

US Market Weekly Overview



*** Index selection details:

- SPX index: S&P 500 index stands for overall market performance
- Dollar index: The overall index value of US dollar currency
- USGGxYR: 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:

- 04/26: Better-than-expected Q1 US GDP which was mainly driven by inventory while consumption was quite anemic.
- 04/29: Consumer spending rose more than expected in March while the Fed's preferred gauge of inflation (PCE deflator) for March came at +1.6% YoY, 0.1% lower than expected.
- 05/01: Non-farm payroll data shows a strong number of +265K and unemployment rate 3.6% (lowest since 1969).
- 05/06: Trump's tweets that US will increase tariffs on China's imports.
- 05/10: US increase tariffs on China's import and the core consumer price index, which excludes food and energy, rose 0.1% from the prior month and 2.1% from a year both missing estimates.

Perspectives:

- In a short run, as Trump's tweets on 05/05 that US will increase tariff on China's import, market shows a quick risk-off movement over the week as S&P drops 2.3% and rate market drops by 2bps across the board and JPY currency increased 0.8% against USD as investor considered it as currency in heaven, however, if measured in 10Y-2Y yields spread, it's actually widened by 1.6bps combined with almost unchanged dollar currency which clearly shows the support comes from strong US economic.
- In a long run, strong US GDP and higher non-farm payroll supports US economic growth and low CPI indicates that current economic is in a mild growth environment which also ease Fed's anxiety to raise rate in short term. This shows a strong fundamental economic environment which supports the equity market and dollar growth in a long run.
- As translated into the market, shown in the above charts, S&P and dollar index remains in the long trend and US 10-year treasury yield hits a head and starts to drops because US strong economic and low CPI. Also, JPY shows to shock in a wider range but no recognized trend and 10Y-2Y tends to sideways since the beginning of this year which shows the macro sentiments this year is relatively stable.