

TABLE OF CONTENTS	PAGE
Equity – Global stock markets continued to gain in December	1
Fixed Income – US Bond yields rose in December	2
Commodities – Oil price went up and Gold rebound	2
FX – Dollar is weakening	3
Economic Calendar (January 2021)	3

Equity – Global stock markets continued to gain in December

- Global equities posted positive returns in December. US stimulus expectations, vaccine distribution in a few regions and the approval of a free trade deal between the EU and the UK seemed to have further boosted investor sentiment in December. For developed market, S&P500 and Nasdaq rose 3.71% and 5.65%, respectively. MSCI EU rose 2.29% as well. For the emerging market, MSCI EM was up 7.15%. China CSI300 gained 5.06% while ChiNext Index was also up 4.36%. HSI and HSCEI were up 3.38% and 1.82%, respectively.
- In China, NBS manufacturing PMI Index dropped slightly by 0.2 to 51.9 in December. Among PMI sub-indices, production and new order index edged down a bit. Industrial price continued to rise putting pressure on corporate earnings. Purchasing Price Index jumped 68 in December, the highest level since September 2017. Looking forward, the resurgence of COVID 19 in several provinces would exert marginal adverse impact on service sectors, but robust exports still lend much support to growth.

Index	Settle	Net Change (+/-%)		Valuation (2020)	
		MoM	YTD	PE	PB
DJIA	30,606.48	3.27%	7.25%	25.08	4.65
S&P 500	3,756.07	3.71%	16.26%	27.04	4.04
Nasdaq	12,888.28	5.65%	43.64%	41.73	5.08
Nikkei	27,444.17	3.82%	16.01%	25.66	2.05
FTSE100	6,460.52	3.10%	-14.34%	21.31	1.62
CAC40	5,551.41	0.60%	-7.14%	28.14	1.66
DAX	13,718.78	3.22%	3.55%	20.18	1.68
SHCOMP	3,473.07	2.40%	13.87%	15.55	1.58
CSI300	5,211.29	5.06%	27.21%	18.29	2.27
ChiNext	3,111.07	4.36%	47.85%	44.86	6.64
HSI	27,231.13	3.38%	-3.40%	14.55	1.23
HSCEI	10,738.40	1.82%	-3.85%	10.73	1.20
TWSE	14,732.53	7.36%	22.80%	20.37	2.34
KOSPI	2,873.47	10.89%	30.75%	20.58	1.20
JCI	5,979.07	6.53%	-5.09%	0.00	0.00

Source: Bloomberg

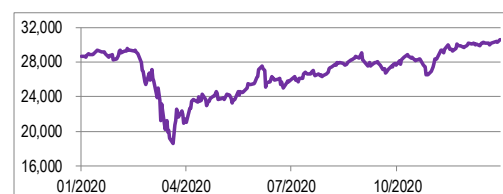


Fig. 1 One year performance of Dow Jones Index

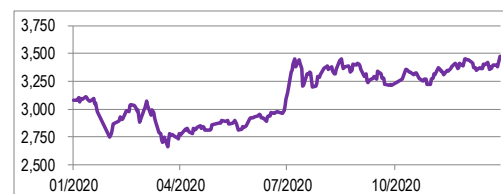


Fig. 2 One year performance of Shanghai Composite

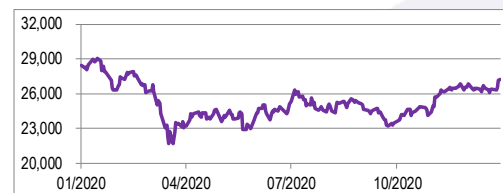


Fig. 3 One year performance of Hang Seng Index

Fixed Income – US Bond yields rose in December

- The US rates market was rather subdued in December. The first day of the month saw the biggest daily move higher in 10Y yields, in line with the broader risk-on tone as the S&P 500 hit fresh record highs. Yet for the remainder of the month US 10Y never traded to break 1%. Despite limited price action the focus remained on the implications of further US fiscal stimulus for the US Treasury market. US 10Y Treasury yields finally closed at 0.91% in December.
- In Europe, 10 Bund yields ended the month only slightly higher than where they started. The ECB meeting was the major event of the month in early December. Yet the market was slightly disappointed by the PEPP extension of EUR 500bn, and over the remainder of the month Bund yields drifted back higher. Eventually, Euro 10Y government bond yields closed at -0.57% in December. In UK, the rate markets were oscillated as investors digested both the various twists of the Brexit deal and the surge in COVID-19 cases following an identification of a new COVID-19 variant. Eventually 10Y gilt yields closed at 0.20%.

Bonds	High	Low	Settle	Net Change (bp)	
				MoM	YTD
US 10-yr Treasury Yield	0.97%	0.84%	0.91%	7	-100
US 30-yr Treasury Yield	1.73%	1.57%	1.64%	8	-74
Euro 10-yr Govt Yield	-0.52%	-0.64%	-0.57%	0	-38
Japan 10-yr Govt Yield	0.03%	0.01%	0.02%	-1	3
China 10-yr Govt Yield	3.32%	3.14%	3.15%	-13	0

Source: Bloomberg

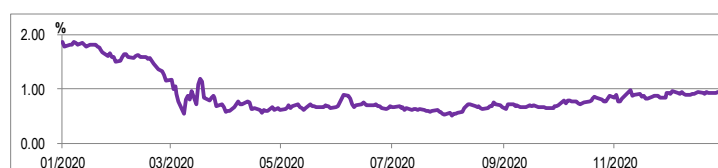


Fig. 4 One year performance of US 10-yr Treasury Yield

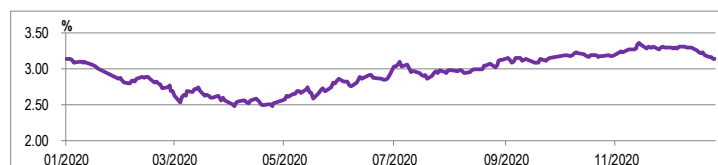


Fig. 5 One year performance of China 10-yr Treasury Yield

Commodities – Oil price went up and Gold rebound

Commodities	High	Low	Settle	Net Change (+/-%)	
				MoM	YTD
WTI Oil (bbl)	49.10	44.55	48.52	7.01%	-20.54%
Brent Oil (bbl)	52.26	47.42	51.80	8.85%	-21.52%
Gold Spot (oz)	1,898.36	1,776.95	1,898.36	6.83%	25.12%
CMX Silver (oz)	26.57	22.59	26.41	16.90%	43.93%
CMX Copper (lb)	363.25	343.80	351.90	2.36%	24.32%
LME Zinc (mt)	2,851.75	2,725.50	2,729.33	-1.69%	19.73%
LME Aluminum (mt)	2,054.85	1,970.00	1,973.60	-3.06%	10.80%

Source: Bloomberg

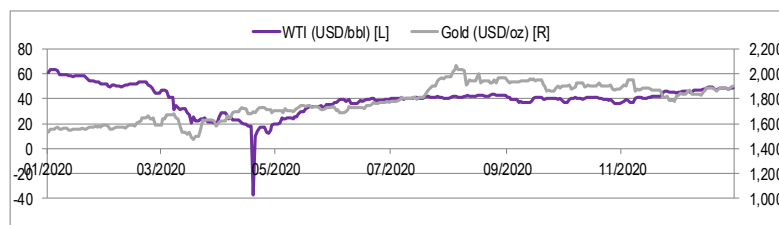


Fig. 6 One year performance of Oil and Gold Price

- Gold bounced back in December due to weak USD. The approval of a US stimulus package, Brexit uncertainty and renewed virus concerns also push gold higher throughout the month. Gold struggled to gain further as vaccine optimism continued to act as a drag on haven demand. Gold price finally closed at USD1,898.36/oz, up 6.83% MoM.
- Oil prices move higher in December. As more clarity around vaccine distribution programs emerged, Brent prices steadily increased. However, the announcement of a new virus strain in late December gave rise to demand fears and oil prices plummeted. Despite reports suggesting that current vaccines were still effective against the new virus strain, Brent prices failed to recover to their monthly high. WTI and Brent went up 7.01% and 8.85% respectively in December.

FX – Dollar is weakening

- The USD weakened in December as the “risk-on” tone from the November continued, with hopes rising on the vaccine rollout and prospects for additional economic stimulus. The FOMC meeting on mid-December changed relatively little, with the Fed continuing its assets purchases at USD 120bn per month and keeping rates close to zero. The announcement of a new COVID-19 variant spooked markets on late December, but fears waned over the day as reports claimed that the current vaccines would still be efficacious against the new variant. Finally, DXY went down 2.10% in December.
- Although the completion of the Brexit trade deal and news of an investment deal with China gave a strong boost to the EUR and reach two year high, the announcement of a new COVID-19 strain provided a hurdle for the EUR which was not able to sustain this level. Eventually, the EUR went up 2.42% against the USD in December. In UK, it was still plagued with virus concerns as it became increasingly clear that a new COVID-19 strain was spreading within its border. However, as the UK and EU finalized a Brexit deal in late December and the current vaccines would likely work against the new variant, it allowed GBP-USD to break past the two year high. Eventually GBP-USD went up 2.60% in December.

FX	High	Low	Settle	Net Change (+/-%)	
				MoM	YTD
DXY	91.87	89.68	89.94	-2.10%	-6.69%
EUR / USD	1.230	1.193	1.222	2.42%	8.94%
USD / CNH	6.584	6.503	6.503	-1.23%	-6.59%
USD / JPY	104.4	103.1	103.3	-1.02%	-4.94%
GBP / USD	1.367	1.322	1.367	2.60%	3.12%
USD / CAD	1.300	1.270	1.273	-2.12%	-2.04%
AUD / USD	0.769	0.734	0.769	4.77%	9.59%
USD / CHF	0.909	0.881	0.885	-2.61%	-8.42%

Source: Bloomberg

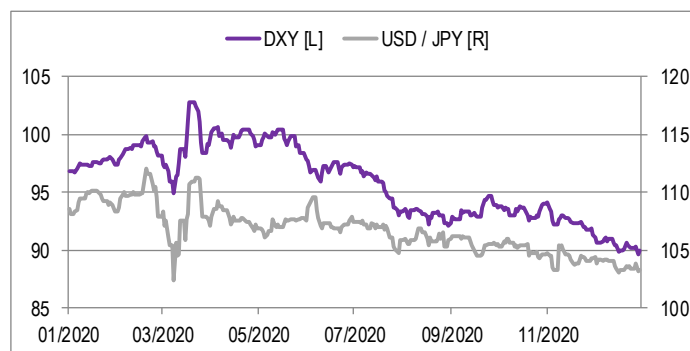


Fig. 7 One year performance of DXY and JPY

Economic Calendar (January 2021)

Monday	Tuesday	Wednesday	Thursday	Friday
				1
4 Markit US Manufacturing PMI Construction Spending MoM	5 ISM Manufacturing	6 MBA Mortgage Applications ADP Employment Change Factory Orders Durable Goods Orders	7 Initial Jobless Claims Trade Balance	8 Change in Nonfarm Payrolls Unemployment Rate Wholesale Inventories MoM
11	12	13 MBA Mortgage Applications CPI MoM	14 Initial Jobless Claims	15 PPI Final Demand MoM Empire Manufacturing Retail Sales Advance MoM Industrial Production MoM U. of Mich. Sentiment
18	19	20	21 Housing Starts Initial Jobless Claims	22 Markit US Manufacturing PMI Existing Home Sales
25	26 Conf. Board Consumer Confidence	27 MBA Mortgage Applications Durable Goods Orders	28 FOMC Rate Decision Wholesale Inventories MoM Initial Jobless Claims GDP Annualized QoQ Leading Index	29 Personal Income Personal Spending Chicago Purchasing Manager U. of Mich. Sentiment

Source: Bloomberg