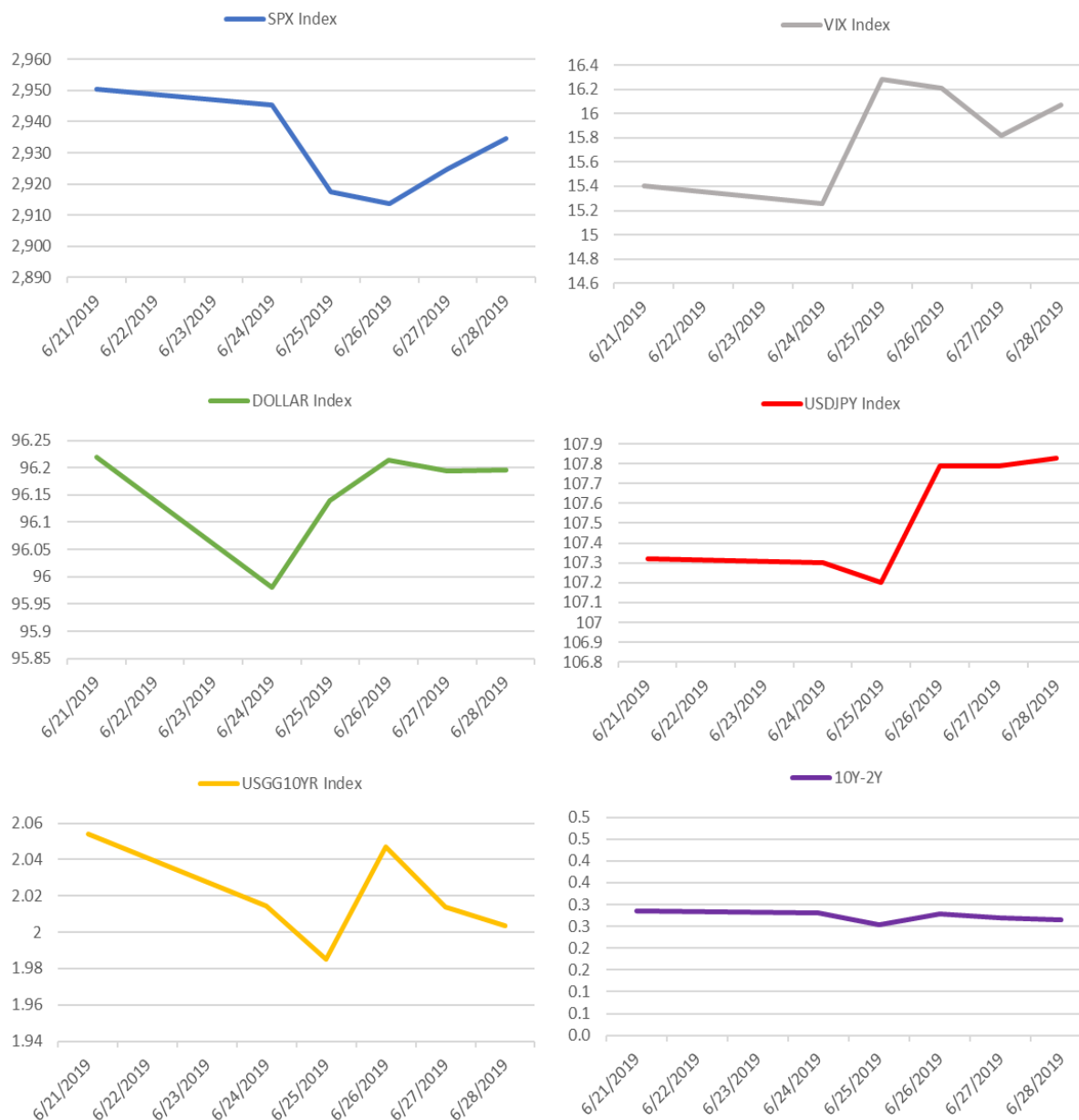


US Market Weekly Overview (06/28/19)



*** Index selection details:

- **SPX index:** S&P 500 index stands for overall market performance
- **Dollar index:** The overall index value of US dollar currency
- **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:

- 06/24: Equities traded cautiously today and the market focus is almost on the upcoming G20 meeting this weekend as investors hunt for signs of a thaw in the US-China trade war. S&P 500 is 0.2% away from its historical high set last Thursday. US bond market reverted to its rallying ways as the May Dallas Fed Manufacturing Outlook survey fell to the lowest level of the past 3 years.
- 06/25: Lackluster May US new home sales (-7.8% vs +1.6% expected) and worsening Conference Board Consumer Confidence helped to continue the bid for bonds. 2yr Treasury auction performed better than expected and came 1bp through pre-auction levels, clearing demonstrating ample investor interest despite 2yr yield being 40bps lower than the last auction. FOMC Chairman Powell reiterated that the case for rate cut has increased while another member of the FOMC (St. Louis Fed President Bullard) tried to squash expectations of a 50bp rate cut at the July meeting.
- 06/27: Markets are trading cautiously ahead of this weekend's G-20 gathering, with much uncertainty around the potential for either further escalation or defusing of the US-China trade war. Final US Q1 GDP was revised a little bit lower from 3.2% to 3.1%, but that was largely ignored. Tomorrow brings about the usual slate of key monthend data including personal income and spending, the Fed's favorite measure of inflation (PCE), the June Chicago Purchasing Managers Index and University of Michigan's inflation survey. Markets will be focused on whether the last indication of long-term inflation expectation dropping to 2.2% (lowest print since at least 1979) was a fluke.

Perspectives vs Actual:

Date	Driver	Equity	Rates	Vol	Curve Shape (10Y-2Y)	USD Basket	JPY
24-Jun	Manufacture Data Low	-1	-1	0	-1	-1	0
25-Jun	Low New home sales	-1	-1	0	-1	-1	0
26-Jun	Low PMI	-1	-1	1	-1	-1	0
Expected		-1	-1	1	-1	-1	0
Actual		-1	-1	1	-1	0	1

- Clearly this week weak data showing up continuously given a relatively easy to project on the equity market and rates market. As US economic data turns bad, equity market reflects with heading movements and quickly retract back a lot. But rates market reflects more stable move towards lower interest rate and lower 10Y-2Y spread.
- Interestingly seeing that USD index closed at flat this week while we project it should go badly also market starts to put more cautiously views and weighting on JPY as currency in heaven.
- Forward looking gives us a more cautiously market condition and not bad US outlook from market even economic data starts showing off the line.