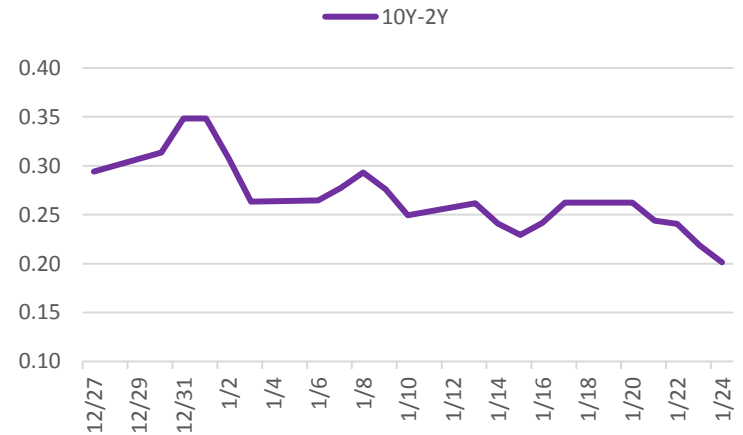
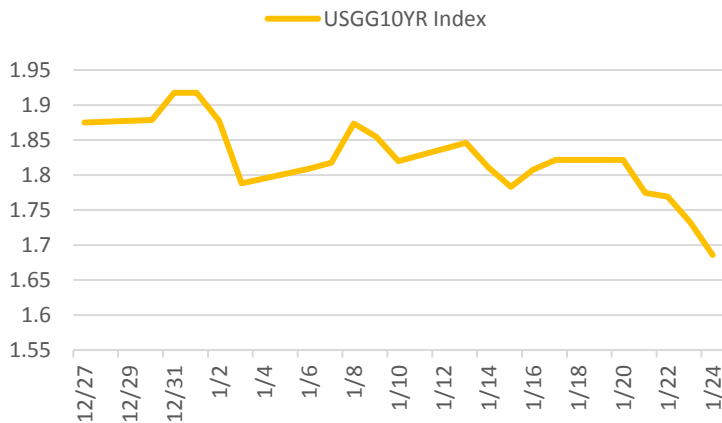
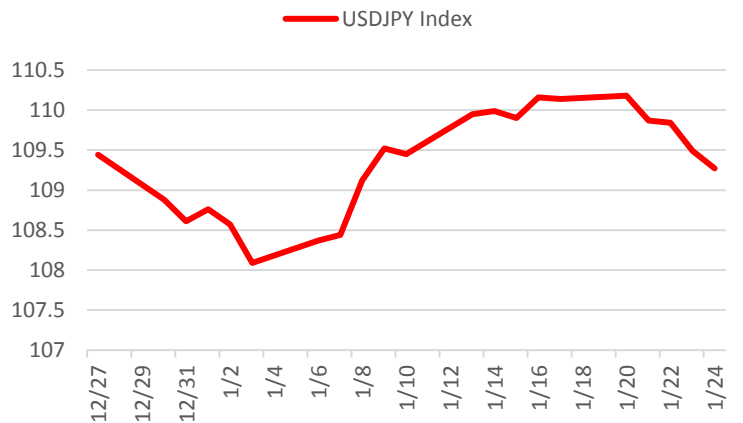
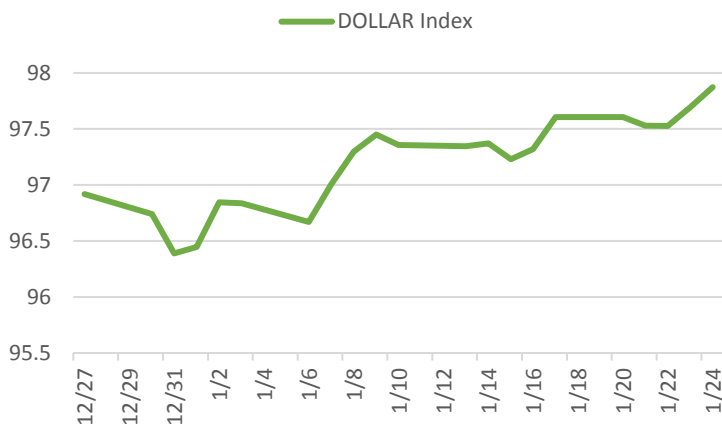
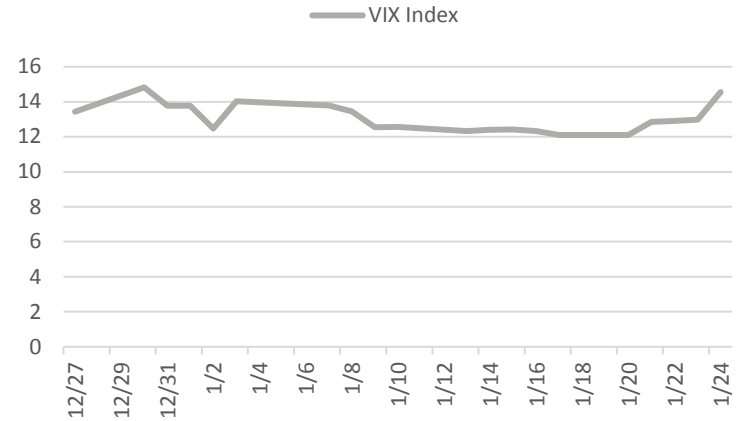
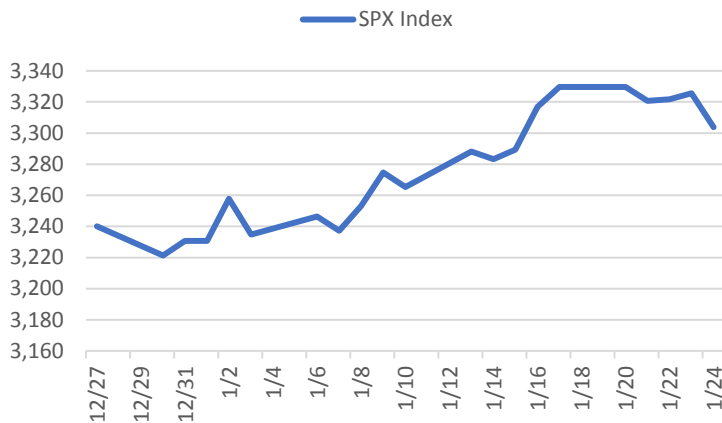


US Market Review

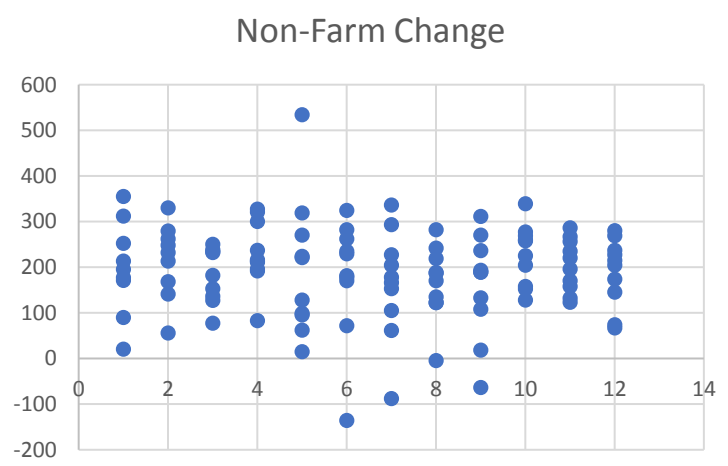
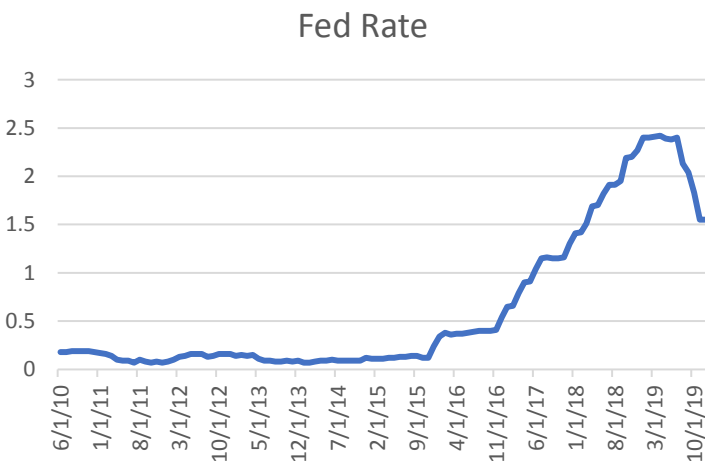
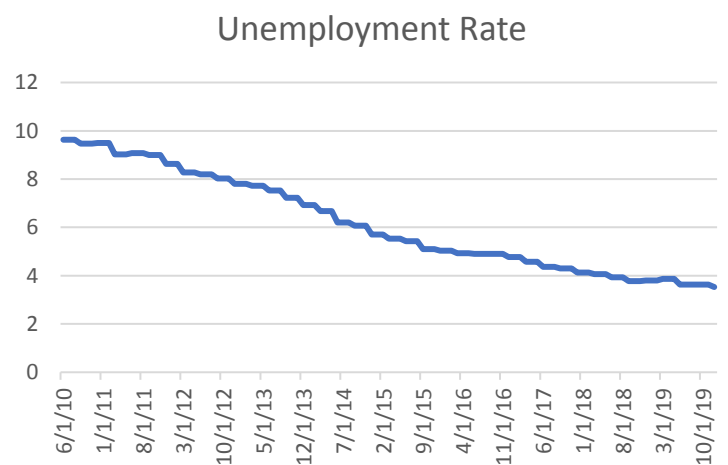
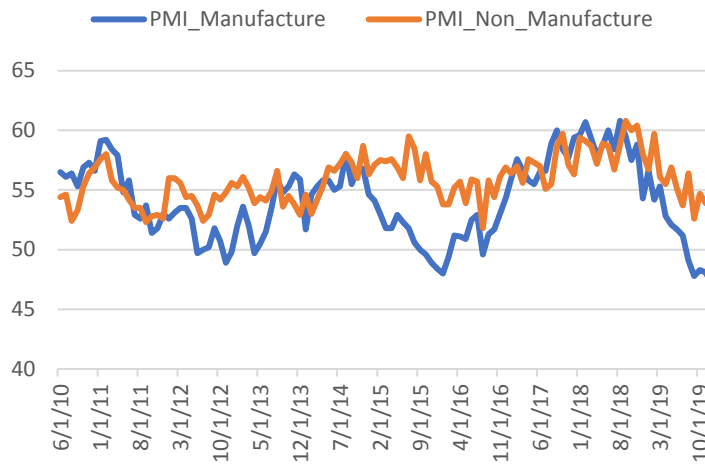
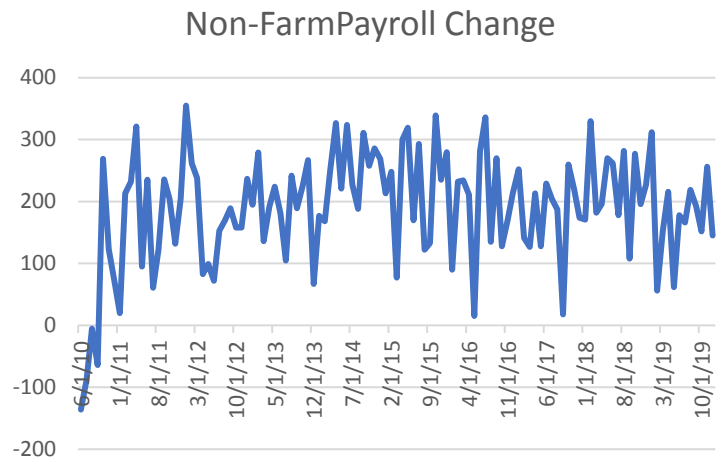
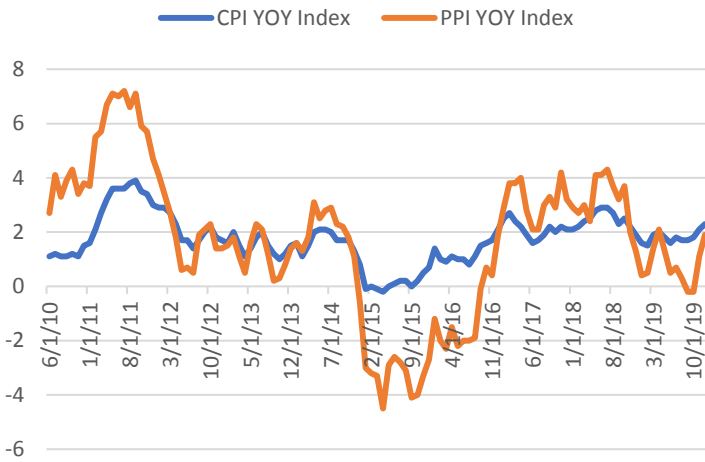
1/24/2020



*** 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)



- Healthy CPI plus a weak PPI suggests inflation is mild but economic outlook starts becoming grey.
- Manufacture sector still weak, as PMI keep below live-dead line.
- Strong employment data support spending and general output.
- Fed protection intend rate cut continues.

Market News

1/17/20

TO

1/24/20

- 01/20 Coronavirus starts from Wuhan going to US SA the first day. Stock market sells off in reponce to it.
- 01/21 Total earnings of the S&P 500 Index are anticipated to be down 3.2% from the same period last year on 3.5% higher revenue and Corporate earning lower than expectation.
- 01/22 Bond market starts buying back pushed 10Y rates break through 1.7% but still far away from the LOWEST level 1.5%.

Persepectives

- Coronavirus drives the market this week as the Fixed income area feels the most.
The spread of 10Y-2Y goes back to 20bps which shows the nervous of market but no real thing happened.
- Outlook for market after the virus remains good as trade-war stopped and IRAN issue step aside.
- Watch out for Fed goes back to rate raising again since as shown in the eco charts:
 - CPI and PPI both start getting better
 - dollar starts to strong, it always does before Fed starts raising.Stock market is relatively strong and stable during the phase one of virus,
but as we continue into phase two combined with Fed raising rates, it will be a totally different story...