



Month ending May 31, 2018

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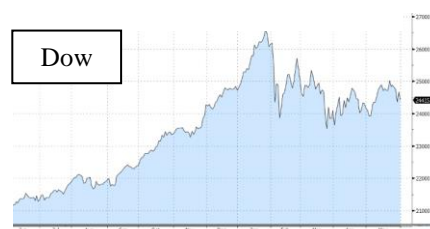
Stocks & Bonds

US stock markets rose over the month. The Dow and S&P 500 were up 1.05% and 2.16% respectively. The technology-heavy NASDAQ was up by 5.32% during the period. US 10-year treasury yield increased by 21.4 basis points. In Hong Kong Market, HSI and HSCEI were -1.10% and -2.86% respectively in May.

There is expected to be an unprecedented meeting between the US President and the leader of North Korea in June. This meeting could see the beginnings of a new era of economic development in North Korea. This is premised on a deal that would see North Korea sacrifice its nuclear capability in return for economic aid. Investors and political analysts are agents in an increasingly unpredictable world where analytical tools are fast becoming obsolete. International relations theories are being shredded and rewritten. This is why investors should prepare for all outcomes. An economically viable North Korea would be supported by agencies such as the World Bank and the IMF. Industrial opportunities are likely to arise for companies listed in South Korea, Japan and China. China is likely to be larger than Japan in terms of index composition by 2023. Coincident with this change, investor would expect country-specific valuation metrics beginning to converge. Cheaper markets like Korea will be natural beneficiaries. Korea is also expected to replace Australia as the region’s third-largest market by the close of this year.

Price Performance Summary (For the month ending May 31)

STOCK INDEXES	High	Low	Settle	Net Change (+/-)	
				MoM	YoY
DJIA	25,013.3	23,925.0	24,415.8	252.7	3,407.2
FTSE 100	7,877.5	7,421.4	7,678.2	168.9	158.3
Nikkei 225	23,002.4	22,018.5	22,201.8	-266.0	2,551.3
Hang Seng	31,541.1	29,926.5	30,468.6	-339.9	4,807.9
KOSPI	2,515.4	2,409.0	2,423.0	-92.4	75.6
US BONDS (Yield)					
10-yr Treasury Note	3.112%	2.782%	2.859%	-0.095%	0.655%
30-yr Treasury Bond	3.247%	2.975%	3.026%	-0.098%	0.162%



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FOREIGN EXCHANGE

Italian developments have turned more encouraging recently, but the EUR remains at risk to any renewed deterioration in news flow. There is a few observations on how regional currencies have been trading relative to the EUR recently. SGD has been tightly correlated to the EUR for most of the past year when the USD was the common driver; however, SGD has outperformed in the latest Italian driven EUR move, likely on safe haven support. CNH has dramatically outperformed EUR weakness, with the CNY CFETS basket strengthening, but this could be changing. In May, USD/CNH has begun to catch-up, with the 6.40 figure breaking and the CFETS basket turning lower. TWD appears to have most consistently kept up with the EUR, strengthening and weakening in lockstep. Also, KRW has remained largely range-bound amidst this EUR move, with resilience likely helped by hopes of diplomatic progress on the Korean Peninsula.

Price Performance Summary (For the month ending May 31)					
	High	Low	Settle	Net Change (+/-)	
				MoM	YoY
US Dollar Index	94.820	91.841	93.979	2.138	-2.943
EURUSD	1.2078	1.1540	1.1693	-0.0385	0.0449
GBPUSD	1.3763	1.3249	1.3298	-0.0465	0.0408
USDJPY	111.05	108.77	108.82	-0.52	-1.96
USDCHF	1.0050	0.9858	0.9858	-0.0051	0.0180
USDCAD	1.3018	1.2767	1.2958	0.0115	-0.0542
AUDUSD	0.7582	0.7455	0.7568	0.0038	0.0138
EURJPY	132.05	125.51	127.23	-4.82	2.67
EURGBP	0.88409	0.87104	0.87939	0.00185	0.00710

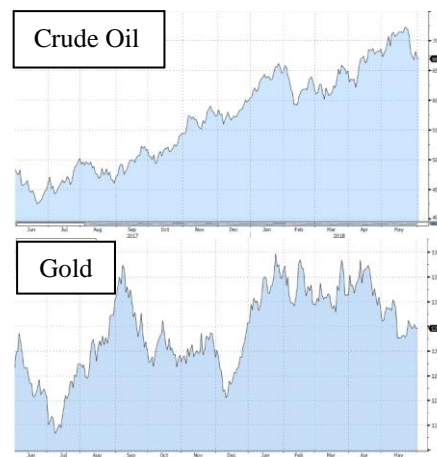


COMMODITIES

Gold decreased by 1.28% to close at US\$1,298.52 per oz. 1-month crude oil future traded in NYME down by 2.23% to close the month at US\$67.04 per barrel.

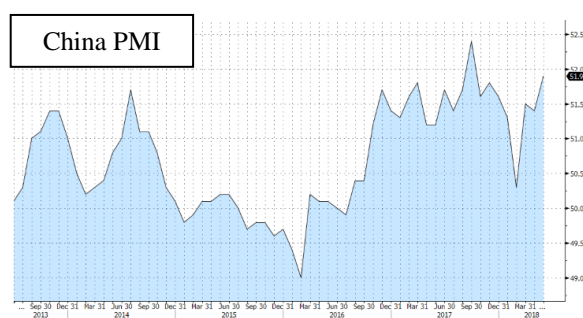
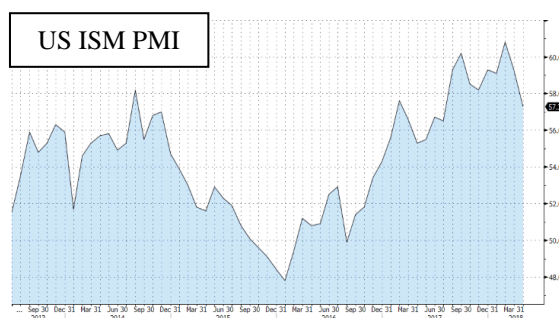
Soybean was down 1.85%. Copper was up 0.41%. Corn increased by 0.38% to US\$394.00. Wheat was up by 2.68% to US\$526.25.

Price Performance Summary (For the month ending May 31)					
Futures	High	Low	Settle	Net Change (+/-)	
				MoM	YoY
Crude Oil (NYME)	72.24	66.73	67.04	-1.53	18.72
Gold	1,321.60	1,290.52	1,298.52	-16.83	29.58
Silver	16.7203	16.1665	16.4275	0.0957	-0.9003
Copper	311.90	301.50	306.50	1.25	48.50
Sugar #11	12.79	11.22	12.79	1.27	-2.08
Wheat	543.00	480.50	526.25	13.75	97.00
Soybeans	1,043.25	994.75	1,018.50	-19.25	102.50
Corn	408.50	389.00	394.00	1.50	22.00



ECONOMY

May official manufacturing PMI in China came in stronger than market consensus. It rose to 51.9 in May, vs. 51.4 in April and the same 51.4 median-forecast from Bloomberg. Meanwhile, the non-manufacturing PMI edged up also to 54.9 in May, from 54.8 in April, with expansions in the service sector being offset by moderated activities in the construction sector. The PMI expanded in May on the back of strong demand factors, with the output index rising by 1 point to 54.1. The two demand indices – new (domestic) orders and new export orders – also increased both MoM by 0.9 and 0.5 points to 53.8 and 51.2, respectively. In May, the business expectation sub-index strengthened to 58.7, vs. 58.4 in April. Thus, firm-level purchase quantities and imports increased, despite rising costs of raw materials. The sub-indices of input prices and producer prices both rose to 56.7 and 53.2, vs. 53.0 and 50.2 in April, respectively. The volatile oil price was the major factor concerning increasing cost pressures. In May, the oil price advanced above USD70/bbl, weighing on upstream sectors in particular.



US DATA IN FOCUS (June 2018)

Monday	Tuesday	Wednesday	Thursday	Friday
				1 Change in Nonfarm Payrolls Unemployment Rate Markit US Manufacturing PMI Construction Spending MoM ISM Manufacturing ISM Prices Paid
4 Factory Orders Durable Goods Orders Durables Ex Transportation	5 Markit US Services PMI Markit US Composite PMI ISM Non-Manf. Composite	6 MBA Mortgage Applications Trade Balance	7 Initial Jobless Claims	8 Wholesale Inventories MoM
11	12 CPI MoM CPI Ex Food and Energy MoM	13 Monthly Budget Statement MBA Mortgage Applications PPI Final Demand MoM	14 FOMC Rate Decision Retail Sales Advance MoM Import Price Index MoM Initial Jobless Claims	15 Empire Manufacturing Industrial Production MoM U. of Mich. Sentiment
18	19 Housing Starts	20 MBA Mortgage Applications Current Account Balance Existing Home Sales	21 Initial Jobless Claims Philadelphia Fed Business Outlook FHFA House Price Index MoM Leading Index	22 Markit US Manufacturing PMI Markit US Services PMI Markit US Composite PMI
25 New Home Sales	26 Richmond Fed Manufact. Index Conf. Board Consumer Confidence	27 MBA Mortgage Applications Durable Goods Orders Durables Ex Transportation Wholesale Inventories MoM Pending Home Sales MoM	28 GDP Annualized QoQ GDP Price Index Initial Jobless Claims	29 Personal Income Personal Spending Chicago Purchasing Manager U. of Mich. Sentiment