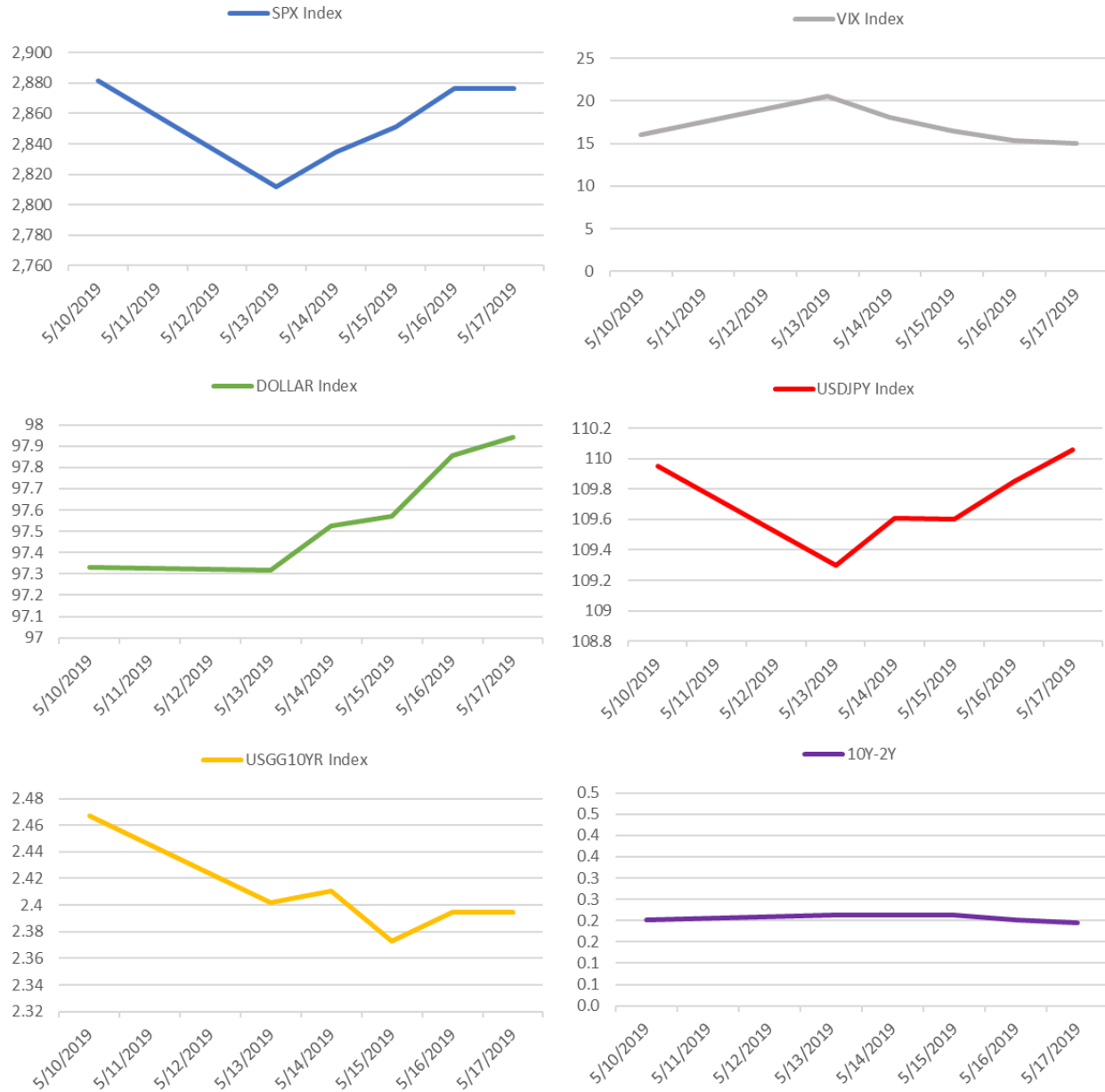


# US Market Weekly Overview



## \*\*\* 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:

- 05/13: The US-China trade war appears to be escalating as China imposed its own tariffs in response to the recent US tariff increase.
- 05/15: Worse than expected data out of China (Fixed Direct Investment, Industrial Production and Retail Sales) and renewed Italian government pushback against Eurozone deficit rules.
- 05/16: Better US numbers today as Philly Fed, lower jobless claims and building permits (which is a forward-looking index) all came in better than expected.

## Perspectives vs Actual:

Date	Driver	Equity	Rates	Vol	Curve Shape (10Y-2Y)	USD Basket	JPY
13-May	US-CH Tariff*2	-1	-1	1	-1	-1	1
15-May	Weak CH Data	0	0	1	0	1	0
16-May	Better US Data	1	1	-1	1	1	-1
<b>Expected</b>		<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>
<b>Actual</b>		<b>0</b>	<b>-1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>

- Our expectation on rates is higher than actual, because clearly market is pricing more negative affect on US-CH Tariff round 2 event. So, US-CH trade is indeed viewed by fixed income market as a negative factor.
- Our expectation on vol is higher than actual, because the trade war does not cause the VIX index increase but instead market tends to calm down.
- Our long expectation on USD index is right, because better US data. From this perspective, market stands for US side on this trade war because USD is appreciated against RMB since trade war.