is 0.45, improving from 0.31 a week ago, but declining from 1.12 at the end of the previous month.

Figure 4: Asia QMI



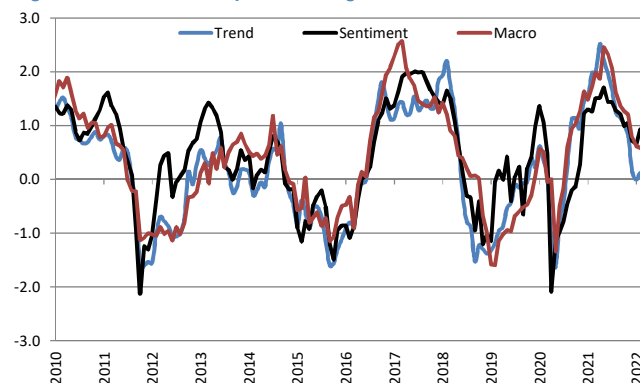
Source: J.P. Morgan Equity Macro Research

Figure 5: Asia Business Cycle based on QMI



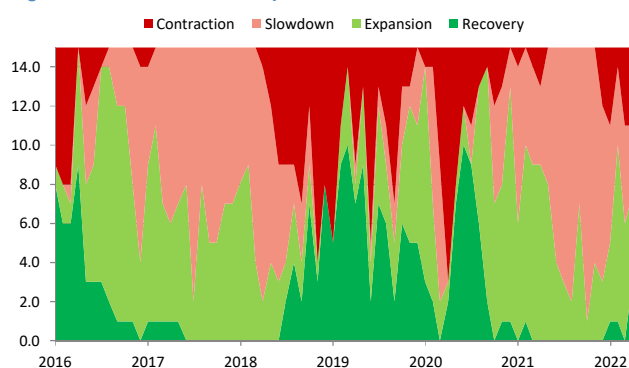
Source: J.P. Morgan Equity Macro Research

Figure 6: Asia QMI Component categories



Source: J.P. Morgan Equity Macro Research

Figure 7: Asia QMI Sub-components Diffusion chart



Source: J.P. Morgan Equity Macro Research

Asia Style Allocation and Performance

Recommended Style Allocation

To arrive at our style allocation, we take into consideration four drivers: **current position of the business cycle, style valuations and, more tactically, crowding in positioning, and all of this in the context of the long-term structural backdrop.** The table below shows the current state of these drivers and our resultant style allocation recommendation.

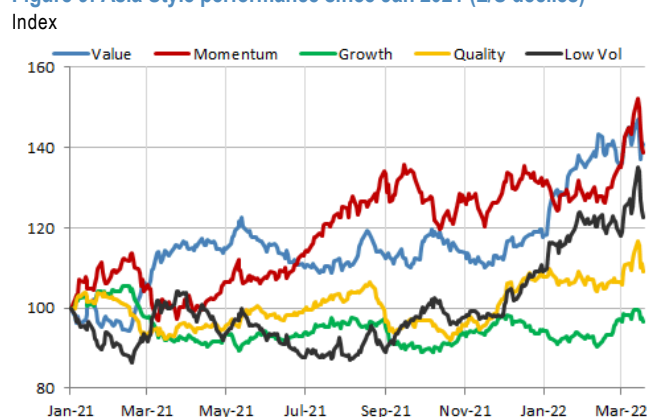
Figure 8: Asia Style allocation framework and recommendations

Overall Recommendation		QMI Implied - Expansion	QMI Implied - Slowdown	Valuation	Positioning	Structural Backdrop
Value	OW	+	-	++	-	+
Momentum	UW	+	+	~	+	+
Growth	N	+	~	--	+	~
Quality	OW	-	+	+	+	+
Low Vol	UW	-	+	+	-	~

Source: J.P. Morgan Equity Macro Research. ++ = very favorable; + = favorable; ~ = neutral; - = unfavorable; -- = very unfavorable. Arrows show changes over the past 3 months

Style Performance and Positioning

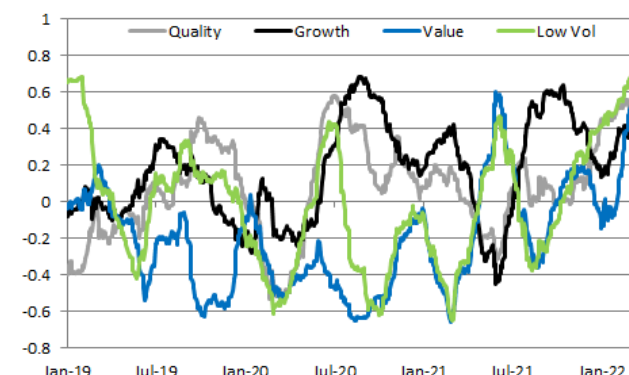
Figure 9: Asia Style performance since Jan 2021 (L/S deciles)



Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research

Figure 10: Asia Style positioning proxy

%, 3m correlation of daily performance with 1m price momentum



Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research

Figure 11: Style performance by Market – last week

L/S indicative performance of major Style quintiles by country. * Deciles for AxJ

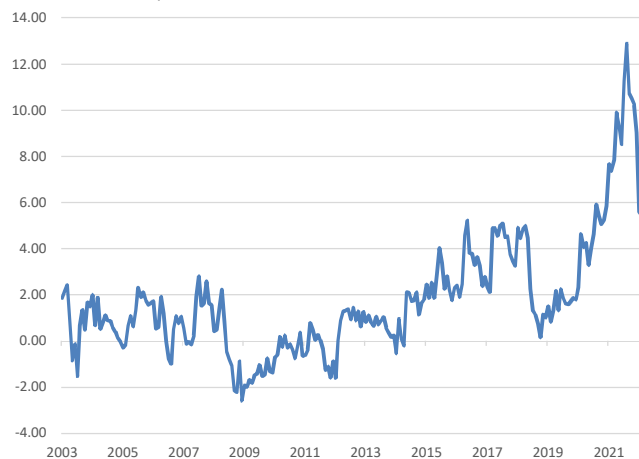
	Asia ex JP*	China	Hong Kong	India	Indonesia	Korea	Malaysia	Philippines	Singapore	Taiwan	Thailand
Value	-2.7%	0.1%	-3.1%	-3.5%	1.0%	-2.5%	2.9%	1.6%	-4.3%	1.5%	-1.4%
Growth	-3.0%	-4.4%	2.8%	0.7%	0.4%	2.6%	-1.9%	3.8%	1.6%	-3.1%	4.3%
Quality	-4.0%	-4.4%	-4.8%	-1.6%	1.3%	1.5%	2.9%	-2.7%	-5.1%	-3.9%	0.7%
Momentum	-6.8%	-5.8%	-5.1%	-0.7%	-3.2%	0.6%	-3.7%	-1.8%	3.0%	-0.8%	-2.4%
Low Vol	-5.0%	-4.9%	-7.1%	0.3%	6.6%	-2.3%	-0.5%	4.7%	-4.8%	3.0%	-1.7%
Yield	-2.5%	-3.2%	-6.7%	-4.3%	-0.3%	-0.1%	2.4%	-4.8%	-5.6%	0.7%	-1.0%

Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research

Style Valuations

Figure 12: Asia style valuations: Growth

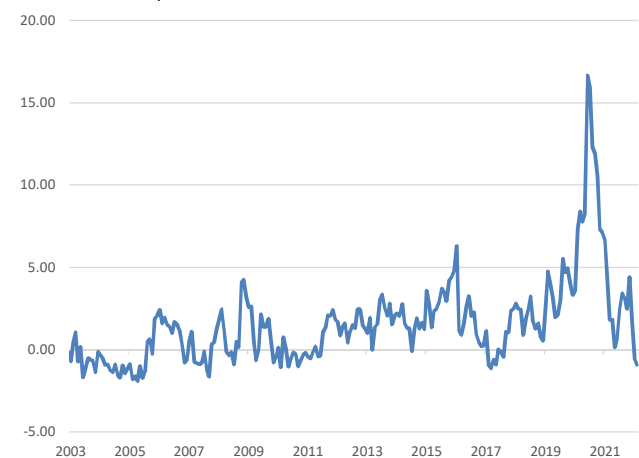
Forward P/E of top decile minus market



Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research

Figure 14: Asia style valuations: Momentum

Forward P/E of top decile minus market



Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research

Figure 13: Asia style valuations: Value

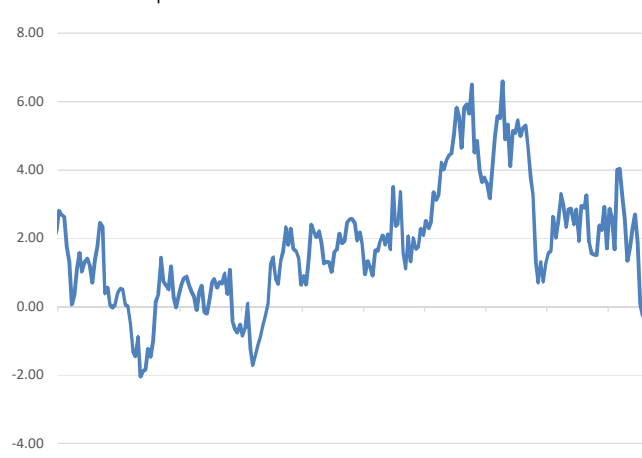
Forward P/E of top decile minus market



Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research

Figure 15: Asia style valuations: Quality

Forward P/E of top decile minus market



Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research

Style Deciles – Exposure of Top 50 Stocks

Figure 16: Top 50 largest stocks' Style exposures by deciles (1 is highest, 10 is lowest)

Country	Ticker	Name	Sector/Industry	G Liquidity	Market Cap	Price	Rating	Quality	Momentum	Growth	Value	Yield	Low Vol	Composite ESGQ
Taiwan	2330 TT	Taiwan Semiconductor Manufact	Semiconductors &	893	548,455	595	OW	1	3	2	9	10	3	1
China	700 HK	Tencent Holdings Ltd	Communication S	1139	495,405	403.2	OW	2	5	6	8	8	3	6
China	600519 CH	Kweichow Moutai Co Ltd	Consumer Staples	1079	353,930	1780.5	OW	1	4	6	8	6	4	4
South Korea	005930 KS	Samsung Electronics Co Ltd	Technology Hardw	881	350,964	71500	OW	4	5	7	5	5	1	4
China	9988 HK	Alibaba Group Holding Ltd	Consumer Discret	579	274,674	99	OW	7	9	7	7	9	5	9
China	1398 HK	Industrial & Commercial Bank o	Banks	111	252,672	4.62	N	4	3	8	2	2	1	1
China	601398 CH	Industrial & Commercial Bank o	Banks	138	252,670	4.72	UW	6	6	9	1	1	1	1
India	RIL IN	Reliance Industries Ltd	Energy	202	208,138	2344	N	8	5	8	5	7	3	6
China	3968 HK	China Merchants Bank Co Ltd	Banks	109	196,416	63.75	OW	3	2	6	7	5	3	4
China	600036 CH	China Merchants Bank Co Ltd	Banks	455	196,414	48.7	OW	4	6	7	4	2	2	4
China	939 HK	China Construction Bank Corp	Banks	185	188,019	5.81	OW	4	3	8	2	2	1	1
China	601939 CH	China Construction Bank Corp	Banks	86	188,017	6.14	N	6	6	9	1	1	1	1
China	300750 CH	Contemporary Amperex Technol	Industrials	1223	181,389	491.79	OW	7	2	1	10	10	8	2
India	TCS IN	Tata Consultancy Services Ltd	Software & Servic	147	172,653	3555.45	N	1	6	5	6	4	2	3
China	1288 HK	Agricultural Bank of China Ltd	Banks	34	163,031	2.93	N	4	2	8	2	2	1	1
China	601288 CH	Agricultural Bank of China Ltd	Banks	125	163,074	3	N	6	5	9	1	1	1	1
China	857 HK	PetroChina Co Ltd	Energy	51	160,421	4.28	OW	7	1	2	3	3	3	1
China	601857 CH	PetroChina Co Ltd	Energy	180	160,420	5.81	OW	8	2	6	2	2	2	2
China	2318 HK	Ping An Insurance Group Co of	Insurance	191	141,189	58.05	N	3	4	7	4	4	2	3
China	601318 CH	Ping An Insurance Group Co of	Insurance	549	141,188	50.1	N	5	7	8	2	1	1	2
China	3988 HK	Bank of China Ltd	Banks	94	137,259	3.01	OW	5	2	8	2	2	1	1
China	601988 CH	Bank of China Ltd	Banks	69	137,258	3.15	N	6	5	9	1	1	1	1
China	3690 HK	Meituan	Consumer Discret	643	129,386	164.8	OW	10	6	3	8	9	8	9
Hong Kong	1299 HK	AIA Group Ltd	Insurance	231	122,882	79.4	OW	3	7	7	7	10	6	8
China	000858 CH	Wuliangye Yibin Co Ltd	Consumer Staples	756	108,331	176.37	OW	1	7	5	7	5	6	7
China	2628 HK	China Life Insurance Co Ltd	Insurance	43	106,709	12.82	N	5	4	8	3	3	1	2
China	601628 CH	China Life Insurance Co Ltd	Insurance	46	106,708	28.68	UW	7	7	8	5	3	2	6
China	9618 HK	JD.com Inc	Consumer Discret	252	104,668	262.4	OW	4	4	2	10	9	6	4
China	1211 HK	BYD Co Ltd	Consumer Discret	193	96,916	212.4	OW	7	2	3	9	9	7	5
China	002594 CH	BYD Co Ltd	Consumer Discret	701	96,915	233.8	N	9	5	3	10	10	8	9
India	INFO IN	Infosys Ltd	Software & Servic	150	95,526	1730.05	OW	2	4	5	6	4	2	2
China	600900 CH	China Yangtze Power Co Ltd	Utilities	151	86,188	23.95	OW	4	3	10	7	2	1	3
China	1658 HK	Postal Savings Bank of China C	Banks	41	83,103	6.51	OW	5	2	7	4	4	2	3
China	601658 CH	Postal Savings Bank of China C	Banks	122	83,102	5.8	NC	6	5	9	1	1	1	1
South Korea	373220 KS	LG Energy Solution	Industrials	836	82,445	428500	NC	7	-	-	10	10	-	10
China	1088 HK	China Shenhua Energy Co Ltd	Energy	62	80,862	22.75	N	5	1	9	5	2	3	3
China	601088 CH	China Shenhua Energy Co Ltd	Energy	141	80,862	27.22	N	6	1	10	3	1	5	4
China	386 HK	China Petroleum & Chemical Cor	Energy	44	78,960	3.9	OW	6	3	4	2	2	2	1
China	600028 CH	China Petroleum & Chemical Cor	Energy	113	78,960	4.38	OW	8	5	7	1	1	1	1
South Korea	000660 KS	SK Hynix Inc	Semiconductors &	433	74,525	124500	OW	4	2	5	4	6	5	3
China	601166 CH	Industrial Bank Co Ltd	Banks	367	71,368	21.71	OW	5	4	9	1	1	2	1
China	603288 CH	Foshan Haitian Flavouring & Fo	Consumer Staples	85	68,113	102.18	OW	1	5	6	9	7	4	5
Indonesia	BBCA U	Bank Central Asia Tbk PT	Banks	37	67,757	7900	N	2	4	3	10	10	1	3
China	601012 CH	LONGi Green Energy Technology	Semiconductors &	737	66,639	77.8	OW	2	7	3	8	9	8	7
India	ICICI IN	ICICI Bank Ltd	Banks	155	63,693	698.6	OW	4	5	2	5	6	4	2
India	HUVR IN	Hindustan Unilever Ltd	Consumer Staples	48	62,473	2025.4	OW	2	9	6	7	4	1	5
China	601888 CH	China Tourism Group Duty Free	Consumer Discret	339	62,240	201.45	OW	1	8	2	8	7	7	5
China	9633 HK	Nongfu Spring Co Ltd	Consumer Staples	39	62,227	43.25	NC	1	2	5	9	8	4	3
Singapore	DBS SP	DBS Group Holdings Ltd	Banks	113	61,943	32.73	OW	3	2	3	3	3	5	2
Singapore	SE US	Sea Ltd	Communication S	1505	61,072	110.04	OW	10	10	4	10	10	10	10

Source: J.P. Morgan Equity Macro Research. Note: as of latest month-end.

Style Deciles - Week-on-week Changes

Style/factor exposures are becoming increasingly important in driving stock prices in Asia (as in most DM), making it critical for all investors to understand their exposure and, to the extent possible, determine which factor exposures are likely to generate alpha. Our recommended allocations are discussed on the page above. The tables below show w-w changes in the top and bottom deciles for the most fluid styles – Value, Momentum and Earnings Revision – that may complement fundamental analysis.

Please reach out to us for results in alternate settings, bespoke factor definitions, systematic screening, and confidential factor exposure analysis. We are also happy to assist in setting up optimized hedging solutions.

Figure 17: Stock changes in key Factor deciles

VALUE: Changes in TOP decile

Stocks Entering	Name	Weekly return	Decile	Stocks Leaving	Name	Weekly return	Decile
600000 CH	SHANG PUDONG-A	-3.2%	1	1157 HK	ZOOMLION HEAVY-H	10.0%	2
601818 CH	CHINA EVERBRIG-A	-4.3%	1	601607 CH	SHANG PHARM -A	15.9%	2
288 HK	WH GROUP LTD	-6.6%	1	086280 KS	HYUNDAI GLOVIS	8.3%	2
EDU US	NEW ORIENTAL-ADR	8.8%	1	2353 TT	ACER INC	4.7%	2

VALUE: Changes in BOTTOM decile

Stocks Entering	Name	Weekly return	Decile	Stocks Leaving	Name	Weekly return	Decile
603259 CH	WUXI APPTec CO-A	5.0%	10	ACEN PM	AC ENERGY CORP	0.0%	8
300014 CH	EVE ENERGY-A	4.3%	10	035720 KS	KAKAO CORP	9.0%	9
603806 CH	HANGZHOU FIRST-A	5.2%	10	603456 CH	ZHEJIANG JIUEH-A	0.0%	9
BZ US	KANZHUN LTD	43.0%	10	020150 KS	ILJIN MATERIALS	3.3%	9
BRIT IN	BRITANNIA INDS	5.9%	10	4743 TT	ONENESS BIOTECH	10.2%	9

PRICE MOMENTUM: Changes in TOP decile

Stocks Entering	Name	Weekly return	Decile	Stocks Leaving	Name	Weekly return	Decile
300750 CH	CONTEMPORARY A-A	2.4%	1	COAL IN	COAL INDIA LTD	-2.0%	2
1088 HK	CHINA SHENHUA-H	-3.4%	1	HNDL IN	HINDALCO INDS	-1.2%	2
DBS SP	DBS GROUP HLDGS	4.9%	1	002531 CH	TITAN WIND-A	-17.5%	2
2454 TT	MEDIATEK	0.0%	1	000591 CH	CECEP SOLAR EN-A	-10.4%	2
JM SP	JARDINE MATHESON	5.0%	1	BH TB	BUMRUNGRAD HOSI	-0.2%	2

PRICE MOMENTUM: Changes in BOTTOM decile

Stocks Entering	Name	Weekly return	Decile	Stocks Leaving	Name	Weekly return	Decile
66 HK	MTR CORP	1.4%	10	INDIGO IN	INTERGLOBE AVIAT	5.2%	1
2002 TT	CHINA STEEL CORP	1.4%	10	1928 HK	SANDS CHINA LTD	1.2%	2
HDFCLIFE IN	HDFC LIFE INSURA	3.1%	10	1055 HK	CHINA SOUTHERN-H	3.0%	5
1326 TT	FORMOSA CHEM	1.1%	10	601696 CH	BOC INTERNATIO-A	11.7%	6
300454 CH	SANGFOR TECHNO-A	-6.0%	10	694 HK	BEIJING CAP AI-H	-11.8%	6

EARNINGS REVISION: Changes in TOP decile

Stocks Entering	Name	Weekly return	Decile	Stocks Leaving	Name	Weekly return	Decile
005930 KS	SAMSUNG ELECTRON	2.7%	1	ADANIGR IN	ADANI GREEN ENER	3.2%	2
1299 HK	AIA	2.6%	1	600438 CH	TONGWEI CO-A	-4.7%	2
SE US	SEA LTD-ADR	25.5%	1	ATGL IN	ADANI TOTAL GAS	7.3%	2
000660 KS	SK HYNIX INC	7.2%	1	ZOMATO IN	ZOMATO LTD	2.1%	2
NIO US	NIO INC - ADR	17.1%	1	600233 CH	YTO EXPRESS GR-A	-2.9%	2

EARNINGS REVISION: Changes in BOTTOM decile

Stocks Entering	Name	Weekly return	Decile	Stocks Leaving	Name	Weekly return	Decile
601318 CH	PING AN INSURA-A	-2.6%	10	PDD US	PINDUODUO IN-ADR	0.0%	9
2318 HK	PING AN-H	-1.3%	10	2333 HK	GREAT WALL MOT-H	-3.7%	9
9618 HK	JD.COM INC-CL A	10.2%	10	ADVANC TB	ADVANCED INFO	0.0%	9
2317 TT	HON HAI	1.7%	10	SIA SP	SINGAPORE AIRLIN	3.3%	9
002475 CH	LUXSHARE PRECI-A	-3.8%	10	WB US	WEIBO CORP-ADR	12.9%	9

Source: J.P. Morgan Equity Macro Research

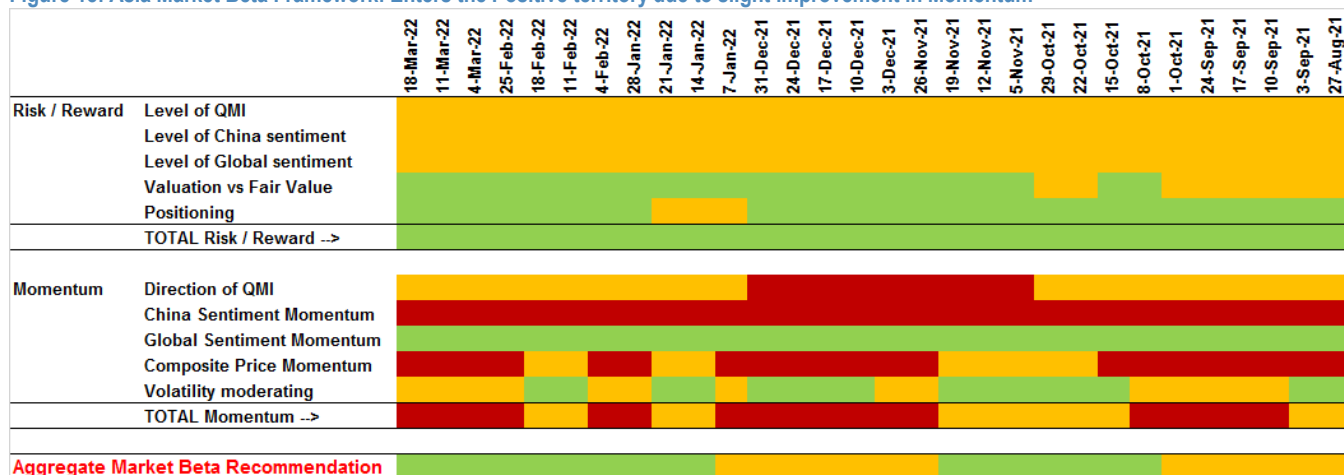
Market Timing

Asia Tactical Market Beta Framework

Our market beta framework attempts to balance out measures of macro, fundamental, flow and sentiment momentum vs risk-reward as measured across macro, positioning, valuations and sentiment.

Risk-reward remains positive, but momentum indicators remain unfavorable.

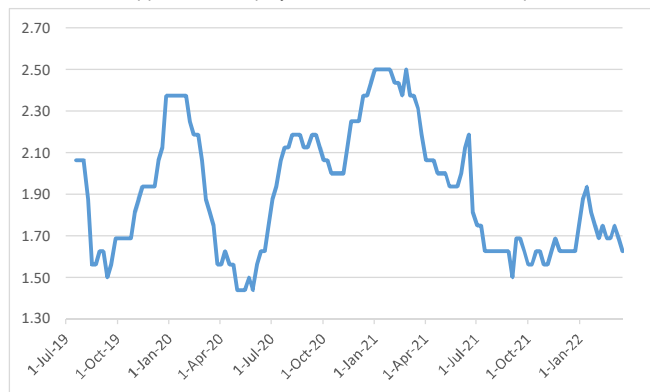
Figure 18: Asia Market Beta Framework: Enters the Positive territory due to slight improvement in Momentum



Source: J.P. Morgan Equity Macro Research. Note: Green is positive for markets, Red is negative for markets, Yellow is neutral.

Figure 19: Asia Positioning aggregate

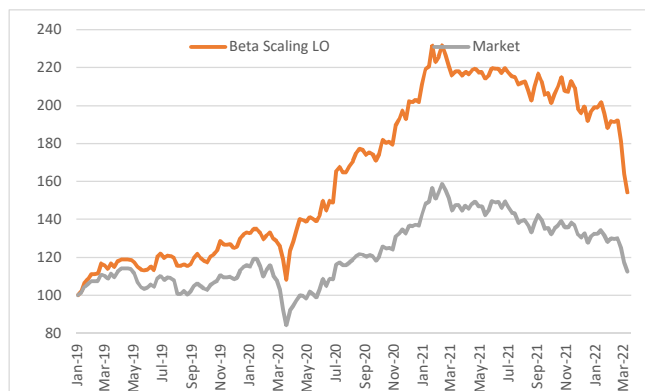
Higher value indicates heavier positioning. Positioning aggregate includes EM ETF subscriptions, HK short selling, JPM Prime book net exposure, EM mutual funds beta, EM fund cash holding, EM Futures positioning, EM futures roll cost, Foreign buying, ETF premium/discount, China A margin, HK skew, FX risk appetite, EM equity fund and bond fund subscriptions.



Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research

Figure 20: Performance of beta-scaling strategy

100% exposure when yellow, 50% when red, 150% when green. Beta exposure changes implemented on Monday close prices. Transaction costs not included. Benchmark = MXASJ



Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research

Tracking Market Sentiment

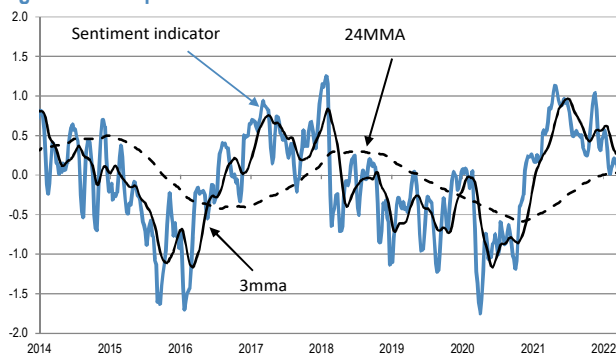
Global Composite and China-A Sentiment Indicators

We introduced a Composite Sentiment Indicator (see **JPMEQSI** Index on Bloomberg) in [Utilizing sentiment for better positioning](#) (2 Feb 2018) to help navigate swings in market sentiment in a systematic way, and a measure of sentiment specific to China A-shares (see **JPMEQASI** Index on Bloomberg) in [Quantifying China A-share sentiment](#), 5 Nov 2018. Both sentiment indicators include momentum and reversal information. When the 3-month moving average sentiment levels are above the long-term average, it is a broadly favorable environment for equities (“bullish” territory), and vice versa. And, should the weekly sentiment level move significantly away, we take it as a contrarian mean-reversion indicator. See the linked reports for details of calculation and historical performance of sentiment-based systematic strategies.

The global **Composite Sentiment Indicator** decreased to 0.05, and is in the Benign territory.

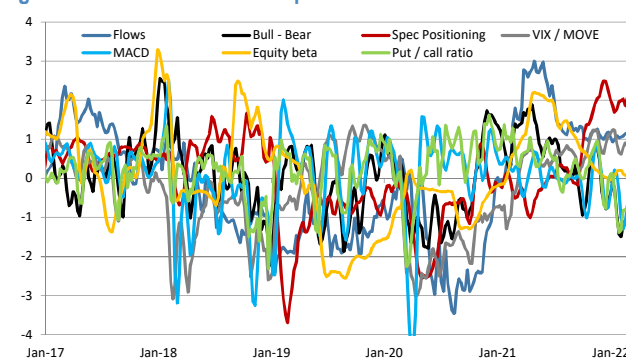
The **China A-share Sentiment Index** has hit oversold levels (declined to -1.01) as of last week, indicating a buying opportunity.

Figure 21: Composite Sentiment Indicator



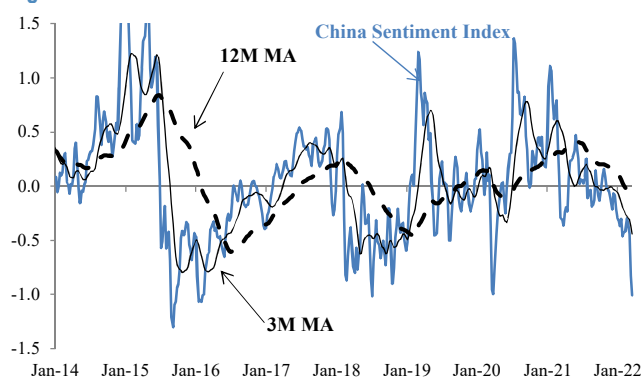
Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research

Figure 22: Constituents of Composite Sentiment Indicator



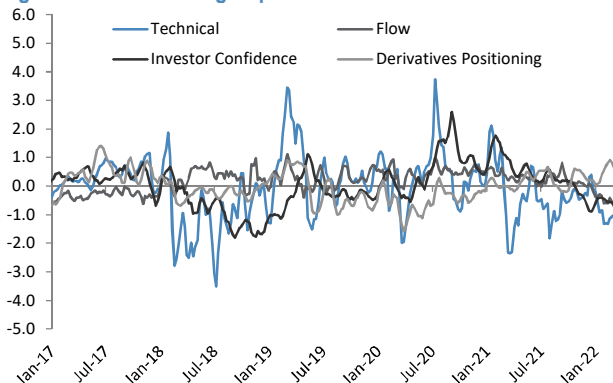
Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research

Figure 23: China A-share Sentiment Index



Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research

Figure 24: Constituent groups of China A-share Sentiment Index



Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research

Performance by Market and Sector

Figure 25: Region and sector performance: One Week in USD terms

	World	US	EU+UK	Japan	Asia ex-JP	EEMEA	LatAm
Index	5.7%	6.4%	6.7%	4.7%	3.9%	1.2%	4.0%
Discretionary	8.8%	9.7%	8.3%	5.5%	9.1%	3.9%	7.1%
Energy	-2.0%	-3.6%	0.9%	-4.0%	1.4%	0.6%	-2.9%
Financials	6.2%	7.2%	8.0%	4.8%	4.5%	1.9%	6.9%
Healthcare	5.9%	6.3%	5.9%	3.7%	4.5%	6.0%	4.3%
Industrials	5.2%	4.9%	7.7%	5.0%	1.6%	0.7%	7.8%
Materials	2.9%	5.4%	4.7%	4.6%	2.2%	-1.5%	1.4%
Real Estate	3.2%	2.7%	3.1%	6.2%	4.1%	3.6%	12.3%
Staples	4.1%	3.7%	6.6%	2.5%	0.2%	4.7%	5.9%
Tech	7.7%	8.3%	11.1%	6.1%	2.0%	3.2%	4.1%
Communication	5.7%	6.0%	5.7%	3.5%	7.3%	0.6%	5.5%
Utilities	1.0%	0.7%	3.1%	0.6%	-0.7%	-3.9%	5.7%

Source: Bloomberg Finance L.P., 18 Mar 2022.

Figure 26: Market and sector performance: One Week in USD terms

	China A	China	Hong Kong	India	Indonesia	Korea	Malaysia	Philippines	Singapore	Taiwan	Thailand
Index	-1.3%	5.1%	3.8%	4.5%	0.3%	4.2%	1.7%	-1.9%	8.1%	1.4%	0.9%
Discretionary	-2.1%	11.3%	7.6%	6.7%	1.8%	3.1%	-3.7%	-6.3%	1.2%	0.1%	-0.2%
Energy	-4.7%	-1.1%	-	3.3%	-7.2%	2.7%	1.4%	-	-	0.2%	-2.1%
Financials	0.5%	2.7%	5.4%	7.3%	1.5%	5.7%	4.2%	-0.2%	4.9%	5.1%	2.4%
Healthcare	1.5%	4.3%	-	2.2%	0.7%	8.4%	5.8%	-	-	8.5%	0.3%
Industrials	-1.1%	1.3%	2.9%	3.8%	-	1.8%	-0.3%	-1.9%	8.3%	-3.2%	0.9%
Materials	-2.6%	-0.6%	-	4.9%	-1.7%	4.5%	-2.6%	-	-	1.5%	1.2%
Real Estate	2.6%	6.0%	3.9%	4.6%	-	-	-	-0.7%	1.0%	1.2%	3.2%
Staples	-3.5%	-1.5%	-3.7%	3.9%	1.3%	-1.5%	-1.0%	1.1%	1.2%	-1.3%	2.1%
Tech	-2.2%	1.3%	-	2.3%	-	4.1%	-	-	1.0%	1.0%	3.0%
Communication	-2.4%	7.4%	2.7%	4.0%	-1.3%	6.8%	0.4%	-9.0%	22.6%	1.8%	-0.5%
Utilities	-4.3%	-4.6%	-1.1%	2.8%	-	-1.1%	2.3%	-2.5%	-	-	3.3%

Source: Bloomberg Finance L.P., 18 Mar 2022

Figure 27: Region and sector performance: YTD in USD terms

	World	US	EU+UK	Japan	Asia ex-JP	EEMEA	LatAm
Index	-7.1%	-7.0%	-8.8%	-8.0%	-8.9%	-16.7%	17.3%
Discretionary	-13.1%	-11.3%	-17.8%	-10.1%	-19.4%	-15.9%	0.3%
Energy	14.7%	32.1%	7.6%	12.6%	4.1%	-73.7%	19.5%
Financials	-0.9%	-1.6%	-6.8%	5.6%	0.5%	-1.8%	30.2%
Healthcare	-4.8%	-3.5%	-4.8%	-13.5%	-18.0%	-2.8%	27.0%
Industrials	-6.1%	-3.8%	-11.6%	-8.1%	-5.0%	15.9%	9.7%
Materials	-1.2%	-4.8%	-4.8%	-4.4%	-3.5%	-9.4%	25.9%
Real Estate	-7.4%	-9.5%	-3.3%	1.1%	-1.9%	8.7%	7.5%
Staples	-5.9%	-3.7%	-9.4%	-7.9%	-9.9%	-15.4%	2.5%
Tech	-12.4%	-11.4%	-17.4%	-18.5%	-11.5%	-	30.6%
Communication	-11.6%	-13.5%	-2.1%	1.6%	-12.6%	-11.5%	-0.4%
Utilities	-3.6%	-2.1%	-8.6%	6.7%	-6.3%	-8.1%	17.9%

Source: Bloomberg Finance L.P., 18 Mar 2022.

Figure 28: Market and sector performance: YTD in USD terms

	China A	China	Hong Kong	India	Indonesia	Korea	Malaysia	Philippines	Singapore	Taiwan	Thailand
Index	-13.7%	-15.1%	-2.2%	-3.3%	7.7%	-10.4%	0.3%	-2.2%	-3.3%	-7.2%	2.4%
Discretionary	-20.2%	-23.1%	4.8%	-5.4%	11.7%	-14.9%	-5.1%	-2.6%	-0.6%	-20.2%	7.7%
Energy	7.8%	9.8%	-	3.2%	17.0%	-10.2%	3.0%	-	-	-2.5%	8.3%
Financials	-7.5%	0.5%	-4.1%	-3.9%	10.0%	1.8%	7.1%	0.7%	8.4%	2.5%	-2.8%
Healthcare	-17.1%	-25.3%	-	-5.7%	0.4%	-10.3%	-21.1%	-	-	-22.4%	9.9%
Industrials	-12.9%	-10.1%	-1.9%	-5.5%	-	-2.5%	-0.7%	-0.5%	2.1%	-5.6%	4.5%
Materials	-10.3%	-5.5%	-	-1.0%	1.7%	-11.7%	6.6%	-	-	2.4%	-5.3%
Real Estate	-2.4%	-5.1%	-0.2%	-10.8%	-	-	-	10.0%	2.9%	14.4%	3.9%
Staples	-16.0%	-16.5%	1.4%	-7.3%	-6.8%	-11.6%	7.5%	-14.2%	11.0%	-7.1%	7.7%
Tech	-20.7%	-23.4%	-	-7.3%	-	-12.0%	-	-	-	-9.3%	-15.2%
Communication	-22.1%	-13.4%	3.5%	-2.1%	8.2%	-13.5%	-10.9%	-18.9%	-30.4%	5.8%	0.3%
Utilities	-8.5%	-22.6%	-2.5%	12.8%	-	6.7%	-3.3%	-7.1%	-	-	-3.7%

Source: Bloomberg Finance L.P., 18 Mar 2022.

Market Structure and Activity

Cash, ETF, and Futures trading

Figure 29: Asia cash equity trading activity

Cash Average Daily Volume (1-Week Avg, \$Mil)							
Market	Current	1W Ago		1M Ago		1Y Ago	
		Avg	Chg	Avg	Chg	Avg	Chg
Developed Markets	\$64,914	\$57,738	▲ 12%	\$56,019	▲ 16%	\$70,728	▼ -8%
Japan	\$35,404	\$32,827	▲ 8%	\$32,105	▲ 10%	\$34,764	▲ 2%
Hong Kong	\$19,973	\$14,716	▲ 36%	\$14,672	▲ 36%	\$27,607	▼ -28%
Australia	\$8,365	\$8,820	▼ -5%	\$8,119	▲ 3%	\$7,009	▲ 19%
Singapore	\$1,172	\$1,375	▼ -15%	\$1,122	▲ 4%	\$1,348	▼ -13%
Emerging Markets	\$208,364	\$189,147	▲ 10%	\$177,853	▲ 17%	\$182,047	▲ 14%
China (A-Share)	\$163,780	\$146,092	▲ 12%	\$137,891	▲ 19%	\$131,640	▲ 24%
Korea	\$16,012	\$15,821	▲ 1%	\$16,215	▼ -1%	\$24,214	▼ -34%
Taiwan	\$13,151	\$12,281	▲ 7%	\$10,542	▲ 25%	\$10,660	▲ 23%
India	\$9,787	\$9,734	▲ 1%	\$8,462	▲ 16%	\$9,680	▲ 1%
Thailand	\$3,452	\$3,028	▲ 14%	\$3,080	▲ 12%	\$3,405	▲ 1%
Indonesia	\$1,201	\$1,175	▲ 2%	\$861	▲ 40%	\$757	▲ 59%
Malaysia	\$799	\$858	▼ -7%	\$575	▲ 39%	\$1,459	▼ -45%
Philippines	\$182	\$158	▲ 15%	\$226	▼ -19%	\$232	▼ -22%

Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research. *Cash volume does not include warrants and callable bull/bear contracts.

Figure 31: Asia futures trading activity

Index Futures Average Open Interest (1-Week Avg, \$Bil)							
Market	Current	1W Ago		1M Ago		1Y Ago	
		Avg	Chg	Avg	Chg	Avg	Chg
Developed Markets	\$242.2	\$222.7	▲ 9%	\$207.6	▲ 17%	\$279.3	▼ -13%
TOPIX	\$88.8	\$78.2	▲ 13%	\$74.9	▲ 18%	\$100.9	▼ -12%
Nikkei 225	\$84.0	\$76.1	▲ 10%	\$61.1	▲ 37%	\$106.3	▼ -21%
S&P/ASX 200	\$35.1	\$34.1	▲ 3%	\$33.8	▲ 4%	\$34.9	▲ 1%
Hang Seng	\$17.0	\$16.4	▲ 4%	\$18.6	▼ -9%	\$19.4	▼ -12%
H-shares	\$13.7	\$14.2	▼ -4%	\$15.0	▼ -9%	\$13.4	▲ 2%
MSCI Sing	\$3.6	\$3.7	▼ -2%	\$4.1	▼ -12%	\$4.3	▼ -17%
Emerging Markets	\$99.0	\$101.0	▼ -2%	\$93.9	▲ 5%	\$94.8	▲ 4%
CSI 300	\$39.4	\$40.0	▼ -1%	\$32.3	▲ 22%	\$34.9	▲ 13%
KOSPI 200	\$20.8	\$22.8	▼ -9%	\$22.1	▼ -6%	\$25.2	▼ -18%
NIFTY	\$13.7	\$11.4	▲ 20%	\$11.2	▲ 23%	\$9.3	▲ 48%
FTSE China A50	\$12.0	\$12.6	▼ -5%	\$13.0	▼ -8%	\$11.8	▲ 2%
TAIEX/MSCI Taiwan	\$9.8	\$10.4	▼ -7%	\$11.7	▼ -17%	\$10.9	▼ -11%
Other ASEAN	\$3.3	\$3.7	▼ -11%	\$3.7	▼ -10%	\$2.8	▲ 19%

Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research. *Nikkei 225 futures on OSE, SGX and CME / NIFTY futures on NSE and SGX (including CNXBANK) / TAIEX includes TWSEBKI and TWSEELC

Figure 33: Market Technicals

	% RSI > 70	% RSI < 30	% above 50dma	% above 200dma	% within 10% of 52w high	% within 10% of 52w low	% +ve MACD signal	% on recent Uptrend	% on recent Downtrend
China	0%	1%	15%	17%	4%	2%	7%	2%	72%
China A	0%	8%	13%	15%	4%	35%	14%	4%	68%
Hong Kong	0%	0%	39%	24%	13%	15%	9%	2%	65%
Korea	0%	0%	52%	22%	12%	30%	42%	13%	18%
Taiwan	2%	1%	44%	53%	30%	24%	33%	9%	24%
India	3%	0%	44%	44%	19%	8%	20%	2%	48%
ASEAN	1%	0%	54%	56%	42%	28%	42%	22%	26%

Note: based on MSCI constituents. Source: Bloomberg Finance L.P., 18 Mar 2022.

Figure 30: Asia ETF trading activity

ETF Average Daily Volume (1-Week Avg, \$Mil)							
Market	Current	1W Ago		1M Ago		1Y Ago	
		Avg	Chg	Avg	Chg	Avg	Chg
Developed Markets	\$2,193.5	\$1,057.8	▲ 107%	\$1,048.0	▲ 109%	\$1,256.9	▲ 75%
Hong Kong	\$1,611.7	\$669.7	▲ 141%	\$810.6	▲ 99%	\$760.9	▲ 112%
Japan	\$421.0	\$296.0	▲ 42%	\$170.3	▲ 147%	\$421.8	▼ 0%
Australia	\$136.7	\$83.0	▲ 65%	\$60.0	▲ 128%	\$61.1	▲ 124%
Singapore	\$24.1	\$9.0	▲ 167%	\$7.1	▲ 238%	\$13.2	▲ 83%
Emerging Markets	\$1,645.4	\$1,107.2	▲ 49%	\$1,235.4	▲ 33%	\$2,430.5	▼ -32%
Korea	\$784.6	\$689.6	▲ 14%	\$700.8	▲ 12%	\$1,773.9	▼ -56%
China	\$610.7	\$292.4	▲ 109%	\$411.9	▲ 48%	\$554.0	▲ 10%
Taiwan	\$176.3	\$70.3	▲ 151%	\$79.8	▲ 121%	\$72.0	▲ 145%
India	\$73.2	\$54.9	▲ 33%	\$42.8	▲ 71%	\$30.1	▲ 143%
Other ASEAN	\$0.6	\$0.1	▲ 481%	\$0.2	▲ 212%	\$0.4	▲ 36%

Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research

Figure 32: Asia futures open interest changes

Index Futures Average Open Interest (1-Week Avg, \$Bil)							
Market	Current	1W Ago		1M Ago		1Y Ago	
		Avg	Chg	Avg	Chg	Avg	Chg
Developed Markets	\$222.7	\$210.0	▲ 6%	\$216.2	▲ 3%	\$262.1	▼ -15%
TOPIX	\$78.2	\$75.5	▲ 4%	\$73.6	▲ 6%	\$91.0	▼ -14%
Nikkei 225	\$76.1	\$60.0	▲ 27%	\$72.7	▲ 5%	\$98.3	▼ -23%
S&P/ASX 200	\$34.1	\$33.9	▲ 1%	\$32.8	▲ 4%	\$34.9	▼ -2%
Hang Seng	\$16.4	\$20.3	▼ -19%	\$18.3	▼ -11%	\$20.5	▼ -20%
H-shares	\$14.2	\$16.0	▼ -11%	\$14.7	▼ -3%	\$13.2	▲ 8%
MSCI Sing	\$3.7	\$4.3	▼ -14%	\$4.0	▼ -8%	\$4.2	▼ -13%
Emerging Markets	\$101.0	\$103.8	▼ -3%	\$48.2	▲ 109%	\$96.5	▲ 5%
CSI 300	\$40.0	\$40.4	▼ -1%	-	-	\$36.9	▲ 8%
KOSPI 200	\$22.8	\$22.7	▲ 1%	\$21.5	▲ 6%	\$24.9	▼ -8%
FTSE China A50	\$12.6	\$13.8	▼ -9%	\$12.4	▲ 1%	\$12.1	▲ 4%
NIFTY	\$11.4	\$12.4	▼ -8%	\$11.3	▲ 1%	\$9.2	▲ 24%
TAIEX/MSCI Taiwan	\$10.4	\$10.3	▲ 1%	-	-	\$11.1	▼ -6%
Other ASEAN	\$3.7	\$4.1	▼ -10%	\$3.0	▲ 26%	\$2.4	▲ 55%

Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research.

Flows and Positioning

Figure 34: Weekly EM Cross-Asset Flows

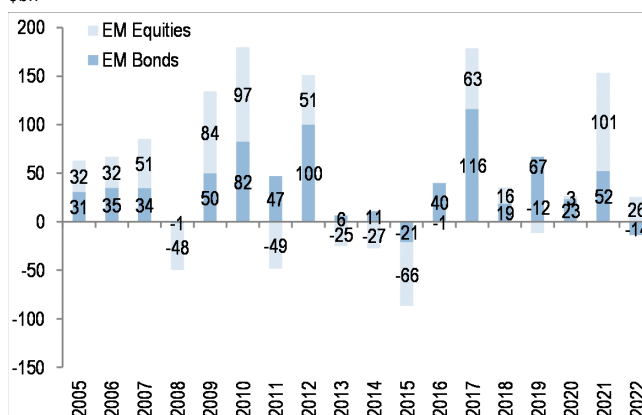
\$bn

Asset	8w flows (8w ago → current)	This wk	YTD
EM Bonds and Equities		-3.5	12.0
EM Bonds		-2.7	-13.6
Hard Ccy		-1.6	-13.5
Local Ccy^		-1.1	-0.2
o.w. EM ex-China		-0.7	-0.8
o.w. China		-0.5	0.4
EM Equities		-0.7	25.6
US HG		-2.8	-20.1
US HY		-2.0	-21.5
Global Equities		29.7	120.1
EM Bond and Equity ETFs		2.2	24.1
EM Bond ETFs		-0.7	-0.6
EM Equity ETFs		2.9	24.6
Non-resident EM flows*		-5.9	-30.5

Source: Bloomberg Finance L.P., EPFR, J.P. Morgan EM Strategy

Figure 35: Annual EM bond and equity fund flows

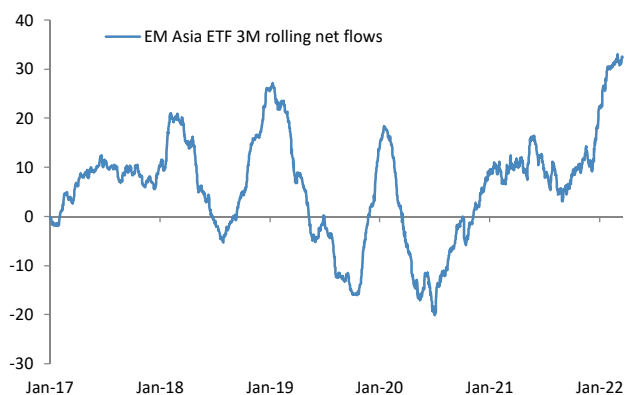
\$bn



Source: Bloomberg Finance L.P., EPFR, J.P. Morgan EM Strategy

Figure 36: Rolling 3M flows to EM Asia equity ETFs

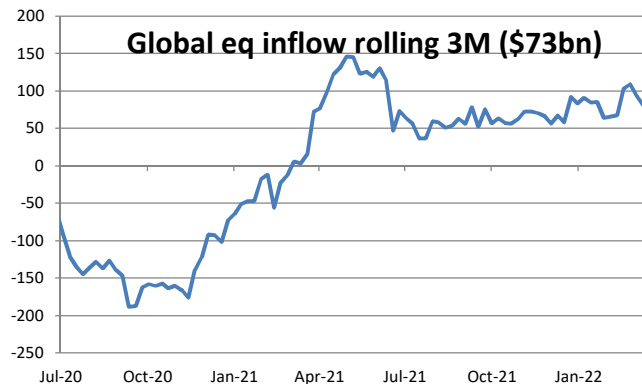
\$bn, Asia-focused ETFs listed globally. AUM ~\$500bn



Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research, based on ETF flow data of EM, China, HK, Korea, India, Indonesia, Malaysia, Philippines, Taiwan and Thailand since Jan-17

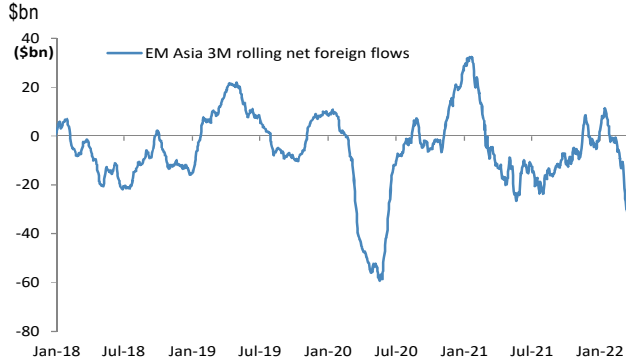
Figure 37: Rolling 3M inflows into global equity funds

\$bn



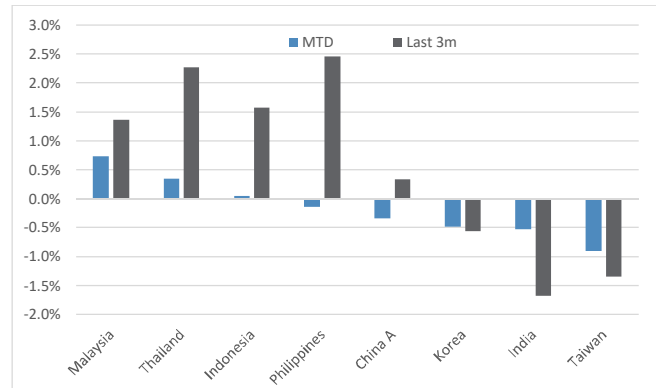
Source: ICI, Bloomberg Finance L.P., J.P. Morgan Equity Macro Research

Figure 38: 3M rolling foreign net buying of EM Asia equities



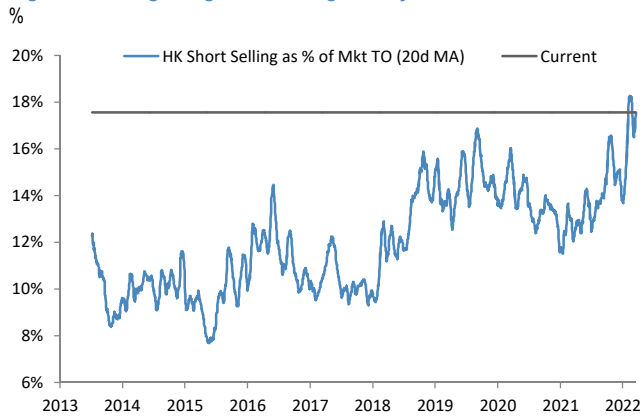
Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research; based on foreign investor flow data in Korea, India, Taiwan, Thailand, Philippines, Indonesia and Malaysia since Jan-17.

Figure 39: Monthly foreign net buying as a % of market cap
%, month to date, last 3 months



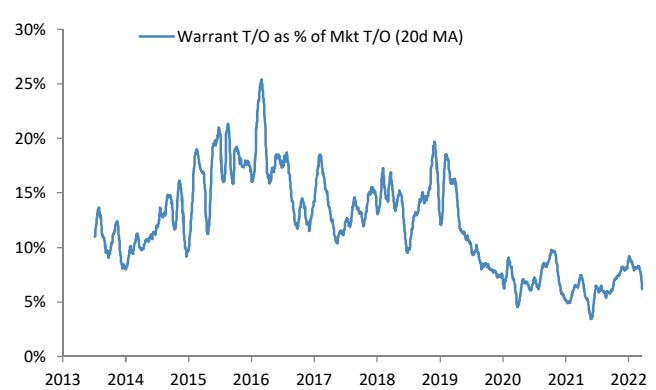
Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research

Figure 40: Hong Kong short selling activity



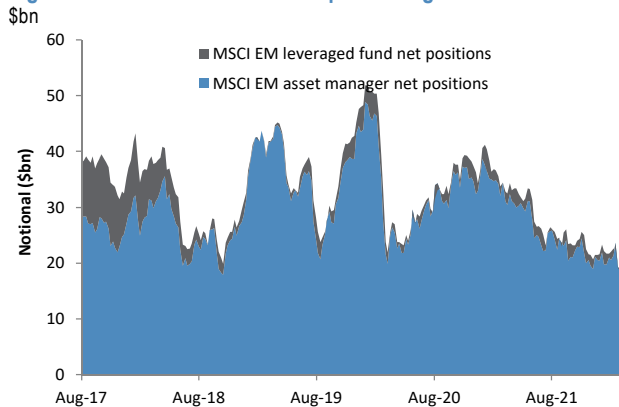
Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research.

Figure 41: Hong Kong warrant turnover as % of total market turnover



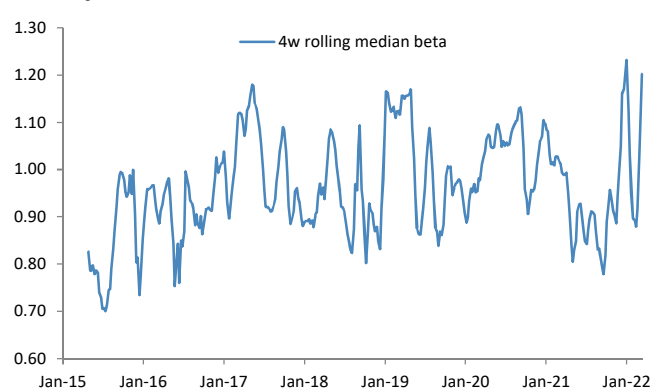
Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research.

Figure 42: CFTC MSCI EM futures positioning



Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research, based on CFTC futures positioning data.

Figure 43: EM mutual fund beta to the MSCI EM Index
1M rolling beta



Source: MSCI, Bloomberg Finance L.P., J.P. Morgan Equity Macro Research, based on weekly return data of 65 major EM mutual funds.

Earnings and Revisions

Earnings Season Update

Figure 44: Earnings season progress 4Q21

By Market	Reporting season progress			Actual vs Consensus, EPS				Actual vs Consensus, Revenues, ex-Fin			
	Reported	% Done	% Done, Weight	Agg. Surprise	% Beat	% Miss	% Inline	Agg. Surprise	% Beat	% Miss	% Inline
China	97 / 434	22%	33%	-29%	36%	43%	21%	-1%	37%	35%	27%
Hong Kong	32 / 39	82%	89%	3%	30%	55%	15%	9%	46%	38%	15%
India	105 / 105	100%	100%	-15%	31%	42%	27%	3%	45%	24%	31%
Indonesia	11 / 22	50%	72%	-8%	44%	44%	11%	21%	100%	0%	0%
Korea	102 / 103	99%	100%	-12%	29%	64%	6%	3%	52%	31%	17%
Malaysia	35 / 35	100%	100%	-12%	29%	52%	19%	4%	67%	33%	0%
Philippines	15 / 17	88%	95%	19%	64%	18%	18%	-20%	25%	75%	0%
Singapore	16 / 16	100%	100%	-21%	10%	50%	40%	-2%	40%	40%	20%
Taiwan	83 / 86	97%	99%	5%	40%	39%	21%	5%	51%	20%	29%
Thailand	42 / 42	100%	100%	8%	54%	39%	7%	-21%	56%	33%	11%
Total	538 / 899	60%	75%	-8%	35%	47%	18%	2%	48%	29%	23%
By Industry Group											
Discretionary	47 / 75	63%	62%	-30%	33%	46%	21%	1%	39%	44%	17%
Staples	45 / 70	64%	61%	-4%	31%	43%	26%	0%	30%	40%	30%
Energy	19 / 33	58%	78%	-38%	47%	40%	13%	-1%	80%	13%	7%
Banks	47 / 70	67%	76%	-5%	44%	37%	20%	-	-	-	-
Div. Finl	28 / 59	47%	81%	7%	47%	35%	18%	-	-	-	-
Insurance	13 / 24	54%	87%	81%	60%	30%	10%	-	-	-	-
Healthcare	42 / 84	50%	56%	46%	42%	32%	26%	2%	50%	37%	13%
Industrials	58 / 112	52%	74%	-9%	40%	56%	4%	3%	57%	28%	15%
Media	18 / 24	75%	40%	6%	28%	61%	11%	1%	33%	22%	44%
Retailing	14 / 23	61%	65%	-50%	33%	42%	25%	-3%	9%	45%	45%
Tech	78 / 119	66%	94%	-1%	37%	41%	21%	4%	49%	26%	26%
Materials	56 / 92	61%	87%	-17%	9%	65%	26%	2%	57%	21%	21%
Property	24 / 53	45%	61%	-26%	46%	46%	8%	-	-	-	-
Communication	20 / 24	83%	85%	-15%	22%	61%	17%	-1%	41%	24%	35%
Utilities	29 / 37	78%	79%	-42%	36%	59%	5%	4%	58%	16%	26%
Total	538 / 899	60%	75%	-8%	35%	47%	18%	2%	48%	29%	23%

Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research

Earnings Calendar

Figure 45: Earnings reports this week

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
21-Mar-22	22-Mar-22	23-Mar-22	24-Mar-22	25-Mar-22
Hong Kong & China Gas (0003) (Y)	Huaneng Power Intl - A (Y)	China Mobile (0941) (Y)	China Resources Beer (0291) (Y)	Jiangsu Expressway - H (Y)
Offshore Oil Engineering - A (Y)	Henderson Land Development (0012) (Y)	Maanshan Iron & Steel - H (Y)	Beijing Capital International Airport (Y)	Orient Overseas International Limited (OOL) (Y)
Guangzhou Tinci Materials - A (Y)	Huaneng Power - H (Y)	Tencent (0700) (Y)	Zhejiang Expressway (0576) (Y)	PICC Property and Casualty (2328) (Y)
Fiat Glass (Y)	Aluminum Corp of China - H (Y)	AAO Technologies Holdings (2018) (Y)	China Life Insurance - H (Y)	Conch Cement Co Ltd - H (Y)
China Merchants Shekou Industrial Zone Holdings - A (Y)	Chow Sang Sang Holdings (0116) (Y)	Geely Automobile Holdings Ltd (0175) (Y)	COSL - H (Y)	China Shenhua Energy - H (Y)
Tencent Music Entertainment (Q4)	Hengan (1044) (Y)	Maanshan Iron & Steel - A (Y)	MMG (1208) (Y)	China Shenhua Energy - A (Y)
Pinduoduo Inc. (Q4)	Minsheng (Y)	CIMC Envic Holdings Ltd (Y)	China Citic Bank - H (Y)	Bank of Communications - H (Y)
	Sunny Optical Technology Group Co. (2382) (Y)	Kingsoft Corporation Limited (3888) (Y)	China Citic Bank - A (Y)	China Construction Bank - H (Y)
	Anta Sports (2020) (Y)	Trip.com Group Ltd (Q4)	China Life Insurance - A (Y)	Jiangsu Expressway - A (Y)
	Aluminum Corp of China - A (Y)	Huayu (Y)	Industrial Bank - A (Y)	China State Construction (3311) (Y)
	Xiaomi (1810) (Y)	ZhongAn Online P&C Insurance (6060) (Y)	CIFI Holdings (Y)	Conch Cement Co Ltd - A (Y)
	GDS Holdings (Q4)		SAIC Motor Corp - A (Y)	China National Building Material Company (3323) (Y)
	Tongcheng Travel Holdings Ltd (Y)		COSL - A (Y)	Longfor Group (0960) (Y)
	Huya (Q4)		BAIC Motor Corp LTD (1958) (Y)	China Pacific Insurance Group - A (Y)
	CIFI Ever Sunshine (Y)		Haitian Flavoring & Food - A (Y)	China Pacific Insurance Group - H (Y)
	FriendTimes (Y)		Zhejiang Sanhua Intelligent Controls - A (Y)	Xinjiang Goldwind - H (Y)
	Botanec (Y)		Yinghe Technology (Y)	PICC Group - H (Y)
			NIO (Q4)	China Construction Bank - A (Y)
			Maoyan Entertainment (Y)	Xinjiang Goldwind - A (Y)
			China Overseas Property Holdings (Y)	Bank of Communications - A (Y)
			Kingsoft Cloud (Q4)	Meituan (3690) (Y)

Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research

JPM Analyst Revisions

Figure 46: Notable revisions to JPM estimates and ratings over the past week

Upgrades / upward revisions

Name	Ticker	Market	Market cap (\$mn)	ADV (\$mn)	New Rating	Old Rating	Price*	New PT (lc)	Old PT (lc)	Avg FY1/FY2 Net Income revision
SK Hynix Inc	000660 KS	South Korea	74,481	434	OW	OW	124000	170000	170000	10.8%
WuXi AppTec Co Ltd	603259 CH	China A	47,423	505	NC	NC	103.62	-	-	25.7%
Jiangsu Hengrui Medicine Co Lt	600276 CH	China A	37,605	288	OW	NR	37.5	87.0	-	0.0%
CK Hutchison Holdings Ltd	1 HK	Hong Kong	27,986	42	OW	NR	57.1	84.0	-	-6.6%
BeiGene Ltd	BGNE US	China	21,695	70	OW	NR	192.97	370	-	0.0%
Capitaland Investment Ltd/Sing	CLI SP	Singapore	14,398	22	OW	NR	3.79	4.40	-	0.0%
Coal India Ltd	COAL IN	India	14,325	35	OW	OW	176.55	265	238	6.5%
Shanghai Junshi Biosciences Co	688180 CH	China A	11,935	150	N	NR	93.5	49.0	-	0.0%
Samsung Life Insurance Co Ltd	032830 KS	South Korea	10,330	15	OW	N	62600	80000	73000	9.7%
Asustek Computer Inc	2357 TT	Taiwan	9,765	37	N	N	372.5	380	380	12.3%
Seazen Holdings Co Ltd	601155 CH	China A	9,355	86	N	N	26.3	29.0	29.0	12.4%
LG Innotek Co Ltd	011070 KS	South Korea	7,459	152	OW	OW	382000	450000	360000	4.5%
Innovent Biologics Inc	1801 HK	China	5,117	55	OW	NR	27.3	94.0	-	0.0%
Parade Technologies Ltd	4966 TT	Taiwan	5,087	32	N	NR	1775	1850	-	0.0%
Winbond Electronics Corp	2344 TT	Taiwan	4,986	58	OW	OW	35.5	40.0	38.0	11.1%
Compal Electronics Inc	2324 TT	Taiwan	4,200	13	UW	UW	27.0	21.0	19.0	2.9%
China Evergrande Group	3333 HK	China	2,785	14	UW	UW	1.65	1.10	1.10	351.0%

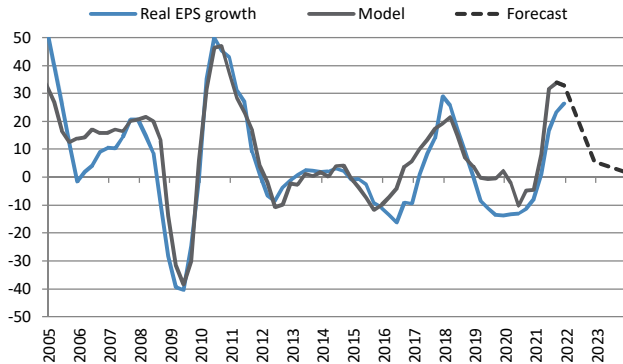
Downgrades / downward revisions

Name	Ticker	Market	Market cap (\$mn)	ADV (\$mn)	New Rating	Old Rating	Price*	New PT (lc)	Old PT (lc)	Avg FY1/FY2 Net Income revision
Tencent Holdings Ltd	700 HK	China	468,111	1,393	UW	OW	381	265	570	0.0%
Alibaba Group Holding Ltd	9988 HK	China	272,633	629	UW	OW	98.4	63.0	175	0.0%
Ping An Insurance Group Co of	2318 HK	China	136,797	225	N	N	58.0	62.0	62.0	-8.5%
Ping An Insurance Group Co of	601318 CH	China A	136,780	567	N	N	47.9	55.0	55.0	-8.5%
Meituan	3690 HK	China	120,254	765	UW	OW	153.3	90.0	295	0.0%
China Life Insurance Co Ltd	2628 HK	China	98,507	55	N	N	12.4	14.0	15.0	0.0%
China Life Insurance Co Ltd	601628 CH	China A	98,494	48	UW	UW	26.5	13.0	14.0	0.0%
JD.com Inc	9618 HK	China	97,164	305	UW	OW	243.8	135	380	0.0%
China Petroleum & Chemical Co	600028 CH	China A	74,008	123	UW	OW	4.13	3.70	5.00	-3.0%
Hindustan Unilever Ltd	HUVR IN	India	65,025	56	OW	OW	2102.05	2400	2600	-3.0%
NetEase Inc	9999 HK	China	59,435	131	UW	OW	138.6	93.0	195	0.0%
Pinduoduo Inc	PDD US	China	53,390	550	UW	OW	42.6	23.0	105	-14.5%
Baidu Inc	BIDU US	China	51,875	604	UW	OW	149.04	90.0	245	0.0%
Xiaomi Corp	1810 HK	China	43,164	176	OW	OW	13.5	20.0	28.0	-7.9%
Wanhua Chemical Group Co Ltd	600309 CH	China A	40,039	182	OW	OW	81.1	102	125	-28.3%
Asian Paints Ltd	APNT IN	India	39,611	61	OW	OW	3136.6	3300	3650	-6.6%
Avenue Supermarts Ltd	DMART IN	India	35,757	31	UW	UW	4192.75	3650	3955	0.0%
China United Network Communi	600050 CH	China A	17,488	61	UW	UW	3.59	1.70	3.00	1.3%
KE Holdings Inc	BEKE US	China	16,939	234	UW	OW	14.2	7.50	22.0	0.0%
Zhongsheng Group Holdings Ltd	881 HK	China	15,836	25	OW	OW	51.3	75.0	85.0	7.6%
SBI Life Insurance Co Ltd	SBILIFE IN	India	14,864	21	OW	OW	1128.55	1400	1480	-3.4%
Trip.com Group Ltd	TCOM US	China	14,795	171	N	OW	23.2	20.0	30.0	0.0%
HDFC Life Insurance Co Ltd	HDFCLIFE IN	India	14,745	32	N	N	530.15	580	700	-1.3%
New China Life Insurance Co Lt	1336 HK	China	14,348	10	UW	UW	22.4	15.0	17.0	0.0%
New China Life Insurance Co Lt	601336 CH	China A	14,346	64	UW	UW	34.8	13.0	14.0	0.0%
Korea Electric Power Corp	015760 KS	South Korea	12,712	37	N	N	24000	20000	20000	-14.3%
Bilibili Inc	BILI US	China	10,678	254	UW	OW	27.6	15.0	80.0	0.0%
Britannia Industries Ltd	BRIT IN	India	10,642	14	N	N	3355.95	3600	3800	-4.7%
Globalwafers Co Ltd	6488 TT	Taiwan	10,401	87	N	N	674	720	750	-14.3%
Godrej Consumer Products Ltd	GCPL IN	India	10,050	13	OW	OW	746.5	872	965	-4.7%
Novatek Microelectronics Corp	3034 TT	Taiwan	9,804	94	N	N	456.5	420	450	-3.4%
Havells India Ltd	HAVL IN	India	9,459	18	OW	OW	1147.1	1270	1400	-2.9%
ICICI Prudential Life Insuranc	IPRU IN	India	9,316	11	OW	OW	492.3	660	740	-11.5%
United Spirits Ltd	UNSP IN	India	8,797	20	OW	OW	919.55	960	1015	-3.4%
Tencent Music Entertainment Gr	TME US	China	8,564	89	N	N	5.06	3.50	6.00	5.0%
ICICI Lombard General Insuranc	ICICIGI IN	India	8,204	13	N	N	1269.4	1340	1580	-2.9%
Nestle Malaysia Bhd	NESZ MK	Malaysia	7,611	2	UW	N	136.1	100	135	-15.8%
SCG Packaging PCL	SCGP TB	Thailand	7,539	25	OW	OW	58.5	75.0	75.0	-27.9%
Kingdee International Software	268 HK	China	7,262	35	OW	OW	16.4	26.0	28.0	135.8%
Tongkun Group Co Ltd	601233 CH	China A	6,523	115	UW	N	17.2	14.5	23.0	-24.4%
Weibo Corp	WB US	China	6,366	52	N	N	26.9	24.0	32.0	1.4%
Vipshop Holdings Ltd	VIPS US	China	6,022	70	N	N	8.87	7.00	9.00	0.0%
Futu Holdings Ltd	FUTU US	Hong Kong	5,968	236	OW	OW	40.7	50.0	100	-46.5%
Jubilant Foodworks Ltd	JUBI IN	India	4,449	44	N	OW	2560.85	3000	4025	-5.3%
Autohome Inc	ATHM US	China	3,781	26	N	N	29.7	25.0	33.0	0.0%
Tongcheng Travel Holdings Ltd	780 HK	China	3,771	13	N	OW	13.3	12.0	23.0	-15.6%
Inventec Corp	2356 TT	Taiwan	3,165	6	UW	UW	25.0	21.0	23.0	-3.6%
JOYY Inc	YY US	China	3,150	35	UW	OW	42.8	25.0	145	-95.1%
iQIYI Inc	IQ US	China	2,747	61	UW	OW	3.48	2.00	8.00	-212.7%
Dada Nexus Ltd	DADA US	China	2,210	15	N	OW	9.53	7.50	14.0	0.0%
Alibaba Pictures Group Ltd	1060 HK	China	2,138	3	N	N	0.62	0.60	1.15	-0.2%
Hello Group Inc	MOMO US	China	1,767	22	N	OW	7.45	7.00	17.0	-17.3%
Noah Holdings Ltd	NOAH US	China	1,729	5	N	N	27.8	21.0	31.0	23.5%
Kingsoft Cloud Holdings Ltd	KC US	China	1,532	34	UW	N	6.34	3.50	8.00	0.0%
Weimob Inc	2013 HK	China	1,456	24	N	OW	4.47	3.50	9.00	0.0%

Source: Bloomberg Finance L.P., J.P. Morgan estimates; *price as of 18th Mar 2022

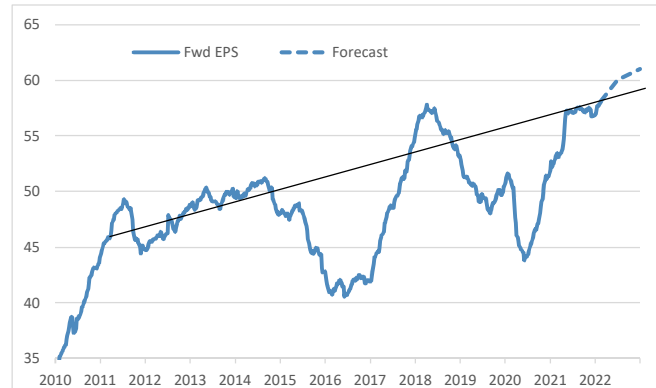
Earnings Trajectory and Implied Valuations

Figure 47: MSCI Asia ex-Japan earnings growth and model forecasts
%y-y, adjusted for equity-weighted aggregate CPI



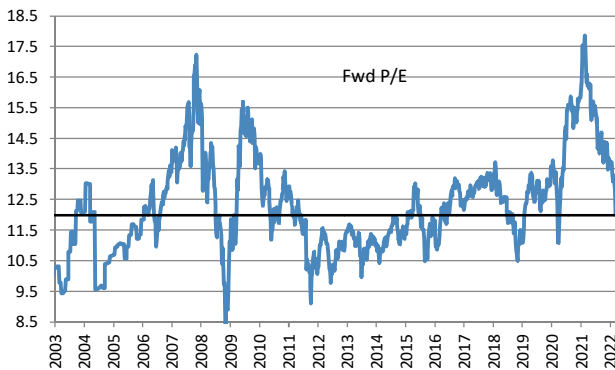
Source: Datastream, Bloomberg Finance L.P., J.P. Morgan Equity Macro Research

Figure 48: MSCI Asia ex-Japan forward EPS and expected trajectory
USD



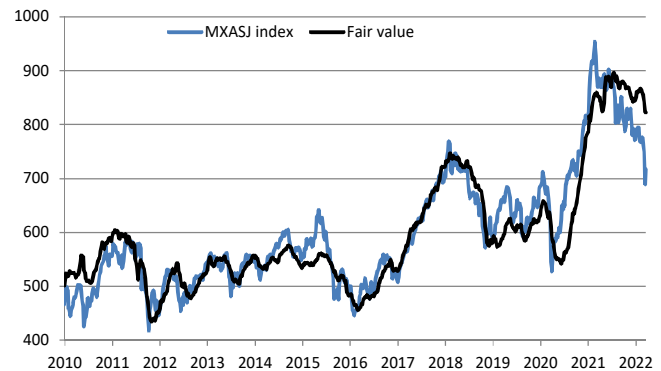
Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research

Figure 49: MSCI Asia ex-Japan forward P/E
x



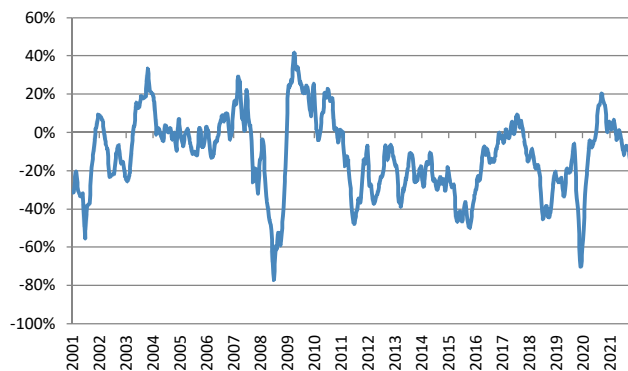
Source: Datastream, MSCI, J.P. Morgan Equity Macro Research

Figure 50: MSCI Asia ex-Japan vs earnings-implied "fair value"
Index fair value based on current forward EPS and contemporaneous revision breadth



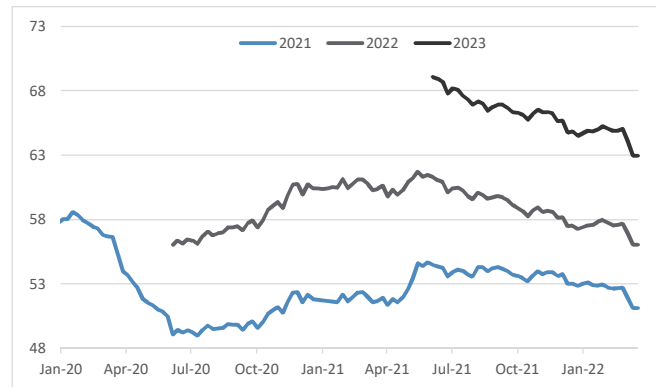
Source: Datastream, MSCI, J.P. Morgan Equity Macro Research

Figure 51: Asia ex-Japan 12m fwd earnings revision breadth
Stocks seeing (upgrades – downgrades) / (upgrades + downgrades)



Source: Datastream, MSCI, J.P. Morgan Equity Macro Research

Figure 52: Asia ex-Japan EPS integer by year
USD integer, consensus estimates



Source: IBES, Datastream, MSCI, J.P. Morgan Equity Macro Research

Valuations by Market and Sector

Market/Sector Valuations vs History

Figure 53: Asia market and sector forward P/E (x)

	Asia ex-Japan	China	Hong Kong	India	Indonesia	Korea	Malaysia	Philippines	Singapore	Taiwan	Thailand
Index	13.2	12.2	15.1	20.7	15.8	9.5	15.1	16.7	17.8	13.6	18.0
Discretionary	20.7	25.2	39.5	24.2	11.0	7.1	14.8	35.8	22.3	14.6	40.6
Energy	10.6	7.2	-	13.9	8.2	8.7	26.5	-	-	21.0	10.1
Financials	8.5	4.9	18.4	20.4	17.3	4.7	11.5	10.5	10.6	11.1	12.3
Healthcare	33.0	36.1	-	26.0	22.0	33.9	25.5	-	-	-	34.4
Industrials	10.6	8.9	10.6	27.4	-	9.7	20.1	16.9	54.5	5.7	88.3
Materials	10.7	9.1	-	13.9	28.7	8.2	17.1	-	-	11.5	9.9
Real Estate	9.1	6.6	11.7	48.9	-	-	-	25.7	17.2	-	19.2
Staples	21.7	23.3	11.5	39.9	12.1	12.8	19.9	21.4	11.9	18.4	22.8
Tech	13.9	16.4	-	27.4	-	9.5	-	-	13.5	15.0	46.6
Communication	26.1	24.2	16.2	29.3	17.1	24.6	22.7	14.2	444.8	26.7	25.4
Utilities	16.6	10.9	19.7	13.6	-	-	12.6	20.1	-	-	21.8

Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research.

Figure 54: Asia market and sector P/B (x)

	Asia ex-Japan	China	Hong Kong	India	Indonesia	Korea	Malaysia	Philippines	Singapore	Taiwan	Thailand
Index	1.65	1.38	1.22	3.86	2.59	1.07	1.61	1.91	2.17	2.70	2.14
Discretionary	1.87	2.23	4.80	4.38	1.51	0.65	0.71	3.69	1.19	2.60	4.01
Energy	1.21	0.66	-	1.99	1.41	0.81	3.30	-	-	2.55	1.15
Financials	1.07	0.63	2.36	3.07	2.89	0.48	1.28	1.11	1.36	1.36	1.28
Healthcare	3.89	3.43	-	4.96	4.11	5.97	2.48	-	-	6.73	4.59
Industrials	1.53	1.17	0.93	5.29	-	1.06	1.33	1.75	0.96	2.27	4.77
Materials	1.49	1.65	-	3.29	1.84	0.75	3.16	-	-	1.54	1.19
Staples	3.31	5.06	1.35	10.68	2.34	1.16	2.23	2.79	1.08	3.93	2.65
Tech	2.55	2.74	-	9.18	-	1.41	-	-	1.79	3.57	10.51
Communication	2.49	2.17	2.22	-	4.45	2.65	3.90	2.87	1.24	3.02	5.44
Utilities	1.51	1.25	1.75	3.01	-	0.24	1.25	3.93	-	-	2.63

Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research.

Figure 55: Asia market and sector valuation composite* relative to post-2003 average (in SD terms)

	Asia ex-Japan	China	Hong Kong	India	Indonesia	Korea	Malaysia	Philippines	Singapore	Taiwan	Thailand
Index	0.0	-0.4	-0.5	0.9	0.0	-0.1	-0.7	0.2	2.3	0.9	1.0
Discretionary	0.5	-0.2	1.7	1.0	-1.1	-0.7	0.2	-0.3	0.4	0.3	0.2
Energy	-0.3	-1.3	-	0.7	-1.0	0.1	0.8	-	-	-0.2	-0.7
Financials	-1.3	-1.0	1.0	0.7	1.2	-1.5	-1.0	-1.5	-0.5	-0.2	0.5
Healthcare	0.3	0.4	-	0.4	-0.3	0.1	-1.1	-	-	-	-0.7
Industrials	-0.8	-0.5	-0.8	1.0	-	-0.5	-0.2	0.0	2.9	-1.3	1.7
Materials	-0.4	-0.7	-	0.3	0.3	-0.6	0.8	-	-	-0.5	-0.3
Real Estate	-1.1	-1.1	-0.5	2.3	-	-	-	0.5	0.0	-	-0.3
Staples	0.4	0.6	-0.6	0.9	-1.3	-1.4	-0.2	-0.3	0.1	-0.6	0.2
Tech	1.1	-0.7	-	1.7	-	0.2	-	-	0.7	1.1	1.7
Communication	0.3	-0.7	0.3	0.9	0.7	1.3	-0.1	0.3	19.6	1.4	0.6
Utilities	1.0	-0.7	0.4	0.4	-	-	-1.1	1.4	-	-	1.3

Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research *equally weighted composite of fwd P/E, P/B, EV/EBITDA and FCFE yield

Figure 56: Asia market and sector forward P/E relative to post-2003 average (in SD terms)

	Asia ex-Japan	China	Hong Kong	India	Indonesia	Korea	Malaysia	Philippines	Singapore	Taiwan	Thailand
Index	0.3	0.2	-0.2	1.4	1.0	-0.1	0.3	0.4	3.0	0.0	2.0
Discretionary	3.4	1.5	2.8	1.4	-0.4	-1.0	0.1	0.3	1.4	0.0	0.9
Energy	-0.5	-1.1	-	0.7	-0.6	-0.2	1.0	-	-	0.1	0.0
Financials	-1.7	-1.0	0.7	0.9	1.9	-2.0	-1.0	-1.7	-1.1	-0.6	1.5
Healthcare	1.5	1.2	-	1.5	0.1	0.3	-0.9	-	-	-	0.3
Industrials	-1.7	-0.7	-0.9	1.4	-	-0.5	1.8	0.4	5.8	-1.9	2.3
Materials	-0.5	-0.6	-	0.5	2.4	-0.4	0.3	-	-	-0.7	-0.3
Real Estate	-0.8	-0.6	-0.9	4.6	-	-	-	0.9	-0.2	-	-1.0
Staples	1.0	0.9	-0.3	1.4	-1.2	-0.7	0.1	-0.4	-0.5	-0.5	1.0
Tech	-0.2	-1.4	-	2.3	-	-0.3	-	-	-0.4	0.6	1.6
Communication	2.6	1.9	0.0	1.4	1.0	2.4	0.7	0.6	69.9	1.8	2.3
Utilities	2.0	-0.6	1.2	0.4	-	-	-0.9	2.4	-	-	2.2

Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research

Figure 57: Asia market and sector P/B relative to post-2003 average (in SD terms)

	Asia ex-Japan	China	Hong Kong	India	Indonesia	Korea	Malaysia	Philippines	Singapore	Taiwan	Thailand
Index	-0.10	-0.93	-0.68	1.00	-0.68	-0.43	-1.03	-0.72	2.09	2.67	0.32
Discretionary	-1.32	-1.45	0.81	0.63	-1.27	-1.19	-1.69	-0.62	-1.49	1.07	-0.60
Energy	-0.71	-1.09	-	-0.14	-0.66	-0.89	0.71	-	-	-1.66	-0.96
Financials	-0.85	-1.01	1.19	0.43	0.46	-1.05	-1.09	-1.32	0.10	0.33	-0.58
Healthcare	-0.14	-0.04	-	0.21	-0.55	0.82	-0.37	-	-	-0.44	-1.02
Industrials	0.44	-0.49	-0.49	0.84	-	-0.17	-1.08	-0.83	-1.44	2.36	1.45
Materials	0.25	0.02	-	1.47	-0.93	-0.72	1.71	-	-	-0.28	-1.47
Staples	0.57	1.35	-0.68	0.16	-1.63	-1.86	-0.89	-0.43	-0.37	0.45	-0.50
Tech	2.24	1.01	-	1.63	-	0.51	-	-	0.81	2.37	1.70
Communication	-1.78	-1.19	-0.40	2.66	0.79	0.21	0.20	-0.83	-2.06	1.47	-0.20
Utilities	0.41	-1.37	-1.47	2.32	-	-1.38	-1.71	1.14	-	-	0.99

Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research

Figure 58: Asia market and sector EV/EBITDA relative to post-2003 average (in SD terms)

	Asia ex-Japan	China	Hong Kong	India	Indonesia	Korea	Malaysia	Philippines	Singapore	Taiwan	Thailand
Index	0.5	0.5	-1.4	1.7	0.1	-0.2	-0.6	0.7	4.0	0.1	1.5
Discretionary	0.1	-0.7	0.1	2.9	-1.3	-0.7	-0.1	-0.2	-0.7	-0.4	0.2
Energy	-0.3	-1.0	-	1.4	-1.0	-0.2	1.0	-	-	-0.3	-1.0
Financials	-	-	-	-	-	-	-	-	-	-	-
Healthcare	0.4	0.4	-	1.1	-0.3	-0.5	-1.8	-	-	-0.2	-0.2
Industrials	-0.7	-0.5	-0.7	2.5	-	-0.9	-1.1	0.4	1.1	-2.0	2.3
Materials	-0.8	-1.0	-	0.4	0.1	-1.2	0.7	-	-	-1.1	0.2
Staples	0.0	0.8	-1.1	1.8	-1.3	-1.4	-0.5	-0.4	-0.7	-0.6	0.4
Tech	1.4	0.1	-	2.2	-	0.0	-	-	1.3	1.0	1.8
Communication	1.3	0.0	1.5	0.5	1.1	2.0	-0.6	-0.2	12.0	1.2	0.5
Utilities	1.3	-0.6	0.5	-0.4	-	12.1	-1.1	1.8	-	-	1.9

Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research

Figure 59: Asia market and sector FCF yield relative to post-2003 average (in SD terms)

	Asia ex-Japan	China	Hong Kong	India	Indonesia	Korea	Malaysia	Philippines	Singapore	Taiwan	Thailand
Index	0.9	1.4	-0.2	0.6	0.6	-0.4	1.4	-0.4	-0.1	-0.6	-0.3
Discretionary	0.2	0.3	-3.0	0.9	1.3	-0.4	-2.7	0.5	-2.4	-0.7	-0.4
Energy	-0.4	2.1	-	-0.7	1.5	-1.7	-0.3	-	-	-0.9	0.8
Financials	-	-	-	-	-	-	-	-	-	-	-
Healthcare	0.4	0.0	-	1.1	0.4	0.4	1.4	-	-	0.5	2.1
Industrials	1.1	0.4	0.9	0.8	-	0.4	0.2	0.0	-6.2	3.5	-0.6
Materials	0.4	1.2	-	1.2	0.1	0.1	-0.5	-	-	-0.1	-0.5
Staples	0.2	0.5	0.3	-0.4	1.1	1.8	-0.6	0.1	-2.1	1.8	0.1
Tech	-0.8	2.7	-	-0.5	-	-0.5	-	-	-1.0	-0.5	-1.6
Communication	1.0	3.6	-0.2	0.9	0.3	-0.7	0.8	-1.6	1.6	-0.9	0.2
Utilities	-0.3	0.4	-1.2	0.6	-	-2.1	0.6	-0.4	-	-	-0.2

Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research

Economic Calendar for the Week Ahead

Figure 60: Weekly Economic calendar for Asia

Monday	Tuesday	Wednesday	Thursday	Friday
21 Mar New Zealand: Trade balance (10:45am) Feb Hong Kong: CPI (4:30pm) Feb <u>2.2%oya</u> Taiwan: Export orders (4:00pm) Feb <u>12.2%oya</u>	22 Mar	23 Mar Korea: PPI (6:00am) Feb <u>8.7%oya</u> Singapore: CPI (1:00pm) Feb <u>4.2%oya</u> Taiwan: IP (4:00pm) Feb <u>11.9%oya</u>	24 Mar Philippines: BSP monetary policy meeting <u>No change</u> Taiwan: Unemployment rate (4:00pm) Feb <u>3.68% SA</u>	25 Mar Malaysia: CPI (12:00pm) Feb <u>2.5%oya</u> Singapore: IP (1:00pm) Feb <u>24.3%oya</u>
During the week: Thailand: Mfg. Production Feb (25-30 Mar) Vietnam: CPI Mar (25-31 Mar)				

Source: J.P. Morgan Economics

Index Events in the Week Ahead

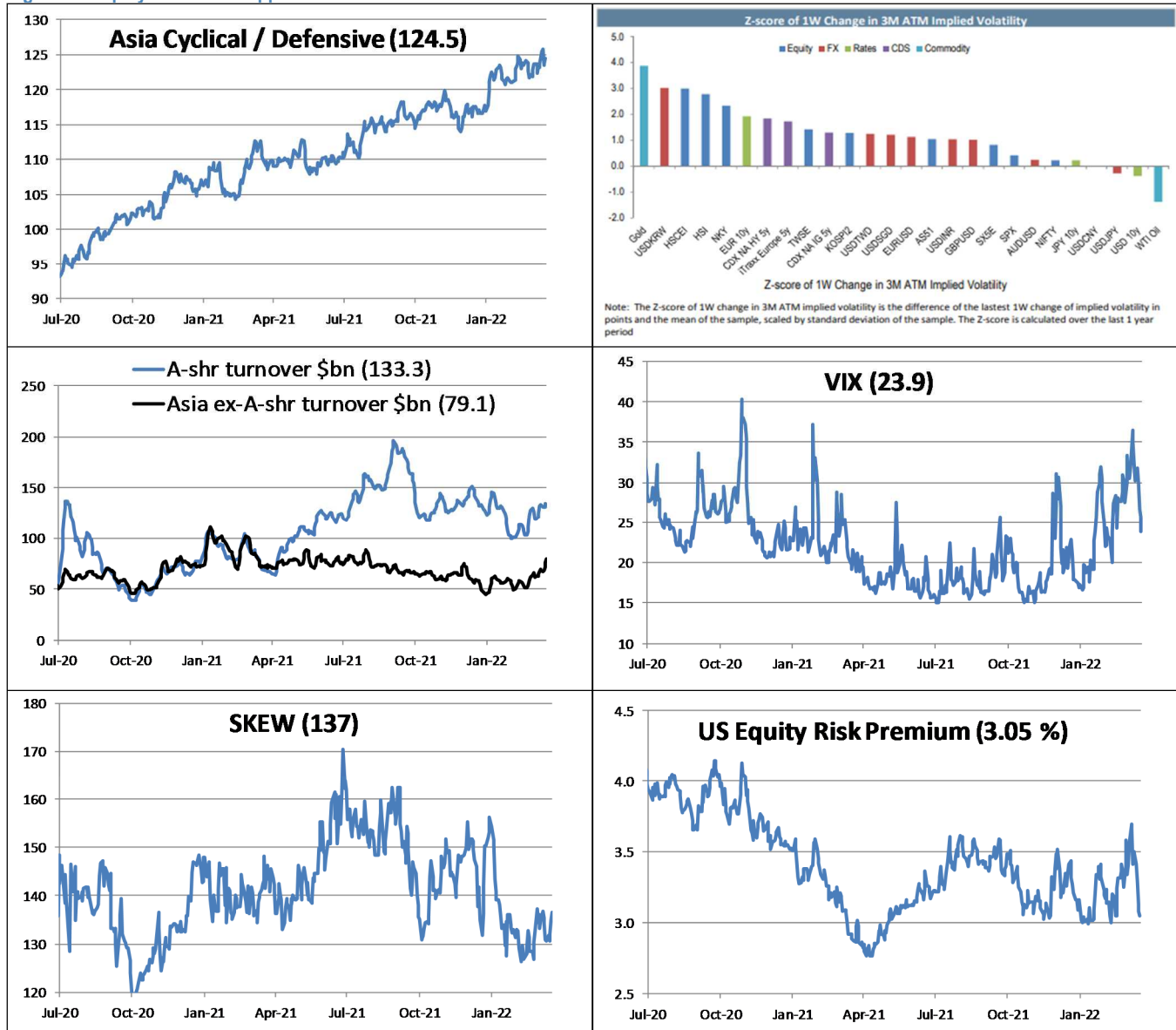
Figure 61: Asia-Pac Index related events in the next three weeks ahead and estimated resultant passive flows

Company Information			Index Information			Estimated Flows		
			Index and Event			Passive Flows		
Exch	BBG Ticker	Name	Effective (COB)	Status	Index	Change	Value (\$m)	\$s (m) %ADV
AP	IIFLWAMIN	Ifl Wealth Management Ltd	21-Mar	C	FTSE All World S	Add	23.9	1.173 1848%
KS	003380 KS	Harim Holdings Co., Ltd.	21-Mar	C	KOSDAQ150	S Dec	-0.1	-0.012 -3%
AT	API AT	Aust Pharma Indu	22-Mar	C	MSCIEAFE SC	Delete	-7.9	-7.134 -439%
AT	API AU	Australian Pharma Indus Ltd	22-Mar	C	FTSE All World S	Delete	-12.5	-11.396 -717%
JT	2980 JT	Sre Holdings Cor	22-Mar	C	MSCIEAFE SC	F Inc	1.2	0.056 11%
HK	- HK	Tencent Holding (Detached)	25-Mar	C	MSCI Asia ex Jap	Delete		
HK	9618 HK	Jd.Com Inc - Cl A	25-Mar	C	MSCI Asia ex Jap	F Inc	-19.3	-0.555 -8%
KP	005940 KP	Nh Investment & Securities C	25-Mar	C	MSCI Asia ex JP	S Inc & F Dec	0.5	0.059 12%

Source: J.P. Morgan Index Research. Note: Status of the event (Confirmed (C), Expected (E) or Forecasted (F)). "Index" is Main index impacted by the event

Macro and Market Indicators

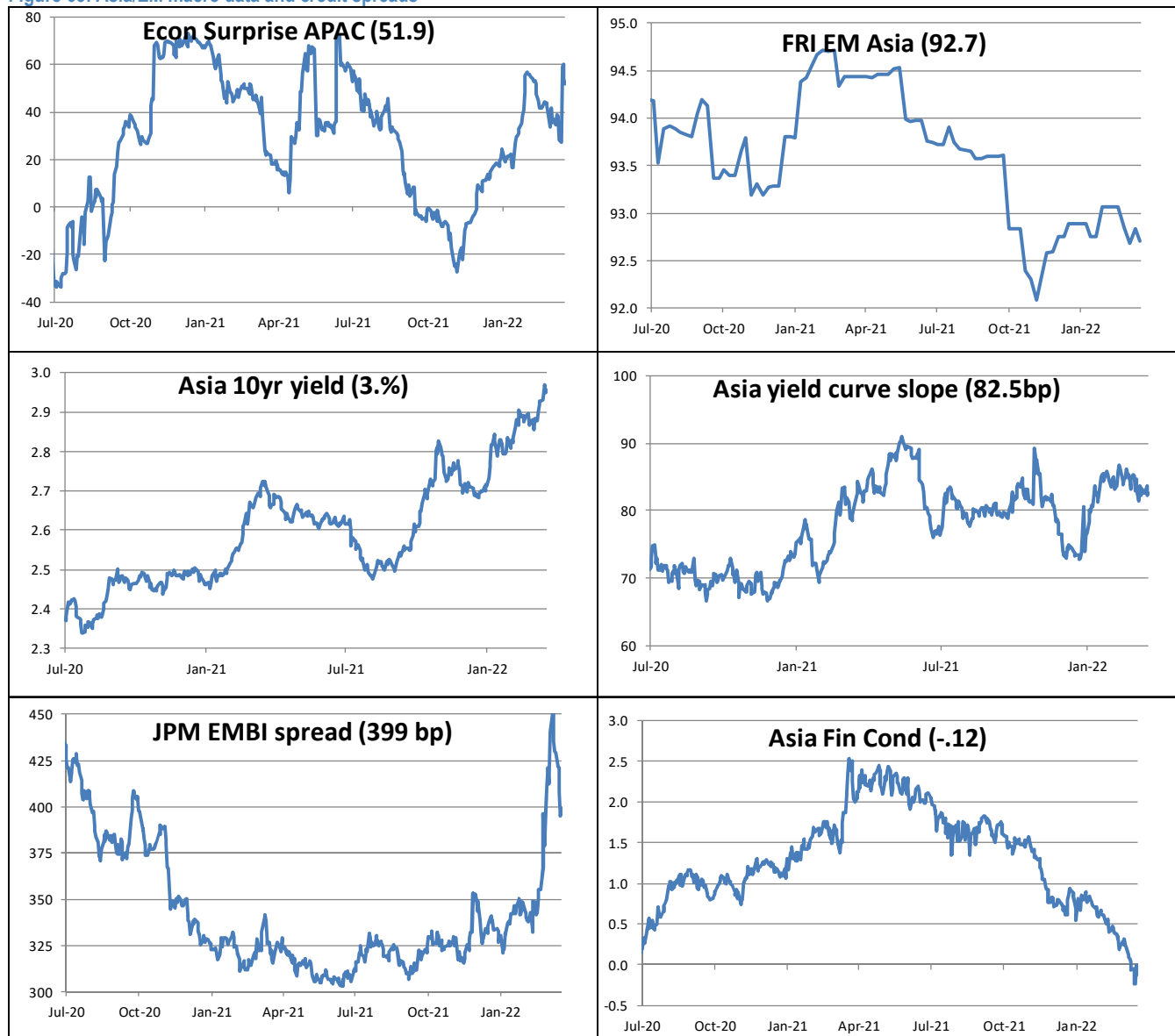
Figure 62: Equity market risk appetite indicators



Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research

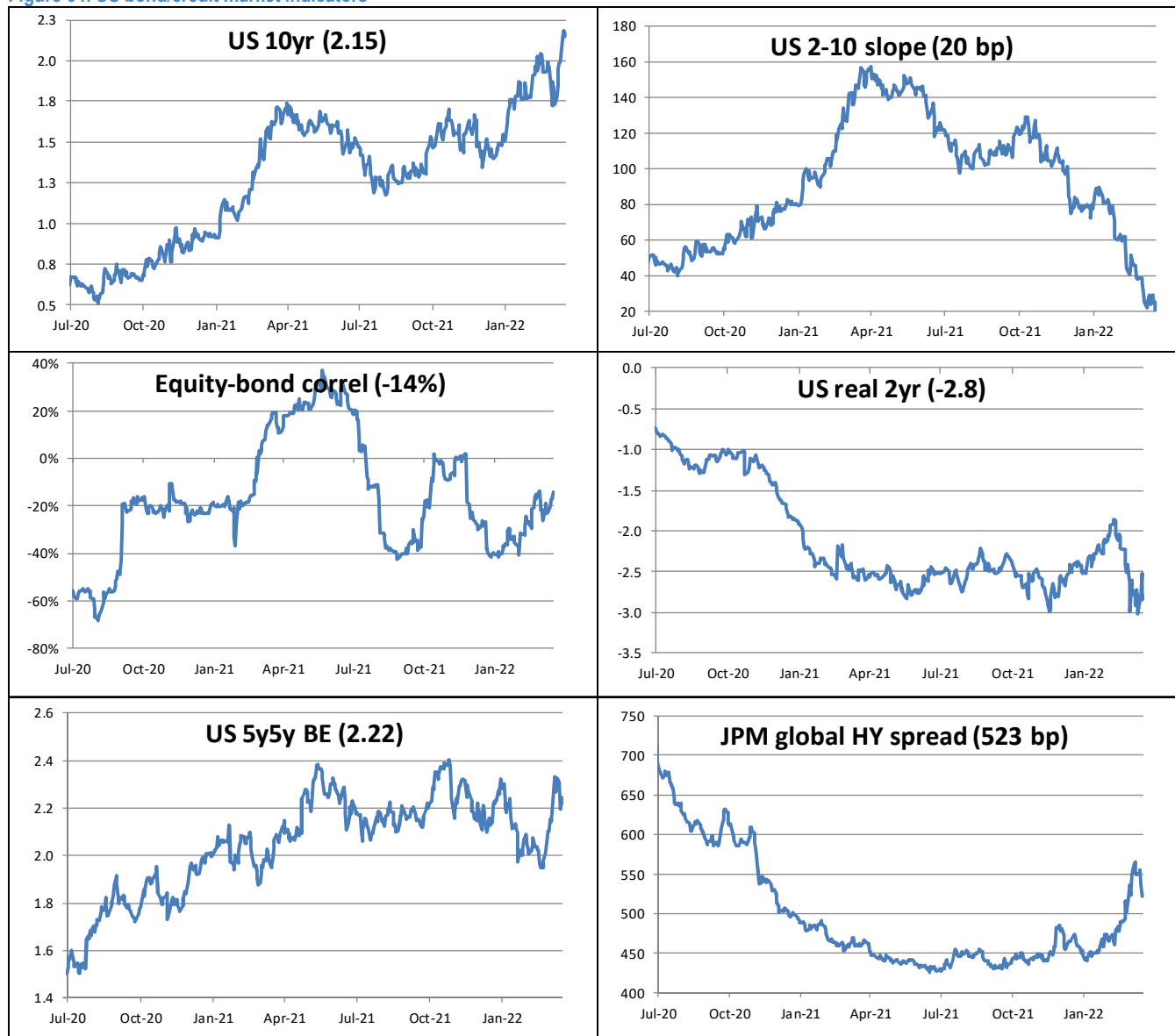
- Z-score of 1W change in volatility: The Z-score of 1W change in 3M ATM implied volatility is the difference of the latest 1W change of implied volatility in points and the mean of the sample, scaled by standard deviation of the sample. The Z-score is calculated over the last 1 year period.
- Skew: CBOE skew index, measures the extent to which S&P500 downside volatility is overpriced/underpriced compared to upside volatility
- US Equity Risk Premium: US 12m forward earnings yield minus 10yr bond yield.

Figure 63: Asia/EM macro data and credit spreads



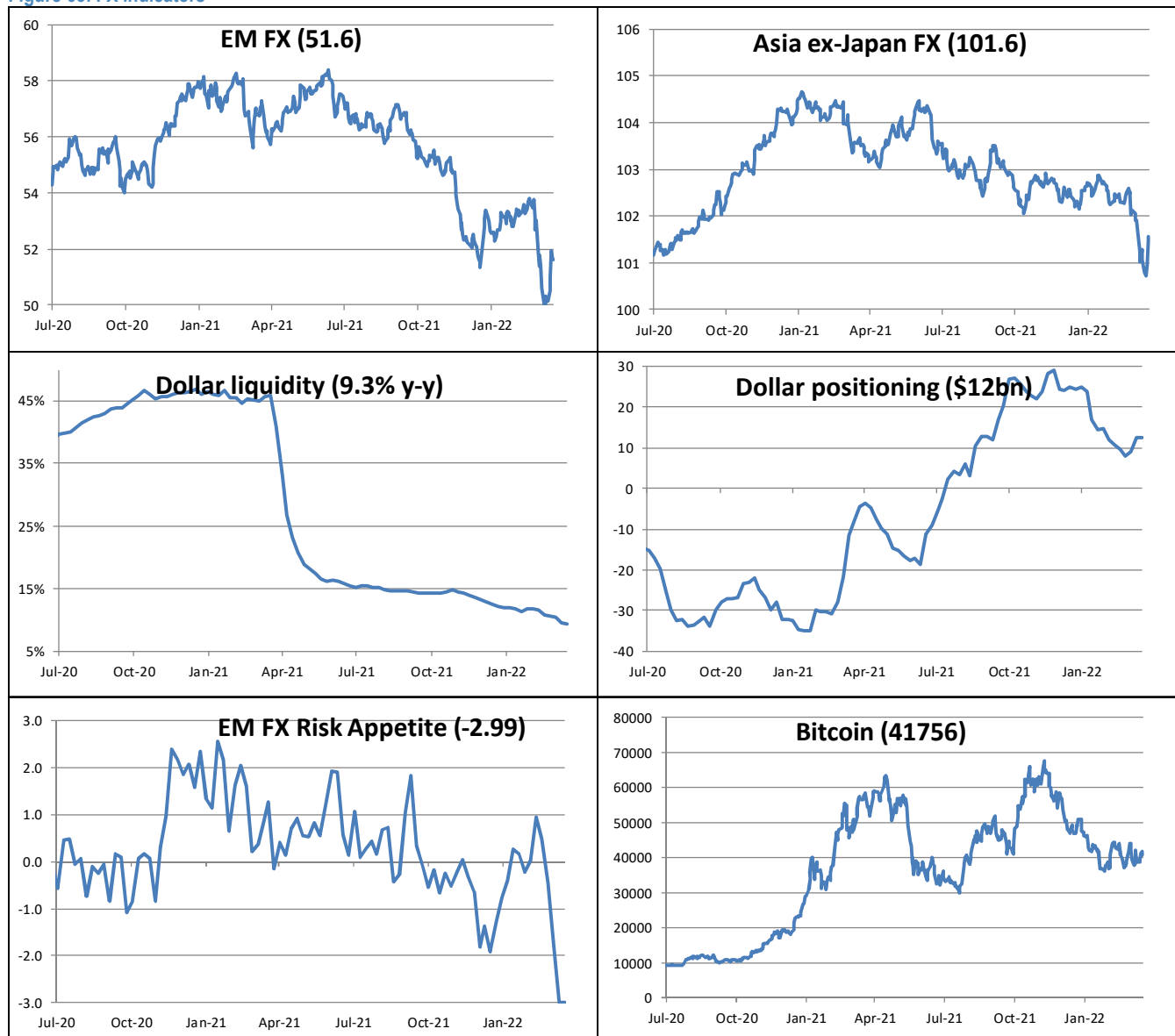
Source: Bloomberg Finance L.P., J.P. Morgan Economics, J.P. Morgan Equity Macro Research

Figure 64: US bond/credit market indicators



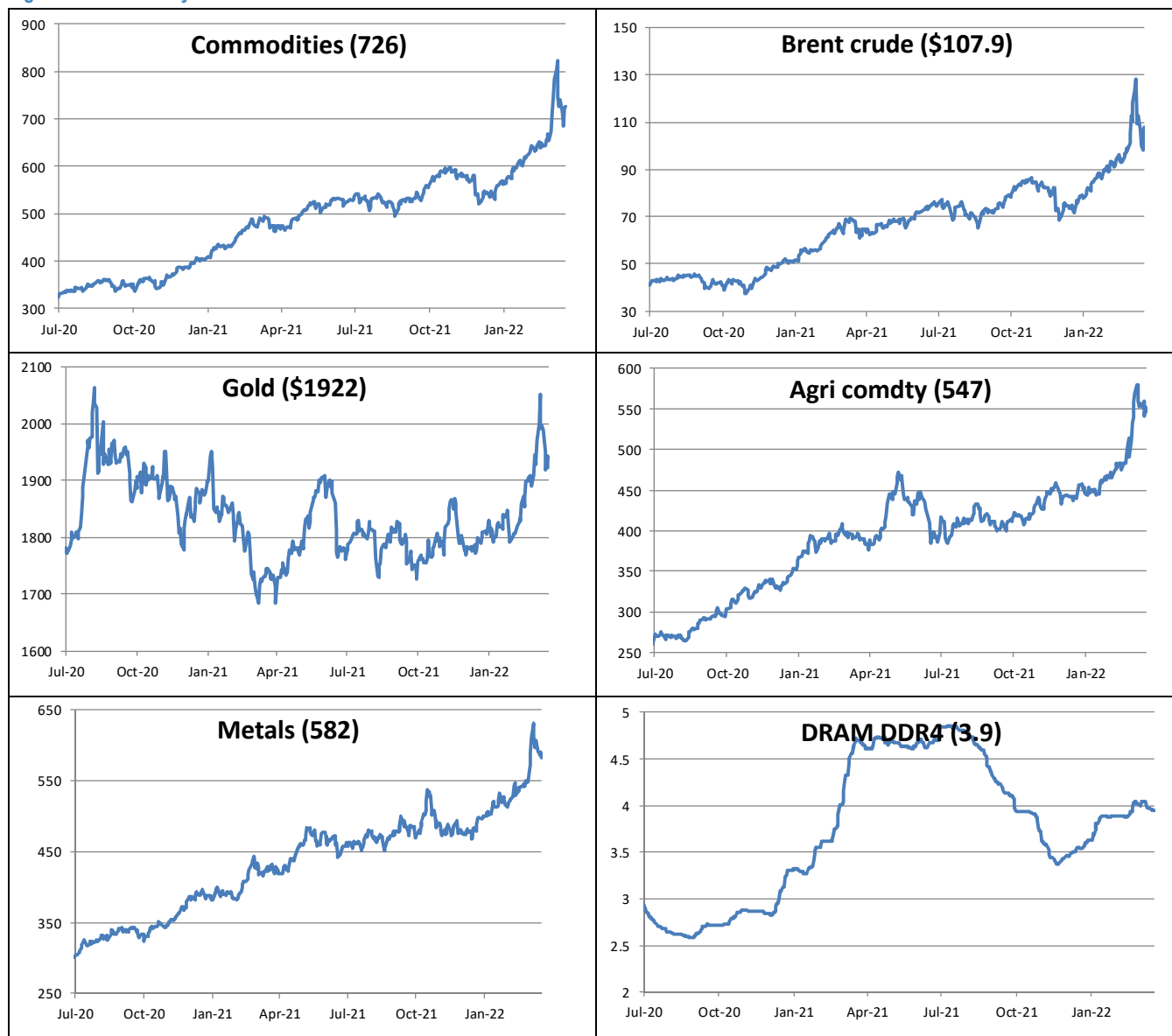
Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research

Figure 65: FX indicators



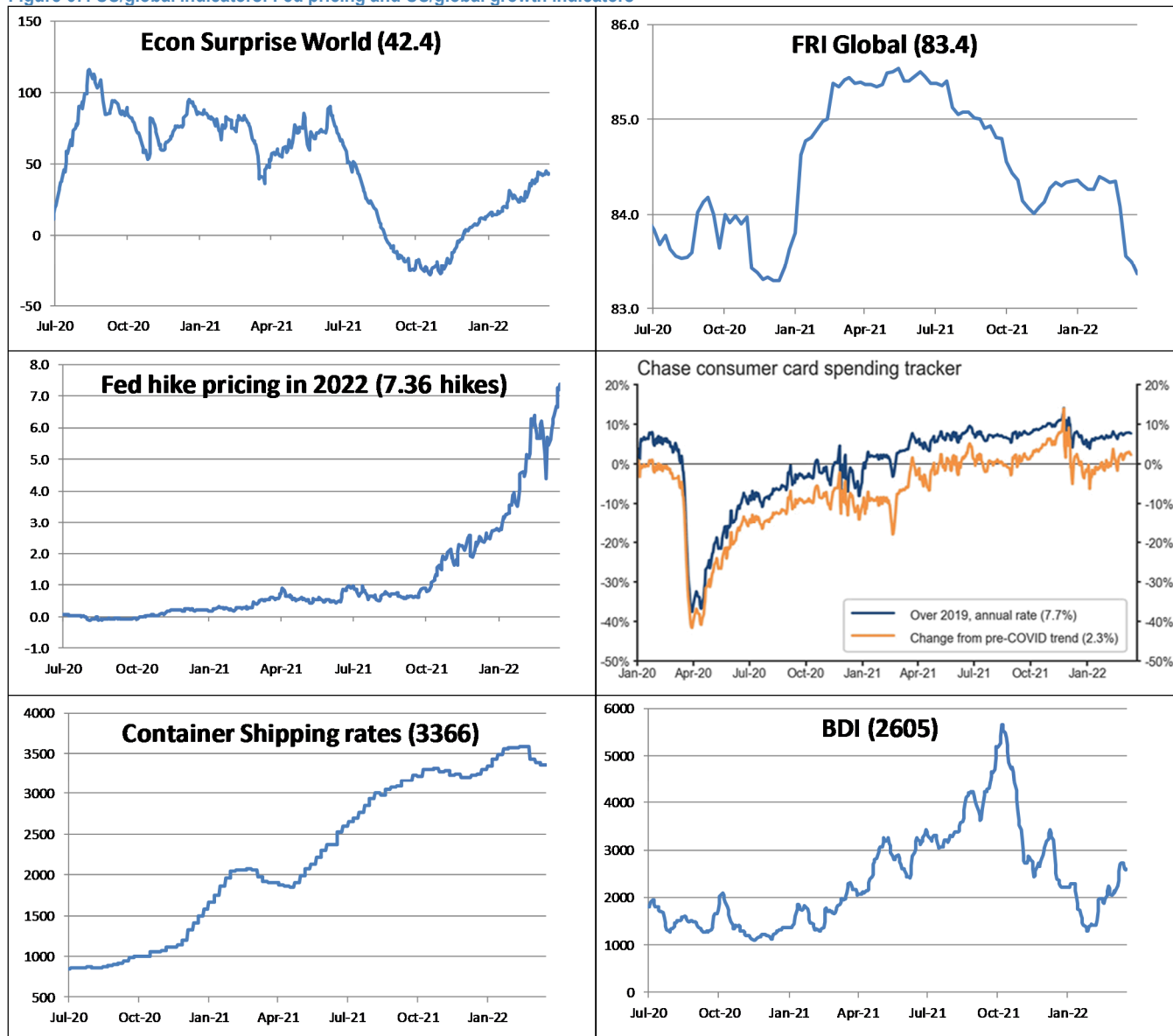
Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research.

Figure 66: Commodity indicators



Source: Bloomberg Finance L.P., J.P. Morgan Equity Macro Research

Figure 67: US/global indicators: Fed pricing and US/global growth indicators



Source: Bloomberg Finance L.P., J.P. Morgan Economics, J.P. Morgan Equity Macro Research.

- FRI is the J.P. Morgan Forecast Revision Index aggregating cumulative changes to real GDP growth forecasts over a rolling four quarter period.

Recent Publications

What's oversold in Asia now? (03/14/2022): Post the sharp sell-off in HK-China equities today (14 Mar), we enhance our screen of attractive oversold names in the region. We highlighted earlier today that foreign fast money selling in China appears already stretched, while retail and local positioning has been steady. While the list of issues to worry about is quite long, historically, post sharp pullbacks in MSCI China (20% in a month), the index tends to bottom out on average. Stepping back, favorable macro conditions and growth boosting measures (rising credit impulse) should provide a floor.

Market clusters now show greater demarcation by rate sensitivity than policy impact (03/03/2022): We update the correlations and refresh the clusters in major Asian markets (China, China A, Korea, Taiwan and India). At a macro level, we note that the biggest driver of market differentiation (after Value) is interest rate sensitivity. In each market, we highlight clusters that are likely to continue to outperform (persistent momentum), reverse underperformance (positioned for catch-up) and underperform (vulnerable to a drawdown). We recently called for a tactical peak in Value, and tactically prefer a barbell of Commodity and oversold Growth stocks. For markets, our framework OWs remain in China and ASEAN.

Asia Factor Reference Handbook (01/18/2022): In our Asia factor reference book, we take a close look at the 20yr performance, characteristics, advantages and pitfalls of 60+ individual factors broadly classified into 5 common factor families – Value, Growth, Quality, Momentum, and Volatility/Size. We provide detailed analysis of various factor characteristics, including their predictive power, payoff distributions, risk profiles, correlation properties, sensitivities to various macro indicators and phases of the business cycle, and effectiveness within different markets and sectors.

Earnings revisions in Asia have likely bottomed; Bright spots in Banks, Software, Insurance, Telecom, Energy (01/07/2022): We believe that the earnings revision breadth in Asia has likely bottomed due to 1) healthy Dec PMIs and a recovery in economic data surprises 2) macro data suggesting a beat in 4Q earnings 3) Growth-supportive policy newsflow from China. The industries best set up for upcoming upgrades are Banks, Software, Energy, Insurance and Telecoms. On the other hand, Materials, Cap Goods, Transportation and Utilities are most likely to face earnings pressures.

A quantitative toolkit for short ideas (12/06/2021): With the falling cost of accessing market beta, demand continues to shift towards uncorrelated returns and Alternative assets. Better identifying shorting opportunities is not only a substantial return opportunity, but also a key building block of a market-neutral investment strategy. In this report and screen, we outline 25 strategies (Fundamental, Technical, Macro, Arbitrage, Alt Beta and Thematic) to identify potential downside risks and map these risks across stocks.

Leveraging NLP to assess stock-level impacts of rising costs, supply chain stress and company guidance (11/24/2021): Shortages, cost increases and a wobbly Asian business cycle had raised concerns coming into 3Q that fundamentals had weakened substantially. But 3Q earnings results were stronger than expected (EPS ahead of consensus by ~5%) with only modest signs of margin deterioration. We leverage our proprietary Smartbuzz framework (based on NLP) to interpret management commentary post 3Q around the themes of supply chain disruptions, cost pressures and forward guidance.

When everyone is an investor (11/17/2021): Triggered initially by more time suddenly spent at home during COVID, strong performance of global equities and excess savings have subsequently sustained a surge in retail participation in equity markets. We look at trends in retail participation and buying across the region using a variety of data (trading volumes, margin lending, search trends and app usage). We remain bullish on India/ASEAN and close our UW in Korea. Sector wise, we prefer Banks, Internet, Re-opening, Property and Memory names.

Analyzing stock-level investor positioning as a factor (10/8/2021): We introduce a new dataset of stock-level positioning based on mutual funds' reported holdings. Based on this data, we build a Positioning factor that looks at both the relative average investor allocation vs benchmark and the number of funds holding each stock. We also update our style, country and sector allocation. After a period of tactical preference for Momentum between the June to Sep FOMCs, we believe conditions have aligned for the Value rally to restart. We downgrade Taiwan to UW and upgrade India and HK to OW.

Analyzing stock clusters to identify trade opportunities and manage risk dynamically (08/25/2021): We update the correlations and refresh the clusters in major Asian markets (China, China A, Korea, Taiwan and India). Also, we aggregate performance, valuations, earnings revisions and turnover to assess rotations more comprehensively. Momentum seems to be peaking tactically in the near term due to crowding while upside drivers are emerging for Value. We remain OW on Taiwan and SG while we downgrade India and Korea due to elevated valuations.

After the Crash: Status Check on China and Regional Equities (07/29/2021): Last weekend's finalization of new policies for tutoring companies in China catalyzed a swift correction in China, particularly in new economy stocks. Regulatory headwinds are likely to continue in areas such as gaming, data usage and protection, anti-trust, labor protection and platform fees. We would turn more constructive on China when one of these happen – China sentiment hits bottom, valuations hit trough, positioning hits bottom, regulatory moves approach conclusion, or monetary policy eases.

The state of earnings: Downplaying downside risks; Assessing likely areas of upgrades (07/19/2021): We believe cycle-end concerns are very premature and should ease soon. Our macro model for MXASJ earnings suggests ~35% growth in 2021 followed by ~12% in 2022 for \$54 and \$60.5 EPS. The relative performance of earnings in different segments in the market is also important and we use a variety of methods to judge earnings revisions in major sectors. Broadly speaking, our analysis suggests that earnings revisions should continue to be better in Value (Energy, Capital Goods, Banks) vs Growth (Semis, Autos, HealthCare) segments in the coming months.

Balancing structural trends with cyclical transitions (07/04/2021): The Fed's hawkish turn in the FOMC and likely peaking of fiscal support in the US signal a pause in the reflation trend, giving way to more cyclical dynamics in the interim. We recommend a tactical shift from Value to a more diversified exposure. Growth thematics which are aligned with policy objectives (like de-carbonization, IA, localization) and which have strong earnings momentum look attractive.

Thematic Investing Handbook (06/10/2021): Thematic investing can be seen as a combination of investing in custom defined, emerging industry sectors and momentum investing. We introduce the JPM QUEST framework, which leverages NLP and machine learning to capture a more dynamic and accurate representation of themes. Themes covered in this report include Digitalization, Innovation, Industry 4.0, Sustainable Resources and Macro.

Status check on the structural Value call; Can risk parity portfolios still work in Asia? (04/27/2021): The recent correction in Growth has only modestly closed the dislocation in terms of performance, valuations and dispersion that has existed since mid-2020 vis-a-vis Value. We think Value should be the building philosophy of portfolios and recommend allocating a third of the portfolio each in Value, QARP and GARP. Also, risk parity portfolios in Asia outperform equities, bonds and equal weighed portfolios on a risk adjusted basis and are likely to do well in the future as well.

Using clusters to track thematic shifts; All four parts of the Value trade in play (03/08/2021): Value performance has surged since mid-Feb and in the near-term we see favorable developments on all four aspects of the Value trade: Re-opening Value, Commodity/Stimulus Value, Macro/Reflation Value and Anti Momentum-Laggard Value. Also, we group stocks in major Asian markets (China, China A, Korea, India) into clusters to help us identify where Style views require additional nuance, and where Style views could be overpowered by other Thematic or macro drivers.

Structural factors shifting in favor of Value, downgrading Growth after a strong 2yr run (01/22/2021): After more than a decade of mixed performance, we believe the structural drags on Value performance could ease in 2021 due to sustained fiscal easing (post the Democratic sweep in the US), increased platform regulation and potentially higher inflation. We shift our previously tactical Value OW to a more core recommendation and downgrade Growth to Neutral. Beyond this internal rotation, the overall market may remain range-bound as much of the positive drivers seem to be priced in.

Is the great Value rotation of 2021 already here? (01/06/2021): Preliminary vote counts in the Georgia runoffs suggest that Democrats might eke out a narrow majority in the Senate. This will likely lead to sustained fiscal easing in the US which would be a game-changer for Value stocks. Potentially, two other factors may also contribute to Value outperformance over the course of 2021; increased regulations on platforms and a faster than expected return of inflation.

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