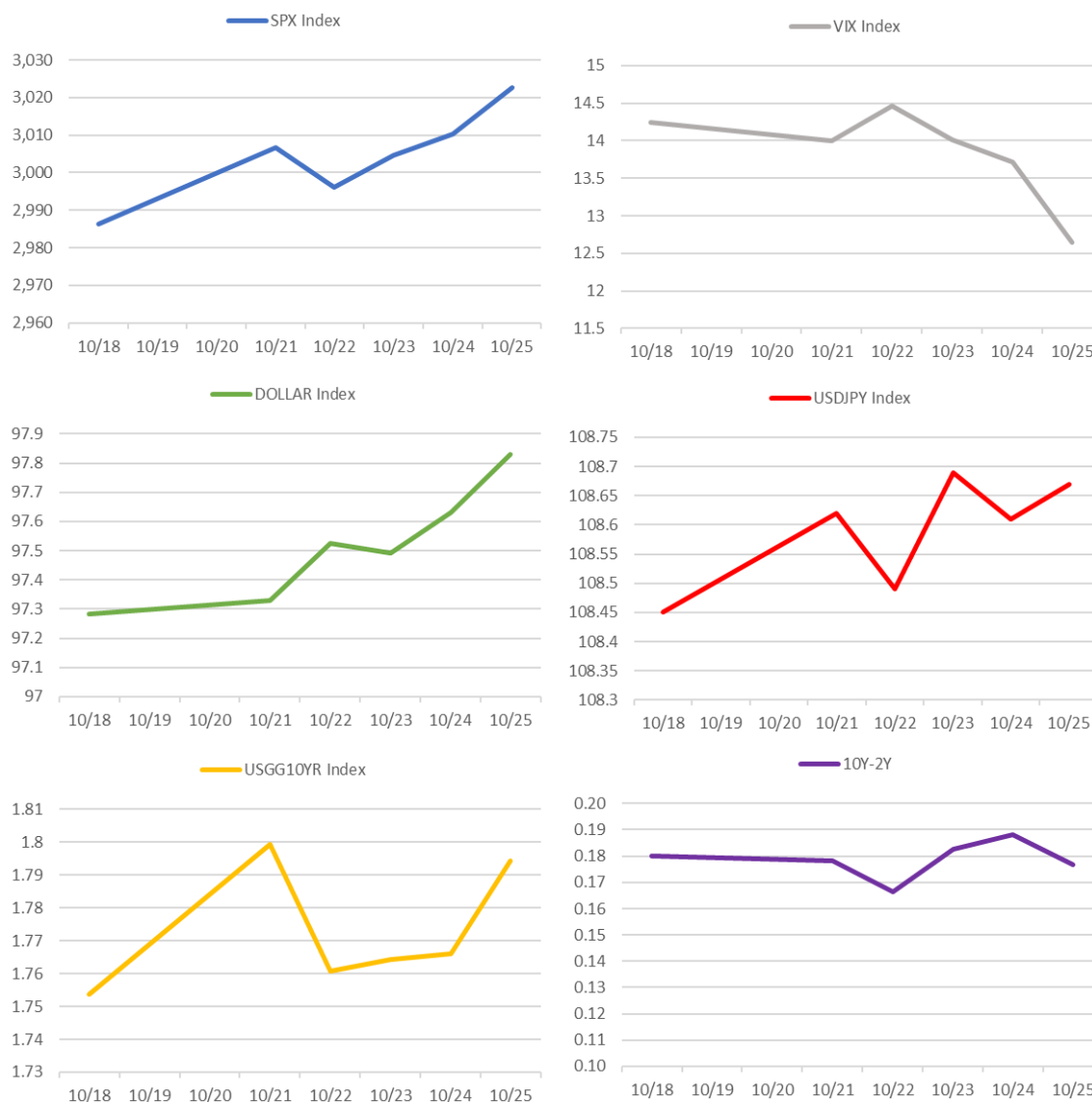


US Market Weekly Overview (10/25/19)



*** 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:

- 10/22: The UK government won its first Brexit vote by a larger-than-expected 329-299 margin. That euphoria was short-lived as the government subsequently lost the vote on its fast-track proposal by almost the same margin (308 to 322). The pound swung from a 1/2% gain vs US dollar to a 1/2% loss after the second vote. British PM Johnson will now need that extension from the EU to pass the requisite legislation. Most believe the EU will grant the UK another 3 months, with the caveat that Brexit would occur if the necessary legislations are passed before that new deadline.
- 10/25: Today's data release featured University of Michigan October sentiments survey which came in slightly lighter than expected (95.5 vs 96.0). However, the real big story came at 11:15am when the US Trade Representative announced that the US and China were close to finalizing sections of the Phase One trade agreement. That sent rates and equities scurrying upward.

Perspectives vs Actual:

Date	Driver	Equity	Rates	Vol	Curve Shape (10Y-2Y)	USD Basket	JPY
22-Oct	Brexit Govlost	0	0	1	0	1	-1
17-Oct	Michigan October sentiments > EXP	1	1	-1	1	1	-1
Expected		1	1	0	1	1	-1
Actual		1	1	-1	0	1	-1

- Because UK exit failed in second vote, USD bouncing back a lot this week. As also can be seen the JPY implied market sentiment is getting better combined with bond yield starts to get stronger these will support the stock market in a short run. Wait for next week Fed decision and perspectives.