

MARKET UPDATE

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Japan foreign reserves fall for third month after intervention

Japan's foreign reserves extended declines in October, following the previous month's record drop, the Ministry of Finance said on Tuesday, reflecting the largest ever amount of yen-buying, dollar-selling intervention.

The data comes alongside separate figures that confirmed Japan did not conduct stealth intervention in September and only entered the market to buy yen for U.S. dollars on Sept. 22 as announced, its first foray into the market to prop up the Japanese currency since 1998.

Market players are scrutinising Japan's vast pool of foreign assets and intervention records for clues on how much more Japan might be willing to spend in its forays into the currency market, though authorities remain tight-lipped on intervention.

"I wouldn't be surprised if authorities conduct intervention one more time if dollar gains accelerate to hit new high beyond 152 yen," said Tohru Sasaki, head of Japan Markets Research at JPMorgan Chase (NYSE:JPM) Bank.

Chinese stock pickers down 21% for 2022 -HSBC data

Hedge funds buying and selling Chinese stocks tracked by HSBC have slumped by an average of 21% this year, just as some of the world's biggest investors boost their exposure to China on re-opening hopes.

The same funds averaged a decline of 0.58% in 2021, according to the HSBC data seen by Reuters.

HSBC follows eight funds which take long and short positions in Chinese equities. Of these, all have negative performances for 2022, so far.

This year, three hit HSBC's global list of the bottom 20 hedge fund performances for the week ending Nov. 4. The \$1.9 billion Golden China fund from Greenwoods Asset Management, was down 45% for the year to Oct. 31; the \$152 million Zeal China Fund from Zeal Asset Management, was down 38% for the same period; and the \$156 million Telligent Greater China fund from Telligent Capital down almost 40%.



Asian stocks mixed as caution reigns ahead of U.S. midterms

Asian shares held recent gains but lost momentum on Tuesday as investors remained cautious ahead of the release of the U.S. inflation data and mid-term elections, which will determine control of Congress.

London and New York are set to open lower with FTSE futures and E-mini futures for the S&P 500 index down 0.55% and 0.18%, respectively, after Wall Street's buoyant Monday close.

MSCI's gauge of Asia Pacific stocks outside Japan narrowed gains to rise 0.12% at 0517 GMT.

"The thing to watch ... will be the U.S. midterms today and the CPI data tomorrow," said Redmond Wong, Saxo Markets' market strategist for Greater China, in a note on Tuesday.

"Markets are expecting the gridlock situation of a divided Congress and moderation in the U.S. CPI. Both are helping the risk-on sentiments."

Investors had recently placed bets on hopes that China would adjust its zero-COVID policy and reopen the economy soon but that rally proved unsustainable.

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