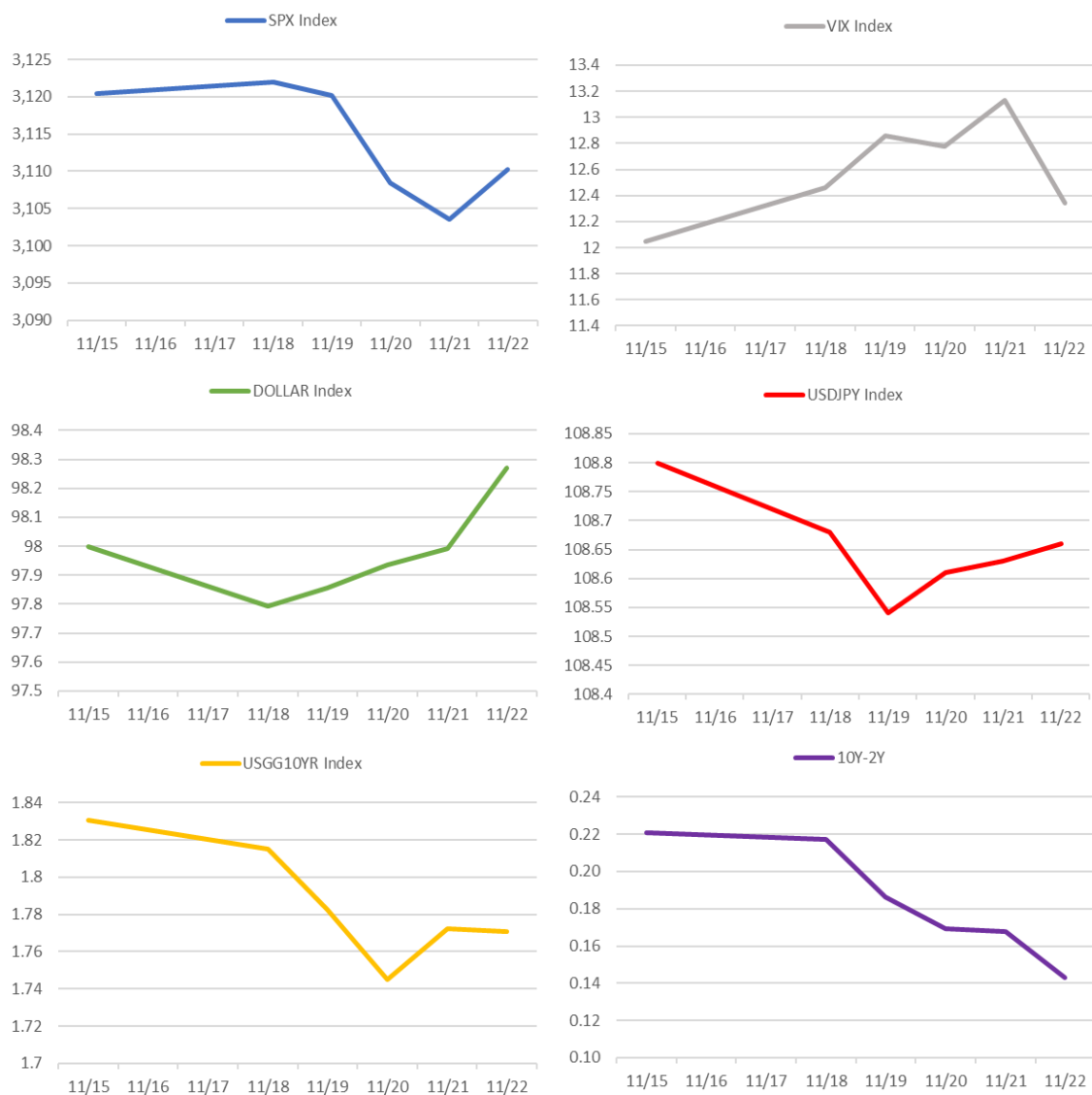


US Market Weekly Overview (11/22/19)



*** 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:

- 11/20: Markets were focused on: 1) continued lack of trade war resolution progress, and 2) release of last FOMC meeting minutes. Bonds were well-bid overnight but was range-bound most of the day, trading in a 2bp range in NY time. The bond-bullish tone was strengthened after Reuters reported that the Phase One trade agreement may not be signed before the end of the year. No surprises from the FOMC minutes as most participants felt that the latest rate cut was sufficient for the current state of the economy but most also viewed risks as predominantly on the downside.
- 11/21: Market sentiment was somewhat boosted as China's head trade negotiator indicated he was "cautiously optimistic" about the prospects of reaching a phase-one agreement. That optimism was tempered by the passage of a bill supporting Hong Kong protestors by a veto-proof majority in both the House and Senate. President Trump is expected to sign the bill into law, which might complicate diplomatic and trade relations with China.
- 11/22: PMI data for November showed that the US economy is starting to rebound as manufacturing, service and composite PMI all improved from the prior month and moved further away from the cliff's edge of contraction. This managed to quell the ongoing market worries about trade war impasses, at least for today.

Perspectives vs Actual:

Date	Driver	Equity	Rates	Vol	Curve Shape (10Y-2Y)	USD Basket	JPY
21-Nov	China optimistic	1	1	-1	1	1	-1
22-Nov	PMI data rebounds	0	1	-1	1	1	0
Expected		1	1	-1	1	1	-1
Actual		-1	-1	0	-1	1	1

- Despite two good news come out this week, market still holds cautious as the sentiment starts going down. China's optimistic has been ignored by the market so does the PMI index. As the spread going back to only 14 bps this is a pretty strong signal for nervous. Cannot expect anything good happen before year end right now, market would at a high probability moves in sideways.