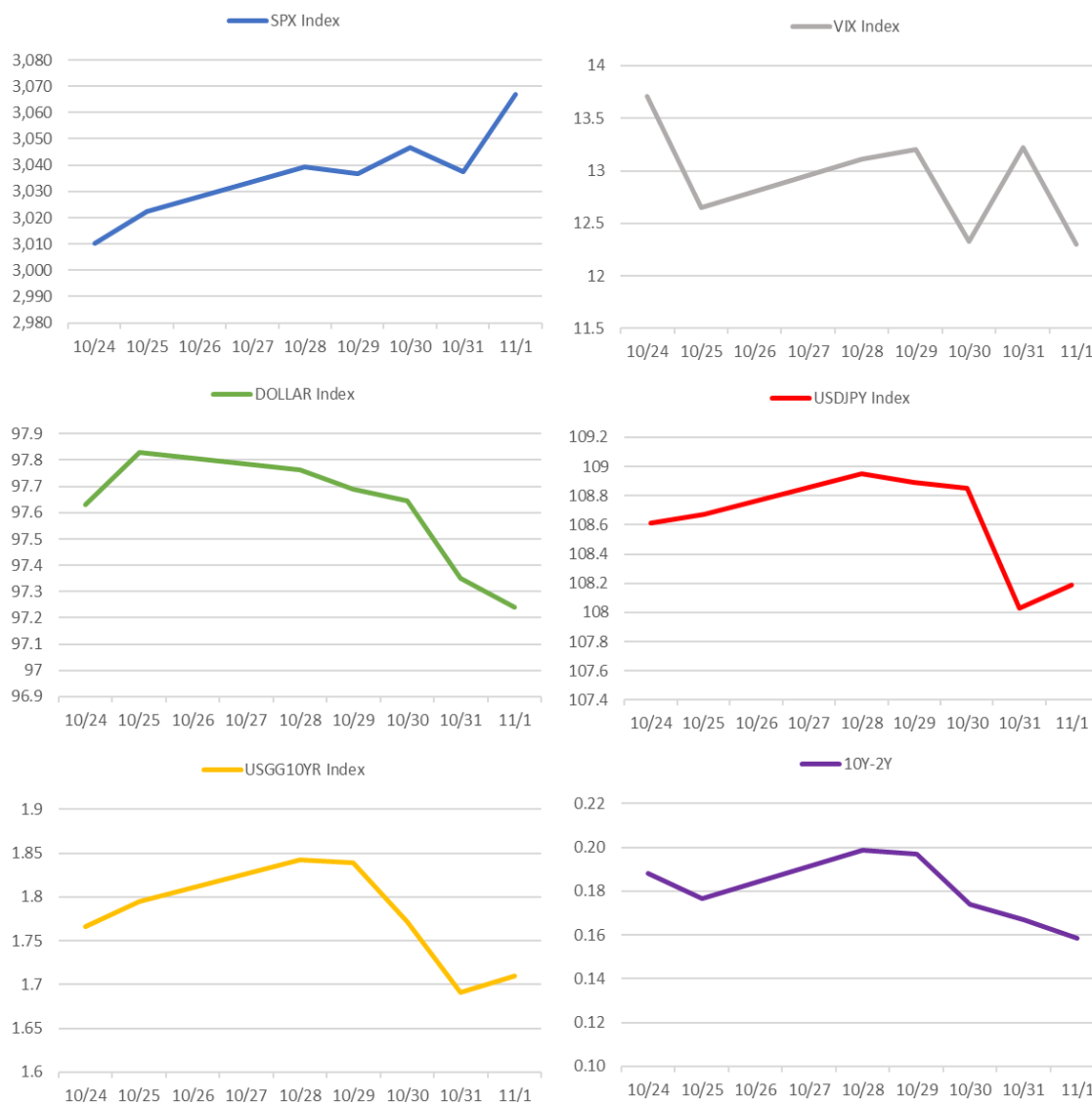


# US Market Weekly Overview (11/02/19)



## \*\*\* 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:

- 10/31: The bond market is interpreting yesterday's FOMC-on-hold message as a perma-hold (not sure I'd agree with that assessment). Markets were spooked this morning by rumors that China does not believe it can reach a full trade agreement with the US. A very weak October Chicago Purchasing Managers report (lowest since the end of 2015) cemented the bond-bullish mood.
- 11/01: Rates meandered in a 2bp range in the afternoon. Equities are up globally (except for the Nikkei) as equity bulls and bond bears were heartened by the excellent US payroll report.

## Perspectives vs Actual:

Date	Driver	Equity	Rates	Vol	Curve Shape (10Y-2Y)	USD Basket	JPY
31-Oct	No full trade deal	-1	1	1	-1	-1	1
1-Nov	Payroll>exp	1	-1	-1	1	1	-1
<b>Expected</b>		<b>1</b>	<b>-1</b>	<b>-1</b>	<b>1</b>	<b>1</b>	<b>-1</b>
<b>Actual</b>		<b>1</b>	<b>-1</b>	<b>-1</b>	<b>-1</b>	<b>1</b>	<b>1</b>

- Shocking for a potential no full-deal from China, market starts getting nervous as the spread between 10Y and 2Y narrowed down a lot and JPY gets stronger a little bit this week. While the non-farm payroll is excellent, market still cannot reverse what is lost in terms of sentiments. But equity market seems to buy all the storied in from outstanding non-farm payroll and ends up in record high.
- Forward looking will be hard to tell given the inconsistency between fixed income market and equity market.