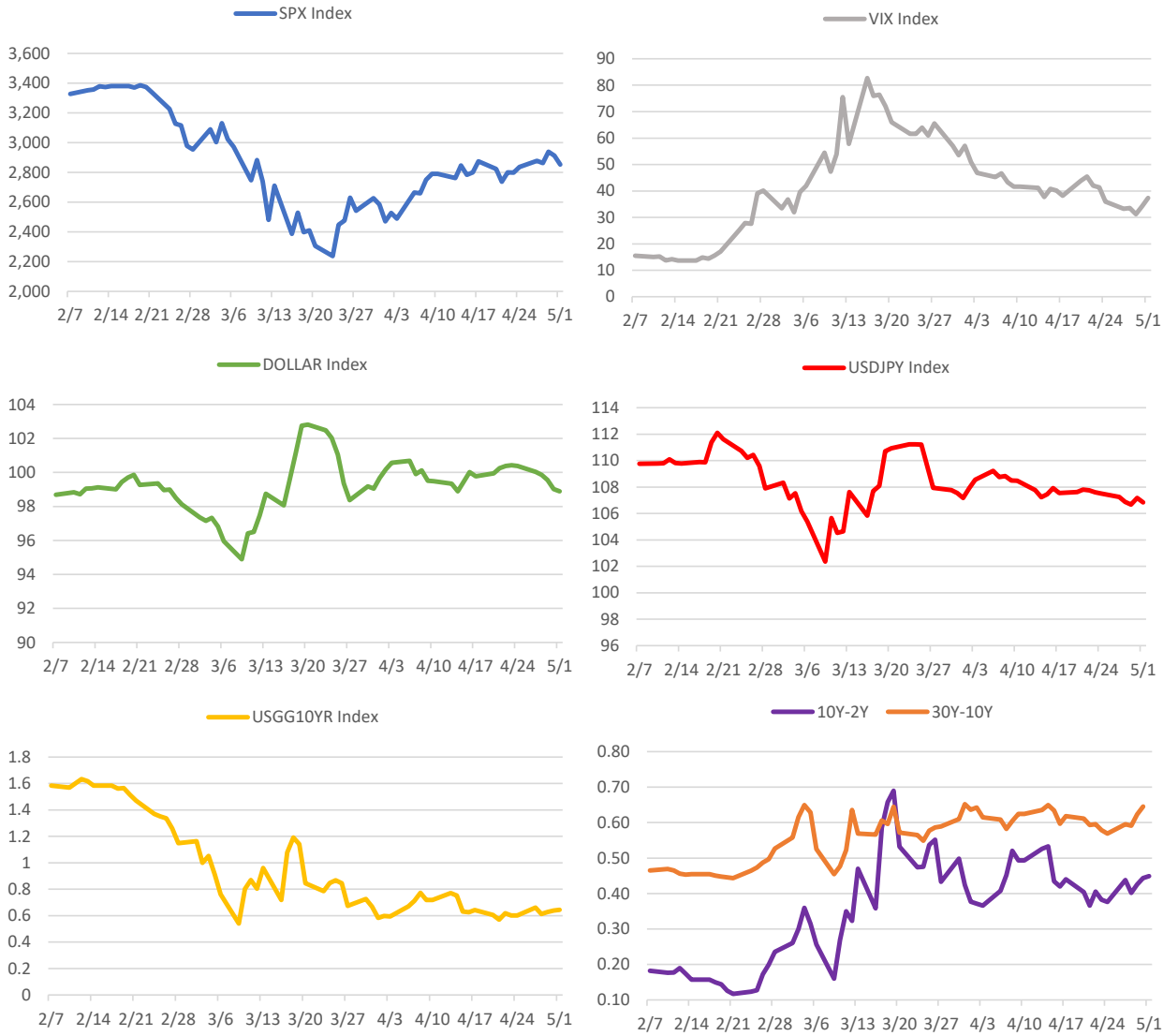


US Market Review

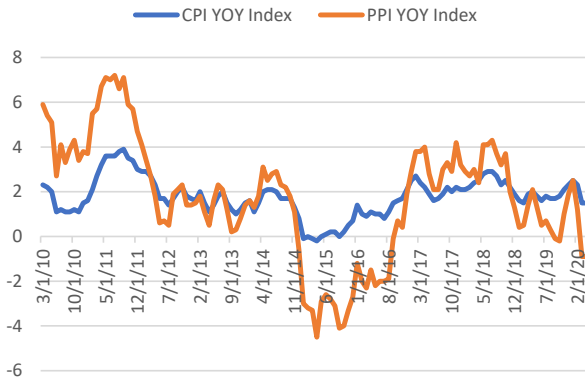
2020/5/1



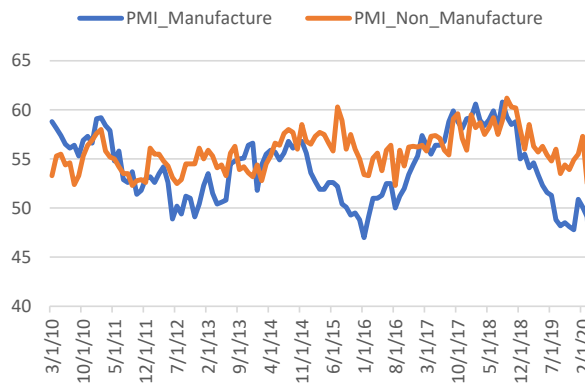
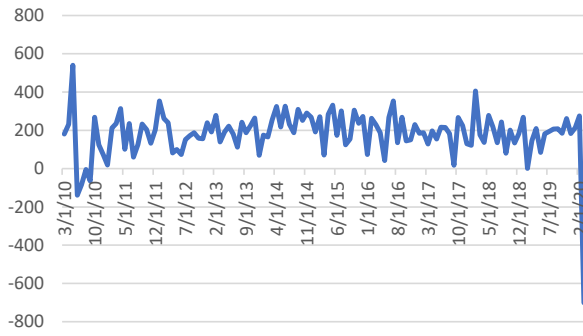
*** Index selection details:

- **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%)

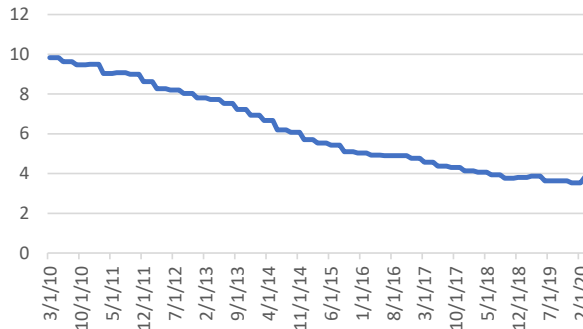
US MACRO (LongTerm,Monthly View)



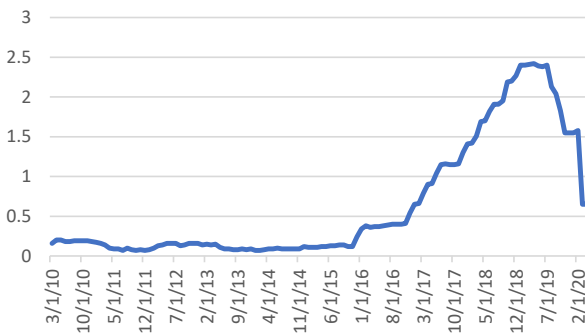
Non-Farm Payroll Change



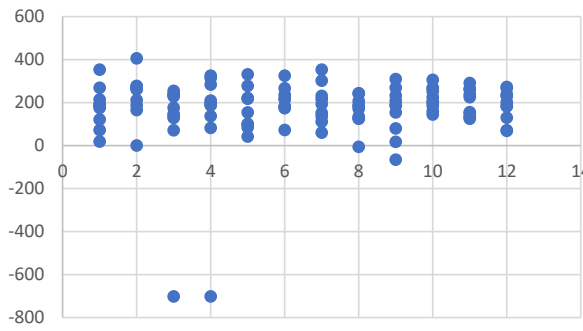
Unemployment Rate



Fed Rate



Non-Farm Change



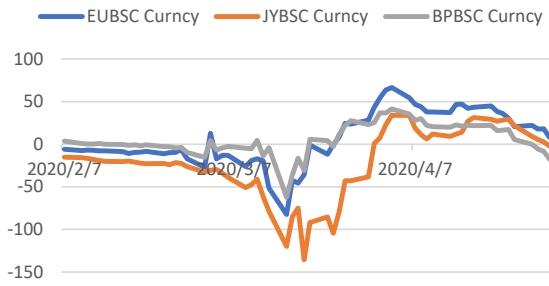
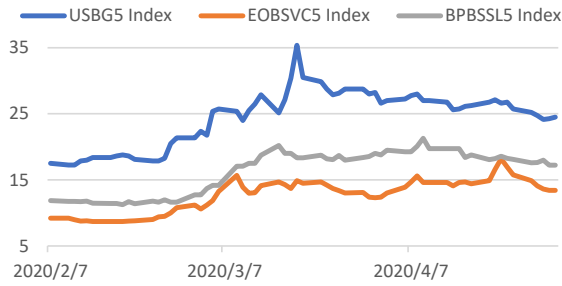
- PPI starts to drop but CPI still looks rosy.
- Manufacture sector PMI rebound stops and revert a bit, however non-manu PMI keeps strong.
- Unemployment rate raising up nad non-farm payroll shoots huge negative spike in the history.
- Fed cuts rates to 0 as a way to show the impacts of current economic situation.

Market News

4/24/20

TO

5/1/20

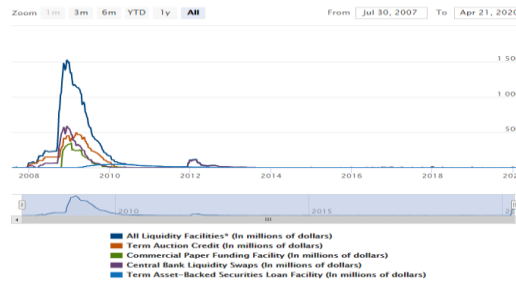


- Weekly Credit risk lowering but still in a strong range, Liquidity risk back to normal basis spread around 0.
- 04/30 US market bouncing back 13% in Apr. shows positive sign of control of COVID-19.

FEDERAL RESERVE statistical release

Factors Affecting Reserve Balances of Depository Institutions and Condition Statement of Federal Reserve Banks

Factors Affecting Reserve Balances of Depository Institutions		Averages of Daily Balances			
		Week ended	Apr 20, 2020	Apr 13, 2020	Apr 6, 2020
Reserve Bank credit related items, and reserve balances of depository institutions at Federal Reserve Banks		Mar 20, 2020		Mar 13, 2020	Mar 6, 2020
Reserve Bank credit		6,937,688	+ 148,446	+2,729,889	6,618,135
Securities held outright ¹		9,462,430	+ 110,724	+1,939,013	9,071,496
U.S. Treasury securities		3,945,017	+ 61,460	+1,799,810	3,971,419
State and local government securities		283,084	0	283,084	283,084
Notes and bonds, nonaffiliated ²		2,844,288	+ 72,481	+1,290,250	2,851,087
Notes and bonds, inflation-indexed ²		239,119	+ 7,907	+ 129,939	242,290
Other securities ³		35,021	+ 392	+ 13,030	35,029
Federal agency debt securities ⁴		2,347	0	0	2,347
Mortgage-backed securities ⁵		1,615,124	+ 29,244	+ 29,701	1,604,750
Unaffiliated securities on securities held outright ⁶		291,244	+ 10,248	+ 147,181	291,244
Unaffiliated securities on securities held outright ⁶		8,887	+ 688	+ 7,178	8,751
Repurchase agreements ⁷		1,63,838	+ 7,900	+ 1,63,838	1,63,838
Foreign assets ⁸		0	0	0	0
Other ⁹		1,60,627	+ 7,900	+ 1,60,627	1,60,627
Total		12,979,944	+ 2,744	+ 2,744	12,979,944
Primary credit		0	0	0	0
Secondary credit		0	0	0	0
Primary Dealer Credit Facility		29,619	+ 2,640	+ 29,619	29,619
Money Market Mutual Fund Liquidity Facility		87,808	+ 2,640	+ 87,808	87,808
Paycor Financial Program Liquidity Facility		14,000	+ 14,000	+ 14,000	14,000
Other credit extensions		0	0	0	0
Net portfolio holdings of Commercial Paper Funding Facility LLC ¹⁰		2,321	+ 400	+ 2,321	2,321
Fixed		2,321	+ 400	+ 2,321	2,321
Central bank liquidity swaps ¹¹		424,223	+ 27,381	+ 424,223	424,223
Other Federal Reserve assets ¹²		37,947	+ 2,640	+ 37,947	37,947
Unaffiliated securities on securities held outright ¹³		20,440	+ 14	+ 20,440	20,440
Sold stock		11,041	0	0	11,041
Special drawing rights certificate account		5,200	0	0	5,200
Treasury currency outstanding ¹⁴		50,275	+ 14	+ 50,275	50,275
Total balance sheet		13,004,511	+ 1,412	+ 1,412	13,004,511



- 04/30 Fed has no positions in secondary market compared to their promise this is also different from 08 crisis. Liquidity side Fed has not do much in purchasing as compared to 08, this might be prepared for round 2 crisis.

Persepectives

- US economic hurts as the COVID-19 at large, Manu-sector sucks compared to previous positive sign of bouncing back. Outlook for PPI and Manufacture sector continuous lower over all inflation expectation worse.
- Focus on yield curve structure, as the 30Y-10Y and 10Y-2Y starts getting better, market believes economic will be strong again. As the credit risk and liquidity risk both lowering and seems to be back to normal, market sentiments gets better.