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## Equity – Global equity market got a good start in 2019

- After significant drop in 4Q2018, global equity market got a good start in 2019. Thanks to easing Sino-US trade war concerns and lower US rate-hike expectation, global equity markets rebounded strongly in January 2019. S&P 500 and Nasdaq surged 7.87% and 9.74% MoM, respectively. Meanwhile, EM equities also performed well with MSCI EM Index up 8.71% MoM, where HSI and HSCEI jumped by 8.11% and 9.00% MoM, respectively. Dragged by Brexit, European market was underperformed. MSCI EU Index gained 6.07% MoM.
- After missing expectation for four consecutive months, China NBS manufacturing PMI finally beat market consensus in January and edged up to 49.5% from 49.4% in December 2018. The key driver was the temporary re-stocking in the raw materials industries. However, January data was distorted by the shift of the Lunar New Year. PMI for employment declined further by 0.2ppt to 47.8% in January, indicating more downward pressure on consumer spending and confidence.

Index	Settle	Net Change (+/-%)		Valuation (2019)	
		MoM	YTD	PE	PB
DJIA	24,999.67	7.17%	7.17%	15.10	3.62
S&P 500	2,704.10	7.87%	7.87%	16.08	2.95
Nasdaq	7,281.74	9.74%	9.74%	20.56	3.99
Nikkei	20,773.49	3.79%	3.79%	15.02	1.55
FTSE100	6,968.85	3.58%	3.58%	12.29	1.62
CAC40	4,992.72	5.54%	5.54%	12.64	1.38
DAX	11,173.10	5.82%	5.82%	11.98	1.41
SHCOMP	2,584.57	3.64%	3.64%	9.74	1.16
CSI300	3,201.63	6.34%	6.34%	10.13	1.33
ChiNext	1,474.75	-2.78%	-2.78%	17.86	2.81
HSI	27,942.47	8.11%	8.11%	10.66	1.18
HSCEI	11,035.73	9.00%	9.00%	8.10	0.97
TWSE	9,932.26	2.11%	2.11%	13.60	1.55
KOSPI	2,204.85	8.03%	8.03%	10.49	0.90
JCI	6,532.97	5.46%	5.46%	15.87	2.35

Source: Bloomberg

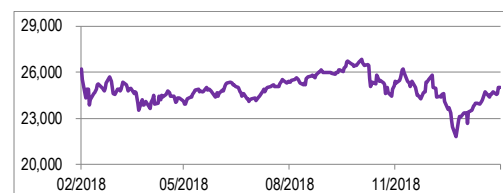


Fig. 1 One year performance of Dow Jones Index

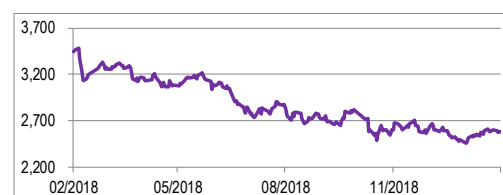


Fig. 2 One year performance of Shanghai Composite

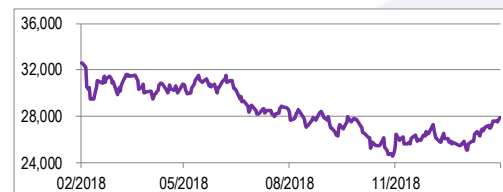


Fig. 3 One year performance of Hang Seng Index

## Fixed Income – Global bond yields dropped in general

- 10Y US Treasury yields fell 5bp in January. Driven by downside surprise from ISM manufacturing data and strong beat on nonfarm payrolls, US Treasury yields formed a first-fall-and-then-rise pattern. However, US Treasury yields final dragged down by Fed's statement on patient rate hike approach.
- There were large movements in the European government bond market including the ECB taking over a troubled Italian bank, rejecting PM May's Brexit deal and falling of Eurozone composite PMI figure. Market expected the ECB would not tighten due to the concerns on negative Eurozone's economic outlook, while there was a perception that the prospects for a second referendum and no Brexit. 10Y Euro government bond and UK gilt yield finally dropped by 9 bp and 6bp MoM in January, respectively.

Bonds	High	Low	Settle	Net Change (bp)	
				MoM	YTD
US 10-yr Treasury Yield	2.78%	2.55%	2.63%	-5	-5
US 30-yr Treasury Yield	3.10%	2.90%	3.00%	-2	-2
Euro 10-yr Govt Yield	0.26%	0.15%	0.15%	-9	-9
Japan 10-yr Govt Yield	0.03%	-0.04%	0.01%	0	0
China 10-yr Govt Yield	3.18%	3.08%	3.11%	-20	-20

Source: Bloomberg

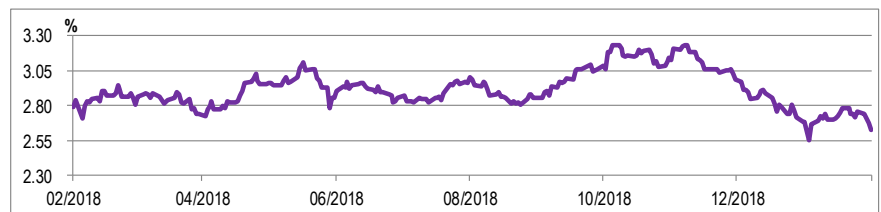


Fig. 4 One year performance of US 10-yr Treasury Yield

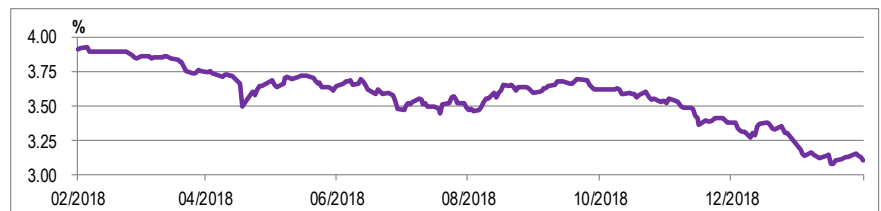


Fig. 5 One year performance of China 10-yr Treasury Yield

## Commodities – Oil prices rebounded significantly while gold price also on uptrend

Commodities	High	Low	Settle	Net Change (+/-%)	
				MoM	YTD
WTI Oil (bbl)	54.23	46.54	53.79	18.45%	18.45%
Brent Oil (bbl)	62.74	54.91	61.89	15.04%	15.04%
Gold Spot (oz)	1,321.21	1,275.90	1,321.20	3.02%	3.02%
CMX Silver (oz)	16.07	15.30	16.07	3.42%	3.42%
CMX Copper (lb)	278.45	256.80	278.45	5.83%	5.83%
LME Zinc (mt)	2,730.00	2,454.00	2,730.00	8.40%	8.40%
LME Aluminum (mt)	1,902.50	1,799.00	1,892.00	1.57%	1.57%

Source: Bloomberg

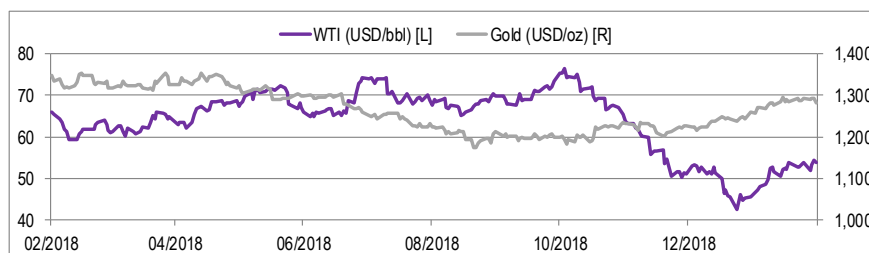


Fig. 6 One year performance of Oil and Gold Price

- Oil prices rebounded significantly in January, while WTI and Brent surged 18.45% and 15.04% MoM respectively, as OPEC production cuts came into force and Saudi Arabia was fulfilling a pledge to cut exports in December, ahead of the January start of the OPEC agreement. In addition, activity levels in US shale were decelerating adding fuels to the prices.

- Thanks to weaker USD, gold rallied 3.02% MoM in January. Although a rise in equities and optimism on US-China trade negotiations put some downward pressure on gold, offsetting the fears of economic slowdown, a sharp fall in the USD after a dovish rate announcement by the Fed pushing gold to above USD1,300/oz.

## FX – Dovish shift in the Fed's narrative leading to weak dollar

- The USD weakened by 0.62% MoM in January on a dovish shift in the Fed's narrative pointing to a patient approach to further rate rises, where the market contemplates the possibility of an end to the Fed's hiking cycle.
- Brexit developments remained the key driver of GBP. Political uncertainty remained elevated as the Parliament rejected PM May's Withdrawal Agreement. However, GBP was supported by a perception that the prospects for a second referendum and no Brexit leading GBP up by 2.78% MoM against the USD.

FX	High	Low	Settle	Net Change (+/-%) MoM	YTD
DXY	96.82	95.22	95.58	-0.62%	-0.62%
EUR / USD	1.154	1.130	1.145	-0.17%	-0.17%
USD / CNH	6.883	6.710	6.710	-2.34%	-2.34%
USD / JPY	109.8	107.7	108.9	-0.73%	-0.73%
GBP / USD	1.320	1.261	1.311	2.78%	2.78%
USD / CAD	1.363	1.313	1.313	-3.75%	-3.75%
AUD / USD	0.727	0.699	0.727	3.18%	3.18%
USD / CHF	0.997	0.974	0.994	1.23%	1.23%

Source: Bloomberg

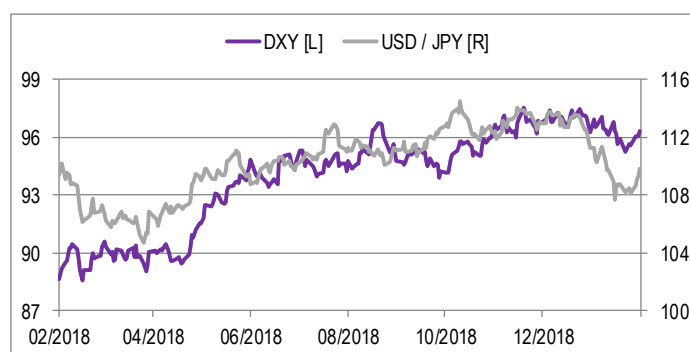


Fig. 7 One year performance of DXY and JPY

## Economic Calendar (February 2019)

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

Source: Bloomberg