

Top News* China Power Crunch Is Next Economic Shock Beyond Evergrande

China may be diving head first into a power supply shock that could hit Asia's largest economy hard just as the Evergrande crisis sends shockwaves through its financial system.

The crackdown on power consumption is being driven by rising demand for electricity and surging coal and gas prices as well as strict targets from Beijing to cut emissions. It's coming first to the country's mammoth manufacturing industries: from aluminum smelters to textiles producers and soybean processing plants, factories are being ordered to curb activity or -- in some instances -- shut altogether.

Almost half of China's 23 provinces missed energy intensity targets set by Beijing and are now under pressure to curb power use. Among the worst hit are Jiangsu, Zhejiang and Guangdong -- a trio of industrial powerhouses that account for nearly a third of China's economy.

The worsening power crunch in China reflects extremely tight energy supply globally that's already seen chaos engulf markets in Europe. But China's energy crisis is partially of its own making as President Xi Jinping tries to ensure blue skies at the Winter Olympics in Beijing next February and show the international community he's serious about de-carbonizing the economy.

Yunnan Aluminum Co., a \$9 billion producer of the metal used in everything from cars to soda cans, has curtailed output due to pressure from Beijing. The shock is also being felt in China's giant food sector. Soybean crushers, which process the crop into edible oils and animal feed, were ordered to shut this week in the city of Tianjin.

According to Nikkei, suppliers to Apple Inc. and Tesla Inc. halted production at some of their sites in China on Sunday. Foxconn's facilities in Longhua, Guanlan, Taiyuan and Zhengzhou -- the world's largest iPhone manufacturing complex -- remained unaffected by the power-supply restrictions, the report said.

Market News APAC

- China's biggest offshore oil driller plans to raise 35 billion yuan (\$5.4 billion) by listing new shares on the mainland after the New York Stock Exchange said it would delist the firm earlier this year following U.S. sanctions. The driller will issue up to 2.6 billion new shares and will use the proceeds for project development, with excess funds to be used for working capital, it said.
- Japanese stocks related to economic reopening, such as airlines, train operators and restaurant chains, gained after reports the government is planning to lift the Covid-19 states of emergency for the entire country at the end of this month.

| Indices Asia | Last | Change | YTD |
|--------------------|----------|--------|---------|
| Nikkei225 | 30347.07 | 0.32% | 10.53% |
| KOSPI Comp | 3144.64 | 0.62% | 9.40% |
| S&P/ASX200 | 7413.50 | 0.97% | 12.59% |
| Hang Seng | 24441.74 | 1.03% | -10.14% |
| Shanghai Comp. | 3616.66 | 0.10% | 4.39% |
| TWSE Taiwan | 17327.27 | 0.39% | 17.56% |
| MSCI Singapore | 1659.65 | -0.50% | 9.50% |
| MSCI Malaysia | 491.88 | -0.38% | -8.40% |
| JCI Indonesia* | 6147.18 | 0.04% | 2.83% |
| SET Thailand* | 1631.15 | 0.71% | 12.54% |
| PCOMP Philippines* | 6975.97 | 0.35% | -2.34% |
| VN-Index* | 1351.17 | -0.12% | 22.40% |
| Sensex India* | 60048.47 | 0.27% | 25.75% |

*as of yesterday

| Indices USA | Yesterday | Change | YTD |
|-------------|-----------|--------|---------|
| DJIA | 34798.00 | 0.10% | 13.69% |
| S&P500 | 4455.48 | 0.15% | 18.62% |
| Nasdaq100 | 15329.68 | 0.09% | 18.94% |
| VIX | 17.75 | -4.72% | -21.98% |

| Indices Europe | Yesterday | Change | YTD |
|----------------|-----------|--------|--------|
| EuroStoxx50 | 4158.51 | -0.87% | 17.05% |
| SMI | 11817.20 | -1.02% | 10.40% |
| DAX | 15531.75 | -0.72% | 13.22% |
| MSCI UK | 6935.58 | -0.84% | 12.83% |
| CAC40 | 6638.46 | -0.95% | 19.58% |

| Currencies | Last | Change | YTD |
|------------|------------|--------|---------|
| USD/CHF | 0.9251 | 0.03% | -4.28% |
| EUR/USD | 1.1723 | 0.03% | -4.02% |
| GBP/USD | 1.3676 | -0.02% | 0.07% |
| USD/JPY | 110.6500 | -0.07% | -6.68% |
| AUD/USD | 0.7285 | 0.32% | -5.28% |
| NZD/USD | 0.7028 | 0.19% | -2.13% |
| USD/KRW | 1175.9200 | -0.06% | -7.55% |
| USD/HKD | 7.7835 | -0.03% | -0.39% |
| USD/SGD | 1.3515 | -0.16% | -2.17% |
| USD/THB | 33.3720 | -0.19% | -10.19% |
| USD/IDR | 14265.0000 | 0.05% | -1.49% |
| USD/INR | 73.6925 | 0.07% | -0.84% |
| USD/PHP | 50.8570 | 0.44% | -5.56% |
| USD/TWD | 27.6930 | -0.08% | 1.44% |
| USD/CNH | 6.4568 | -0.08% | 0.73% |

| Treasury | Yield | Change | YTD |
|----------|-------|--------|--------|
| US10Y | 1.45 | 0.00% | 53.27% |
| EUR10Y | -0.23 | 0.03% | N.A. |
| JGB10Y | 0.05 | 0.00% | 3.50% |
| AUD10Y | 1.40 | -0.01% | 42.75% |
| NZD10Y | 2.01 | 0.00% | 2.49% |
| CNY10Y | 2.86 | 0.00% | N.A. |

| Commodities | Last | Change | YTD |
|-----------------|---------|--------|---------|
| Gold | 1759.69 | 0.53% | -7.30% |
| Silver | 22.65 | 1.03% | -14.13% |
| Brent Crude Oil | 79.33 | 1.59% | 55.89% |

Singapore Time:

10:12:10 am

What to Watch*

- Evergrande NEV Ends Proposed Shanghai Star Board Listing
- Chinese Regulators Are Serious About Banning Crypto This Time
- PBOC Says Antitrust Fight in Payment Sector Needs to Be Deepened
- Alibaba Invests in Singapore Logistics Unicorn Ninja Van
- Crude Oil Extends Rally as WTI Tops \$75 on Global Energy Crunch
- DBS CEO Says Evergrande Doesn't Pose Systemic Risk to Asia Banks
- Didi's Closest China Rival Eyes New Fundraising, Potential IPO

Market News EU & US

- Retail investors are betting that Wall Street's pessimism on the U.S. stock market is misplaced. Individuals have stuck to their dip-buying ways this week, plowing \$4.84 billion into the market since Monday, data compiled by Vanda Research show. In contrast, institutional traders pulled \$28.6 billion from U.S. equity funds in the week through Sept. 22 amid risks from tapering to China Evergrande Group's debt crisis. The day-trading crowd remained focused on exchange-traded funds like SPDR S&P 500 ETF Trust and Invesco QQQ Trust Series 1 as well as technology giants like Apple Inc., Facebook Inc., and Microsoft Corp. So-called meme stocks like AMC Entertainment Holdings Inc. and Lucid Group Inc. continued to get some love from retail traders using platforms like Fidelity. In addition to buying the broader market's declines, retail traders were quick to scoop up shares of DraftKings Inc. when the stock fell 7.4% on news surrounding its move to buy U.K. gambling company Entain Plc. and Facebook Inc. on Wednesday when the company warned that Apple Inc.'s new data-collection restrictions will hit digital ad sales. That optimism isn't entirely misplaced. The S&P 500 Index has soared more than 1,000% over the past three decades, despite massive corrections after the dot-com bubble and the 2008 financial crisis. And it took less than six months for the S&P 500 to snap back from a 34% drop as the coronavirus shuttered the global economy. Wall Street's argument for an impending selloff centers on the stock market simply being overheated. Strategists from Goldman Sachs Group Inc., Morgan Stanley and Citigroup Inc. have sounded the alarm in recent weeks surrounding the spreading delta variant and moves by central banks to end stimulus programs.

- Prudential Plc has raised as much as \$2.4 billion from its Hong Kong share offering after pricing the stock at a slight discount to its last close in Hong Kong. The London-based insurer is selling up to 130.8 million shares at HK\$143.80 apiece, it said in a statement on Saturday. Prudential plans to use proceeds from the offering to redeem existing high coupon debt, with the balance to contribute to investments in Asia and Africa, where Group Chief Executive Mike Wells has said the company will be "entirely focused on long-term structural growth opportunities." The prospective price represents a discount of 2.6% on the stock's last close in Hong Kong. The company said in a statement to the Hong Kong stock exchange that dealings in the offer shares would commence on October 4, subject to approval. The offering comes just over a week after Prudential completed the demerger of its U.S. unit, Jackson Financial Inc, a move that may accelerate its competition with pan-Asia life insurer rival AIA Group. The insurance conglomerate, already a leading player in Southeast Asian markets except Thailand, will face off more fiercely with AIA in China, which is the world's most populous nation and has a growing middle-class. Prudential's share sale is one of Hong Kong's largest additional offerings of stock this year, giving a boost to a market that has been hit by China's regulatory clampdown. Executive Director James Turner said last week that the regulatory direction is favorable, as it moves to improve the quality of protection products that are sold to its customers.

Overnight News

- Treasuries at Risk as Fed Paves the Way for a Breakout in Yields
- SEC Punts on 'Unreasonable' Rule That Surprised Bond Traders
- Pelosi Vows Infrastructure to Pass This Week Amid Biden Optimism
- Scholz Has Edge After German Election Leaves Outcome Undecided
- Gazprom Ready to Increase Gas Supplies to Europe, Tass Says

Earnings Releases (Singapore Time)

- Nine Dragons Paper Holdings Lt (2689 HK)
- Shimamura Co. (8227 JP)

Rating Changes (Source: Bloomberg)

- Sinopec Engineering H Shares (2386 HK) reinstated overweight at JPMorgan
- Daikin (6367 JP) cut to neutral at Macquarie; PT 26,500 Yen

Key Economic Event for this Asia-Pacific week (Last Update on 27 September 2021)

| Time | SG/Country | Event | For | Survey | Prior |
|--|------------|---------------------------------|--------|--------|---------|
| Monday, 27 September 2021 | | | | | |
| 13:00 | JN | Leading Index CI | Jul F | -- | 104.1 |
| 16:00 | TA | Industrial Production YoY | Aug | 12.70% | 13.93% |
| Tuesday, 28 September 2021 | | | | | |
| 9:30 | AU | Retail Sales MoM | Aug | -2.50% | -2.70% |
| 12:00 | MA | Exports YoY | Aug | 14.60% | 5.00% |
| 12:00 | MA | Imports YoY | Aug | 25.40% | 24.00% |
| 12:00 | MA | Trade Balance MYR | Aug | 11.00b | 13.68b |
| 16:30 | HK | Exports YoY | Aug | 25.80% | 26.90% |
| 16:30 | HK | Imports YoY | Aug | 28.90% | 26.10% |
| 16:30 | HK | Trade Balance HKD | Aug | -30.9b | -35.0b |
| Wednesday, 29 September 2021 | | | | | |
| 15:05 | TH | BoT Benchmark Interest Rate | Sep-29 | 0.50% | 0.50% |
| Thursday, 30 September 2021 | | | | | |
| 7:50 | JN | Industrial Production MoM | Aug P | -0.50% | -1.50% |
| 7:50 | JN | Industrial Production YoY | Aug P | 12.10% | 11.60% |
| 7:50 | JN | Retail Sales MoM | Aug | -1.70% | 1.10% |
| 7:50 | JN | Retail Sales YoY | Aug | -1.00% | 2.40% |
| 9:00 | CH | Non-manufacturing PMI | Sep | 49.3 | 47.5 |
| 9:00 | CH | Manufacturing PMI | Sep | 50.2 | 50.1 |
| 9:00 | CH | Composite PMI | Sep | -- | 48.9 |
| 9:00 | PH | Unemployment Rate | Aug | -- | 6.90% |
| 9:45 | CH | Caixin China PMI Mfg | Sep | 49.5 | 49.2 |
| 15:30 | TH | Exports YoY | Aug | -- | 21.70% |
| 15:30 | TH | Imports YoY | Aug | -- | 36.60% |
| 15:30 | TH | Trade Balance | Aug | -- | \$3361m |
| 16:30 | HK | Retail Sales Value YoY | Aug | 9.20% | 2.90% |
| 16:30 | HK | Retail Sales Volume YoY | Aug | 6.90% | 0.90% |
| Friday, 1 October 2021 | | | | | |
| (Exchange Holiday: Hong Kong, Shanghai, Shenzhen) | | | | | |
| 7:30 | JN | Jobless Rate | Aug | 2.90% | 2.80% |
| 7:50 | JN | Tankan Large Mfg Index | 3Q | 13 | 14 |
| 7:50 | JN | Tankan Large Non-Mfg Index | 3Q | 0 | 1 |
| 7:50 | JN | Tankan Large All Industry Capex | 3Q | 9.30% | 9.60% |
| 7:50 | JN | Tankan Small Mfg Index | 3Q | -9 | -7 |
| 7:50 | JN | Tankan Small Non-Mfg Index | 3Q | -11 | -9 |
| 12:00 | ID | CPI NSA MoM | Sep | 0.02% | 0.03% |
| 12:00 | ID | CPI YoY | Sep | 1.69% | 1.59% |
| 12:00 | ID | CPI Core YoY | Sep | 1.30% | 1.31% |
| 14:30 | AU | Commodity Index AUD | Sep | -- | 137.9 |
| 14:30 | AU | Commodity Index SDR YoY | Sep | -- | 50.30% |

* Numbers shown in the content can vary from the table on page 1 due to the time the information was collected.

Important: Please take note of the legal information on the last page of this documentation.

Contact

**VP Bank Ltd
Singapore Branch**

8 Marina View · #27-03 Asia Square Tower 1
Singapore 018960 · Singapore
T +65 6305 0050 · F +65 6305 0051 · info.sg@vpbank.com

Content responsibility

Thomas Rupf, Head of Investment Advisory & Treasury Asia
Paul Leo, Senior Investment Advisor
Jane Foo, Senior Execution / Forex Advisor
Jeremy Ng, Execution / Forex Advisor

Fiona Yap, Junior Investment Advisor
Jeannette Choo, Senior Fixed Income Advisor
Glen Tay, Execution / Equity Advisor
Jeffrey Wong, Execution / Advisor

Source: Bloomberg, unless otherwise stated.

Important legal notes

General: This document was produced by VP Bank Ltd Singapore Branch (hereinafter referred to as VP Bank) using sources that are believed to be reliable. It is intended solely for information purposes, and the utmost care has been exercised in its production. However, VP Bank does not warrant either expressly or tacitly that the contents of this document are complete, up-to-date or correct. In particular, the information in this document may not include all relevant information regarding financial instruments or their issuers. The sources for the information in this document may include national and international media, information services (e.g. Reuters, Bloomberg), publicly accessible databanks, publicly available corporate information, the publications of rating agencies, and information from companies (notably issuers, lead managers, co-managers, guarantors and sellers of financial instruments) with which VP Bank and/or its subsidiaries may have a business relationship relating to the products mentioned in this document or other business relationships. The opinions expressed in this document reflect the opinions of VP Bank on the date stated in the document. It is possible that VP Bank and/or its subsidiaries have published in the past or will publish in the future documents that contain information and opinions that do not accord with those in this document. VP Bank and/or its subsidiaries are not obliged to provide recipients of this document with such documents offering different information or opinions.

Suitability / Not an Offer: The information contained in this document does not constitute a recommendation to buy, hold or sell the financial instruments described herein, nor does it constitute advice on legal, financial, accountancy or taxation matters or any form of personal advice. In particular, the financial instruments discussed in this document may be unsuitable for an investor on the basis of his/her investment objective, time horizon, risk-tolerance, financial situation or other personal circumstances. It may be the case that financial instruments described in this document (in particular investment funds, exchange-traded funds and certificates) are not authorized for sale in every country. The information provided in this document is therefore in no way a substitute for individual advice by a specialist qualified in the matters referred to or a substitute for perusal of the documents provided by the issuers and sellers of the financial instruments (e.g. issue prospectuses, term sheets, etc.). In particular, this document does not constitute an offer, a solicitation to make an offer or a public advertisement inviting participation in transactions involving the financial instruments described herein or an invitation to enter into any transaction. VP Bank and its subsidiaries expressly refuse to accept any liability for any detriment or loss that is claimed to have been incurred on the basis of information contained in this document.

Notes on risk: The price and value of the investments mentioned in this document and the returns achieved on these investments may rise or fall. No assurance can be given to investors that they will recover the amounts that they invest. The past performance of an investment is not a reliable indicator of future performance. The same remarks apply to performance forecasts. Any investment mentioned in this document may involve the following risks: issuer (creditworthiness) risk, market risk, credit risk, liquidity risk, interest rate risk, currency risk, economic risk and political risk. Investments in emerging markets are speculative and particularly strongly exposed to such risks. This list of risks should not be regarded as exhaustive.

Other information: To the extent permitted by law, VP Bank and/or its subsidiaries may participate in other financial transactions with the issuers of assets mentioned in this document. They may invest in these issuers or render services to them, acquire orders from them, hold positions in their assets or in options on those assets, carry out transactions in these positions, or have another substantial interests relating to the issuers of assets mentioned in this document. Such actions or situations may already have occurred in the past. Employees of VP Bank who are involved in the production of this document are free to buy, hold or sell the assets discussed in this document. The contents of this publication are protected by copyright, and any utilization other than private use requires the prior authorization of VP Bank.

Notes on the distribution of this document: This document may be distributed only in countries in which its distribution is permitted by law. Thus the contents of this document are not intended for persons subject to a jurisdiction that prohibits the dissemination of, access to or use of this document or makes such dissemination, access or use subject to authorization, whether on the basis of the nationality or residence of the person concerned or for other reasons. Persons who come into possession of this document or gain knowledge of its contents must therefore acquaint themselves with local laws and restrictions and abide by them.

British Virgin Islands: This information was distributed by VP Bank (BVI) Ltd, VP Bank House, Main Street, P.O. Box 2341, Road Town, Tortola VG1110, British Virgin Islands. VP Bank (BVI) Ltd is subject to authorization and regulation by the British Virgin Islands Financial Services Commission.

Hong Kong: This information has been distributed by VP Wealth Management (Hong Kong) Ltd, 33/F, Suite 3305, Two Exchange Square, 8 Connaught Place. Related financial products or services are only available to wholesale clients with liquid assets of over USD 1 million that meet the regulatory criteria and the Company's policy to be a client, and who have sufficient financial experience and understanding to participate in financial markets in a wholesale jurisdiction. VP Wealth Management (Hong Kong) Ltd is a licensed corporation under the Securities and Futures Ordinance (Cap. 571) and regulated by the Securities and Futures Commission (SFC).

Liechtenstein: This document has also been distributed by VP Bank Ltd, Aeulestrasse 6, 9490 LI. VP Bank is authorized and regulated by the Financial Services Authority Liechtenstein (FMA).

Luxembourg: This document was produced by VP Bank Ltd Singapore Branch and distributed by VP Bank (Luxembourg) S.A., 2, rue Edward Steichen, LU-2540 Luxembourg. VP Bank (Luxembourg) SA is subject to authorization and regulation by the Luxembourg Commission de Surveillance du Secteur Financier (CSSF). VP Bank Ltd Singapore Branch is licensed as a merchant bank by the Monetary Authority of Singapore.

Singapore: This document has been created and distributed by VP Bank Ltd Singapore Branch, 8 Marina View, #27-03 Asia Square Tower 1, Singapore 018960, which is licensed as a merchant bank by the Monetary Authority of Singapore.

Switzerland: This document was produced by VP Bank Ltd Singapore Branch, and distributed by VP Bank (Schweiz) AG, Talstrasse 59, 8001 Zurich. VP Bank Ltd Singapore Branch is licensed as a merchant bank by the Monetary Authority of Singapore. VP Bank (Schweiz) AG is subject to authorization and regulation by the Swiss Financial Market Supervisory Authority (FINMA).

US/UK/Canada: This document or copies thereof may not be delivered to persons who are resident in the US, UK or Canada or who are citizens of one or more of these countries.

* Numbers shown in the content can vary from the table on page 1 due to the time the information was collected.

Important: Please take note of the legal information on the last page of this documentation.