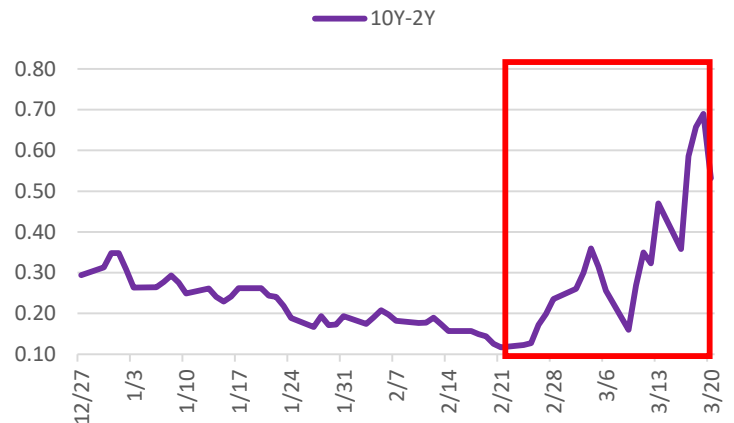
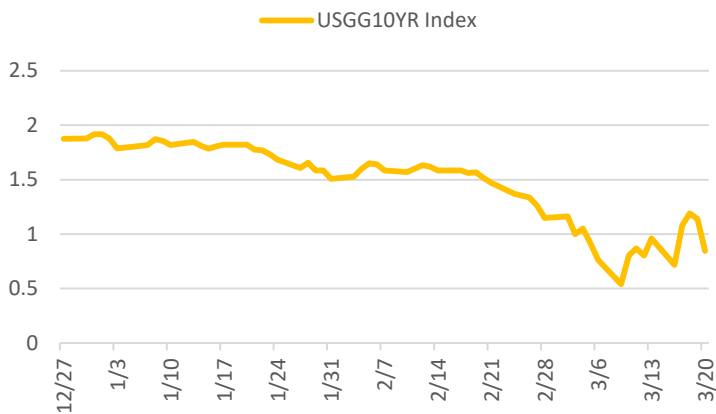
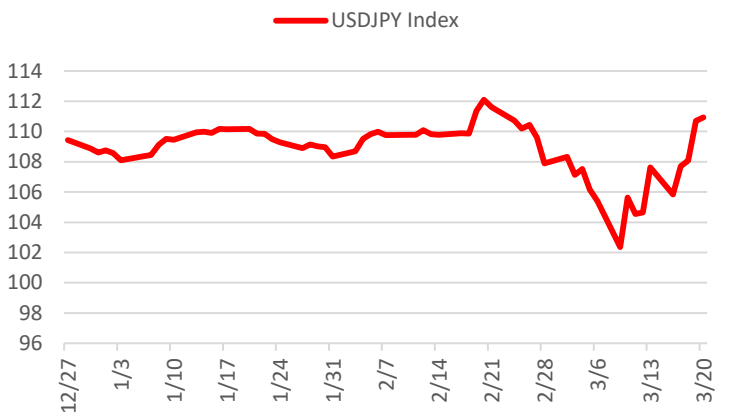
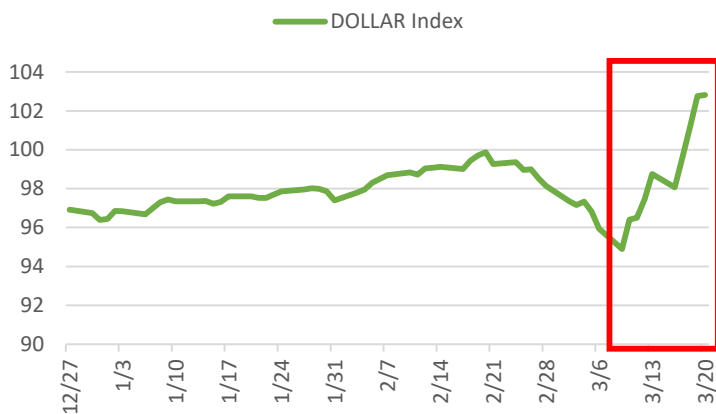
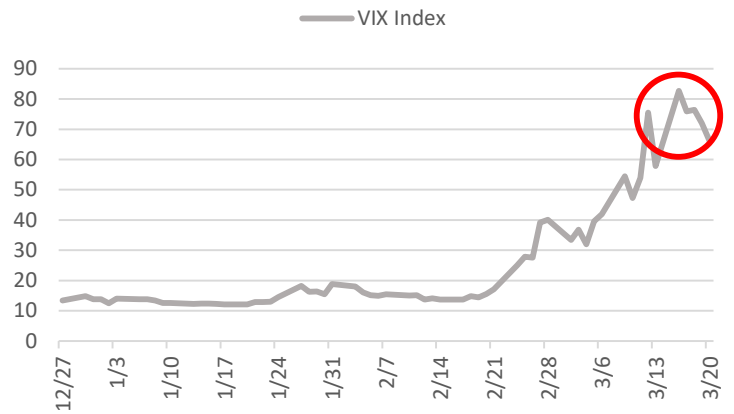
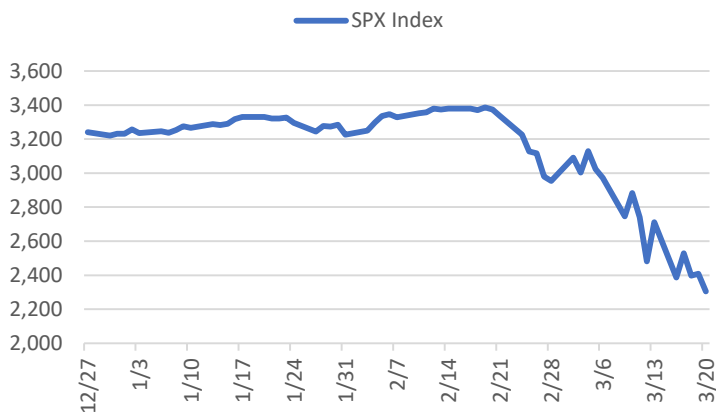


US Market Review

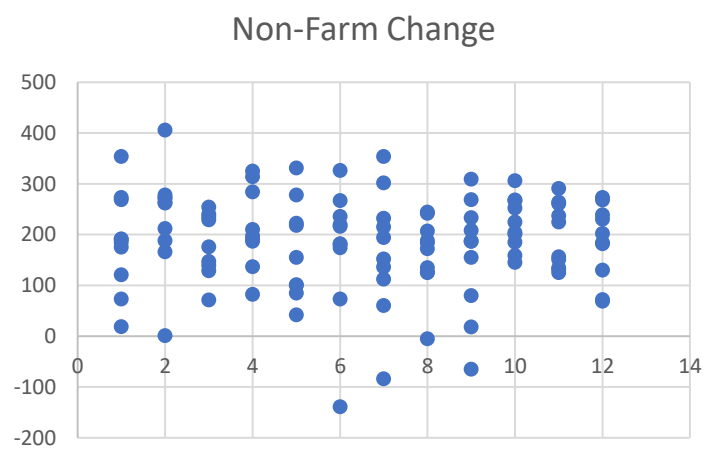
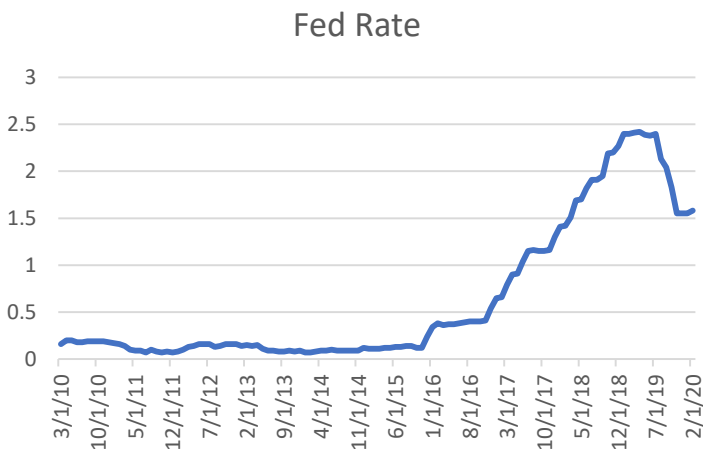
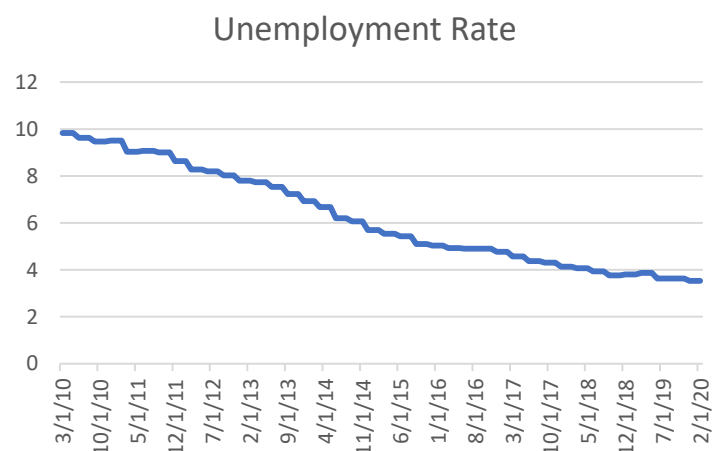
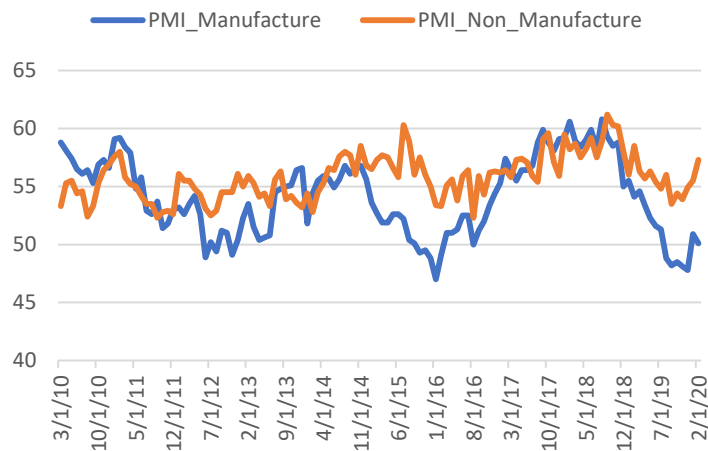
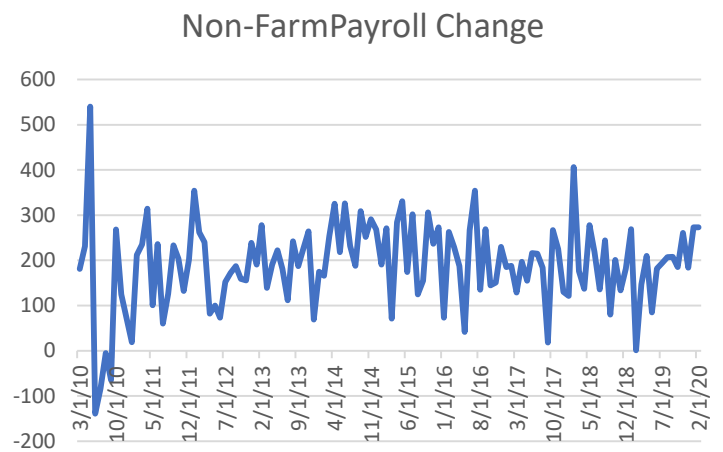
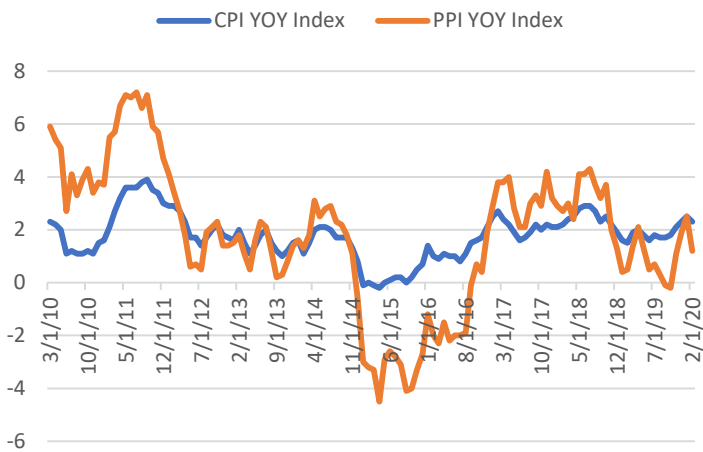
2020/3/20



*** 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)



- PPI starts to drop but CPI still looks rosy.
- Manufacture sector PMI rebound stops and revert a bit, however non-manu PMI keeps strong.
- Strong employment data support spending and general output.
- Fed cuts rates to 0 as a way to show the impacts of current economic situation.

Market News

3/13/20

TO

3/20/20

- 03/20 OIS spread widens a lot and almost come back to 2008 financial crisis.
- 03/19 USD liquidity crash as shown with USDEUR and USDJPY basis spread, US funding vanishes.

USD vs EUR/GBP/JPY basis



USD/GBP/EUR OIS spread



Persepectives

- USD liquidity crashed as the USD funding vs EUR GBP and JPY dropped to as low as 2008. At Friday, GBP and EUR liquidity goes back a lot but not with JPY, so USD liquidity revoers a lot this week.
- Market starts to price in Banks Credit risks as the OIS-LIBOR rates goes up a lot. Current market is still concerns with banks CPTY risks and lending rates is too high to make loans.
- Market overall sentiments starts to get better as the spread of 10Y-2Y windends to around 50bps. But this widen could come from the fact that USD liquidity crashed and investors buying short-term bonds selling long-term bonds to keep their portfolio's liquidity.
- Equity market continues to drop and obviously in a short trend for now. And US dollar index had a long breakthrough as all money around the world comes back to US now, this is called "Dollar storm".
- VIX index is making a head movement and if that is valid combined with liquidity recovery, curve steppingening that is a sign for market to stop dropping and come into a side way movements afterwards.