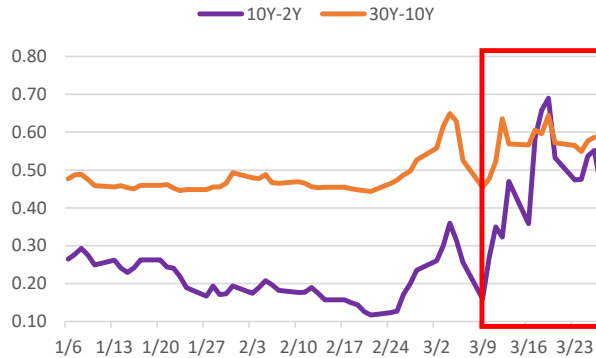
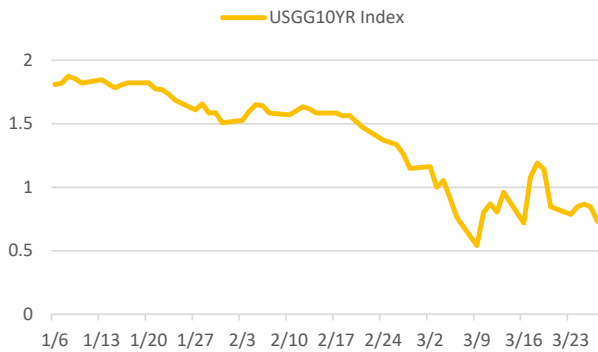
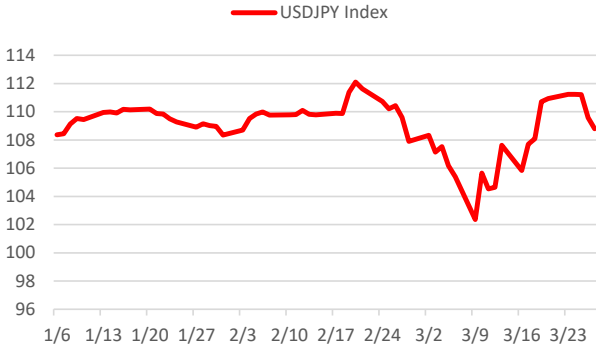
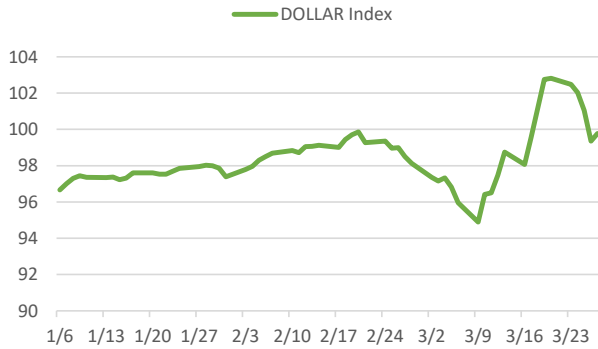
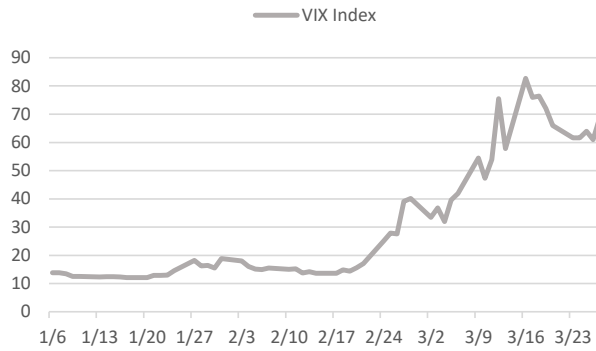
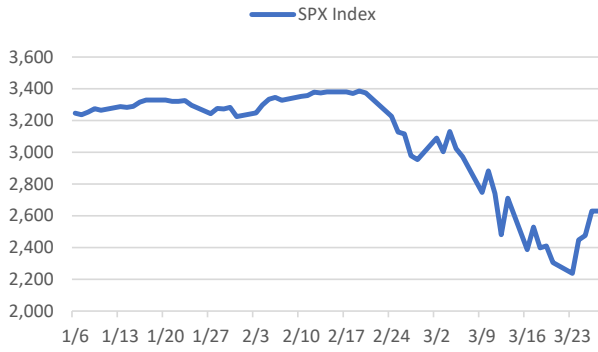


US Market Review

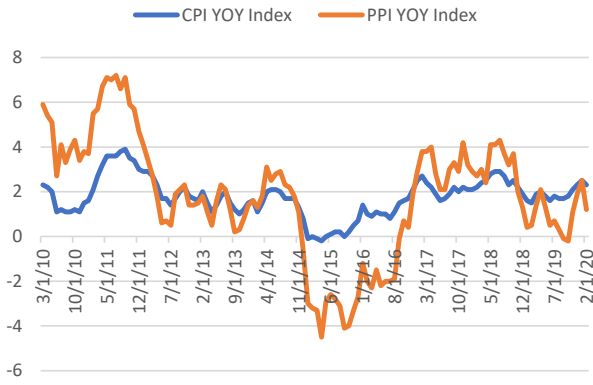
2020/3/27



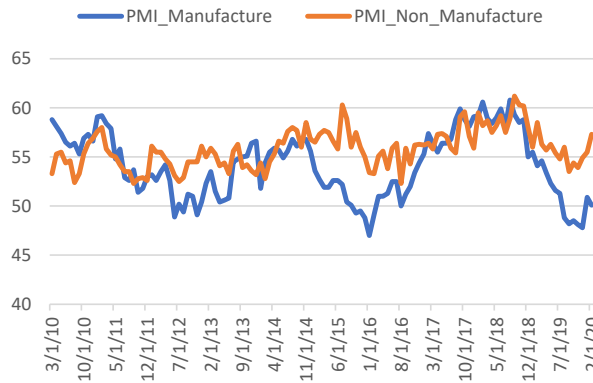
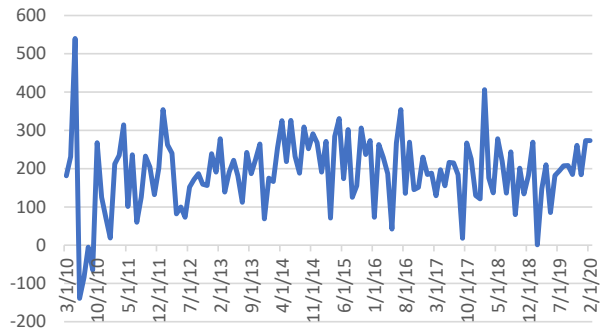
*** Index selection details:

- 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%)

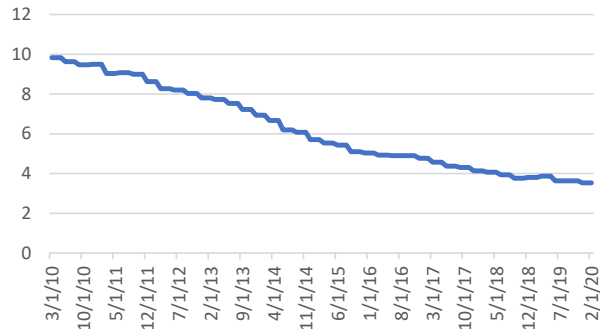
US MACRO (LongTerm,Monthly View)



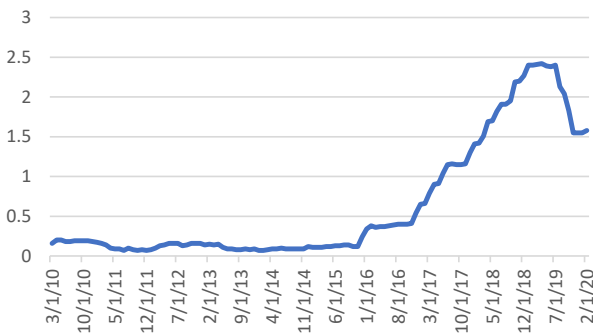
Non-Farm Payroll Change



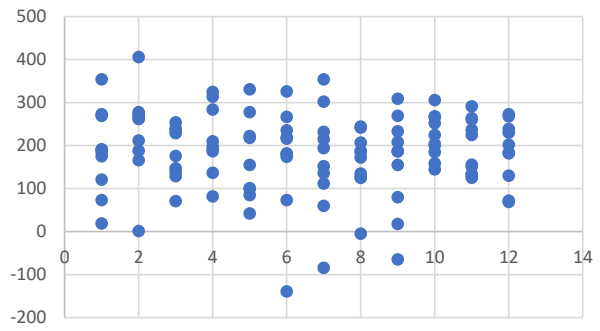
Unemployment Rate



Fed Rate



Non-Farm Change



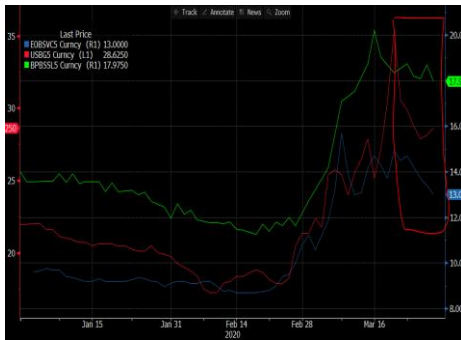
- PPI starts to drop but CPI still looks rosy.
- Manufacture sector PMI rebound stops and revert a bit, however non-manu PMI keeps strong.
- Strong employment data support spending and general output.
- Fed cuts rates to 0 as a way to show the impacts of current economic situation. Chart is based on monthly data will be updated shortly.

Market News

3/20/20 TO 3/27/20

- 03/25 Both monetary policy and fiscal policy have been implemented and that reassured financial liquidity and credit.
- 03/26 USD liquidity and credit risk goes lower and the market recovers a lot of loss.
- 03/27 As long term curve flattening continues, overall long term view is not good and the inflation could be lower.

USD vs EUR/GBP/JPY basis

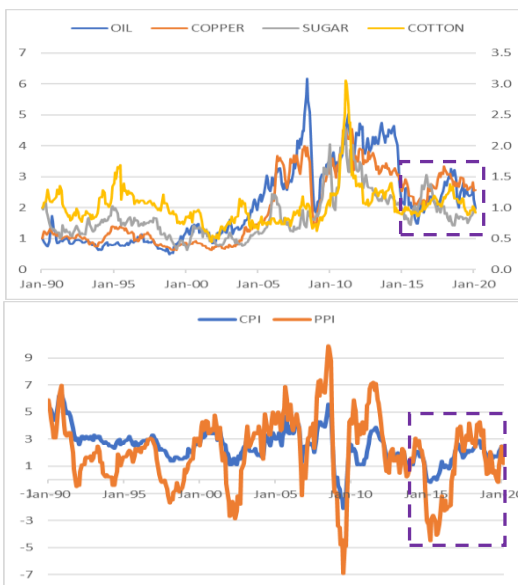


USD/GBP/EUR OIS spread



Perspectives

- As shown in the chart below, we use four factors to measure overall inflation rate as OIL, COPPER, SUGAR and COTTON. From the chart, overall inflation seems to be go back to 2015 which is one of the bad time with pessimistic expectations.



OIL breaks 2015 lowest price
SUGAR breaks 2015 lowest price
COPPER breaks 2015 lowest price
COTTON break 2015 lowest price

BOTH industry side and consumer side price is in deflation now!

Combined with the current rates market flattening.
Expected to see both CPI and PPI get even lower for a long term

- Rates market confirmed that USD liquidity crash is OVER as shown in the Basis swap charges for EUR, GBP and JPY. Credit risk overall is getting lower as shown in the OIS spread for USD, EUR and GBP, but still in question. Overall rates curve is continuing flattening, especially for 2Y-5Y, the longer end overall rates dropped but curvature shape is still okay.
- Stock market is only getting a small bouncing back recovery but overall is still in short term trend since the rate market does not support for a better long term view. Investor still concerned about economic long term impacts.
- As the liquidity is fully recovered VIX is confirmed a head here, and expecting to get lower back to normal.