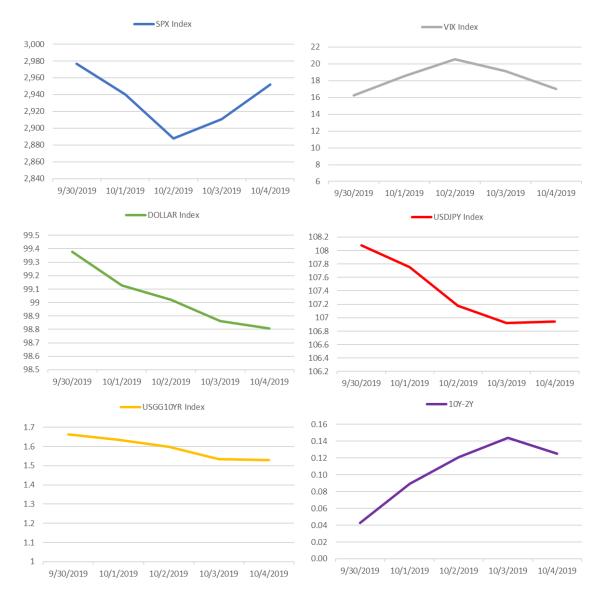
US Market Weekly Overview (10/05/19)



*** Index selection details:

- SPX index: S&P 500 index stands for overall market performance
- Dollar index: The overall index value of US dollar currency
- USGG xYR: US government x-year bond yield stands for overall bond market
- USDJPY: USD currency in terms of JPY currency stands for macro risk sentiment
- 10Y-2Y: 10Y US treasury yield 2Y US treasury yield stands for macro risk sentiment
- BCOM index: Bloomberg commodity index details of composition (Energy: 30%, Grains: 23%, Industrial metals: 17, Precious metals: 16%, Softs: 7%, Livestock: 5%)

Recent News & Economics:

- 10/02: September ADP Employment Change (private payrolls only) was a little light at +135k (140k estimate), but the prior month was revised down from 195k to 157k. Investors try to read the Friday non-farm payroll tealeaves with the ADP data, but the discrepancy between the two could be quite large.
- 10/03: The driver of today's rally was the weaker than expected ISM Non-Manufacturing Index for September which was 52.3 (vs 55.0 expected). While the US service sector was still in expansion, it is starting to approach the boundary between contraction and expansion, and that got an already nervous market even more so.
- 10/04: NFP was a mixed bag, with headline +136k change a bit lower than +145k expected but the prior month was revised up 38k. The unemployment rate dropped to 3.5%, the lowest since 1969! On the other hand, September average hour earnings did not rise (versus +0.2% expected).

Perspectives vs Actual:

Date	Driver	Equity	Rates	Vol	Curve Shape (10Y-2Y)	USD Basket	JPY
2-Oct	ADP < EXP + Revise down	-1	-1	0	-1	-1	0
3-Oct	ISM PMI < EXP	-1	-1	1	-1	-1	1
4-Oct	Non-farm payroll revise up, low unemployment rate	1	1	-1	1	1	0
Expected		-1	-1	0	-1	-1	1
Actual		-1	-1	1	1	-1	1

- This week's data shows a mixed of good and bad, market eventually closed at low price and rates continued to drop. As the PMI showed to be disappointing, economic outlook becomes gray for US manufacture industry. Even at the end of the week, we got a Okay non-farm payroll with previous month revised up by about 30%, the actual number this month is still not cheering enough. However, the market started to see some positive sign by watching the spread between 10Y2Y to continue go wide for two weeks. That might be a sign the market starting to reversal of risk appetite.
- A quick graph shows current economic outlook revealed the big concern is manufacture industry, but the over all employment rate is at record low!

