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Equity – Equity market remaining solid and China A-share market performing brightly

- Although the momentum was softening in global equity markets due to the concerns on slowdown of economic growth, most of the major equity markets still provided positive return in March. Despite China A-share market performing brightly, emerging market underperformed developed market. For developed market, S&P 500 and Nasdaq gained 1.79% and 2.61%, respectively. MSCI EU Index was also up 1.62%. For emerging market, although China A-share CSI300 Index surged another 5.53%, HSI and HSCEI only increased 1.46% and 0.11%, respectively. MSCI EM Index still underperformed with only 0.68% increase last month.
- In China, March NBS manufacturing PMI rebounded from 49.2% to 50.5%, much better than the market consensus of 49.6%. The jump in PMI was partially resulting from the impact of LNY, but the recovery was still larger than expected, especially for those domestic demand indicators. The strong efforts of fiscal easing will likely boost domestic demand growth, especially for consumption and manufacturing investment.

Index	Settle	Net Change (+/-%)		Valuation (2019)	
		MoM	YTD	PE	PB
DJIA	25,928.68	0.05%	11.15%	15.77	3.77
S&P 500	2,834.40	1.79%	13.07%	17.06	3.14
Nasdaq	7,729.32	2.61%	16.49%	22.44	4.24
Nikkei	21,205.81	-0.84%	5.95%	15.45	1.59
FTSE100	7,279.19	2.89%	8.19%	12.89	1.69
CAC40	5,350.53	2.10%	13.10%	13.83	1.52
DAX	11,526.04	0.09%	9.16%	12.65	1.46
SHCOMP	3,090.76	5.09%	23.93%	11.58	1.36
CSI300	3,872.34	5.53%	28.62%	12.28	1.61
ChiNext	2,023.93	10.11%	33.43%	25.09	3.93
HSI	29,051.36	1.46%	12.40%	11.26	1.24
HSCEI	11,379.62	0.11%	12.39%	8.67	1.03
TWSE	10,641.04	2.42%	9.39%	15.12	1.67
KOSPI	2,140.67	-2.49%	4.88%	11.20	0.88
JCI	6,468.76	0.39%	4.43%	15.48	2.32

Source: Bloomberg

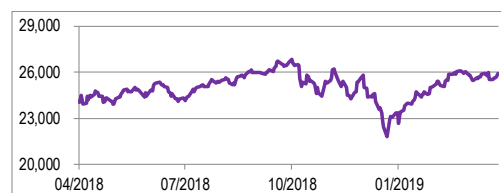


Fig. 1 One year performance of Dow Jones Index

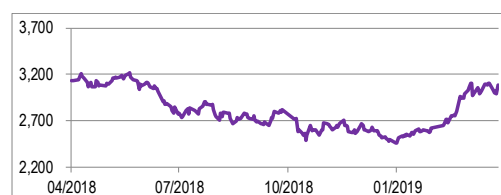


Fig. 2 One year performance of Shanghai Composite

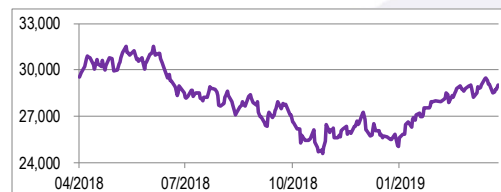


Fig. 3 One year performance of Hang Seng Index

Fixed Income – Fed surprising the market with dovish rate projections

- In March, the Fed surprised the market with a marked shift in the Fed funds projections expecting no hikes this year and just one in 2020, dragging down the Treasury yield. Besides, 3M10Y spread invert was shown during the month, which was the first time since 2007 triggering the concerns of economic growth again. These dragged down the 10Y Treasury yield reaching a low since December 2017.
- In Europe, the ECB announced no change in the policy rate and pushed back its forward guidance saying rates will remain at current levels at least through the end of 2019. In addition, German manufacturing PMI continued to drop to 44.7, below the market expectation. Euro 10Y Government bond yield turned negative for the first time since late-2016.

Bonds	High	Low	Settle	Net Change (bp)	
				MoM	YTD
US 10-yr Treasury Yield	2.75%	2.37%	2.41%	-31	-28
US 30-yr Treasury Yield	3.12%	2.81%	2.81%	-27	-20
Euro 10-yr Govt Yield	0.18%	-0.08%	-0.07%	-25	-31
Japan 10-yr Govt Yie'ld	0.01%	-0.09%	-0.08%	-6	-8
China 10-yr Govt Yield	3.23%	3.07%	3.07%	-11	-24

Source: Bloomberg

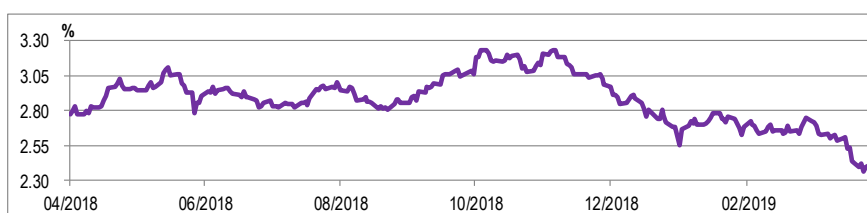


Fig. 4 One year performance of US 10-yr Treasury Yield

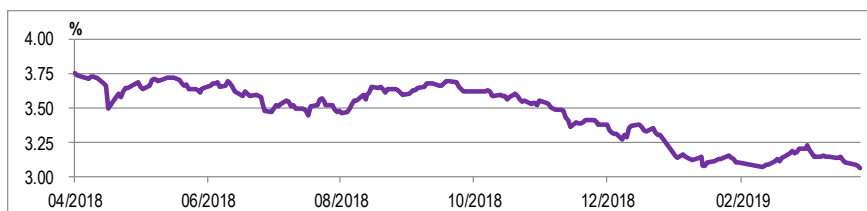


Fig. 5 One year performance of China 10-yr Treasury Yield

Commodities – Oil price still strong while gold price weakened

Commodities	High	Low	Settle	Net Change (+/-%)	
				MoM	YTD
WTI Oil (bbl)	60.14	55.80	60.14	5.10%	32.44%
Brent Oil (bbl)	68.50	65.07	68.39	3.57%	27.12%
Gold Spot (oz)	1,321.81	1,285.62	1,292.30	-1.60%	0.77%
CMX Silver (oz)	15.57	14.97	15.11	-3.35%	-3.30%
CMX Copper (lb)	293.60	284.25	293.60	-0.41%	11.34%
LME Zinc (mt)	2,999.75	2,723.50	2,999.75	6.62%	19.11%
LME Aluminum (mt)	1,922.00	1,816.75	1,893.00	0.19%	1.62%

Source: Bloomberg

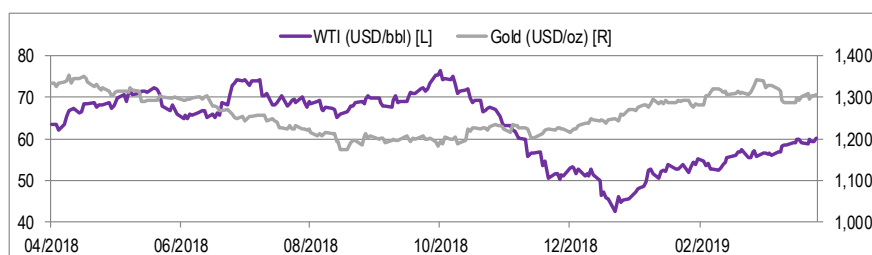


Fig. 6 One year performance of Oil and Gold Price

- Although there were concerns on demand because of soft economic data, oil price remained strong due to tighter supply expectation. Surprisingly drop in US crude inventories, Saudi Arabia's tone on further supply cut, restriction on Venezuela were the key factors driving the oil price up. WTI and Brent were up 5.10% and 3.57% in March, respectively.
- The gold price was dragged down by the optimism on US-China trade negotiations in early-March. Although the weak US non-farm payrolls figures, soft EU PMI data, uncertainty on the Brexit and dovish Fed announcement gave support to gold price during the month, it still dropped by 1.60% MoM.

FX – Strong USD due to weak EUR & GBP

- The Fed's dovish announcement and worse-than-expected US data put some pressure on dollar, but the sell-off of EUR, due to dovish ECB policy and soft Eurozone manufacturing sector data, gave support to DXY. DXY finally gained 1.17% in March.
- A dovish policy announcement by the ECB and signs of continued weakness in Eurozone manufacturing sector dragged down EUR further in March. EUR/USD dropped to its lowest level since June 2017 in Mid-March. In UK, Parliament rejected PM May's Brexit deal for the second time and GBP was affected. EUR/USD and GBP/USD dropped 1.35% and 1.72%, respectively.

FX	High	Low	Settle	Net Change (+/-%)	
				MoM	YTD
DXY	97.67	95.76	97.28	1.17%	1.16%
EUR / USD	1.141	1.119	1.122	-1.35%	-2.17%
USD / CNH	6.740	6.688	6.723	0.30%	-2.15%
USD / JPY	111.9	109.9	110.9	-0.48%	1.07%
GBP / USD	1.334	1.302	1.304	-1.72%	2.20%
USD / CAD	1.346	1.330	1.335	1.34%	-2.11%
AUD / USD	0.714	0.702	0.710	0.03%	0.67%
USD / CHF	1.011	0.992	0.995	-0.30%	1.33%

Source: Bloomberg

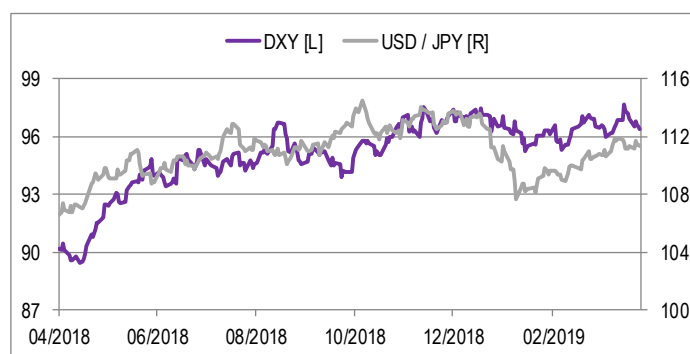


Fig. 7 One year performance of DXY and JPY

Economic Calendar (April 2019)

Monday	Tuesday	Wednesday	Thursday	Friday
1 Retail Sales Advance MoM Markit US Manufacturing PMI ISM Manufacturing Construction Spending MoM	2 Durable Goods Orders	3 MBA Mortgage Applications ADP Employment Change	4 Initial Jobless Claims	5 Change in Nonfarm Payrolls Unemployment Rate
8 Factory Orders Durable Goods Orders	9	10 MBA Mortgage Applications CPI MoM	11 PPI Final Demand MoM Initial Jobless Claims	12 U. of Mich. Sentiment
15 Empire Manufacturing	16 Industrial Production MoM	17 MBA Mortgage Applications Trade Balance Wholesale Inventories MoM	18 Retail Sales Advance MoM Initial Jobless Claims Markit US Manufacturing PMI Leading Index	19 Housing Starts
22 Existing Home Sales Personal Spending	23 New Home Sales	24 MBA Mortgage Applications	25 Initial Jobless Claims Durable Goods Orders	26 GDP Annualized QoQ U. of Mich. Sentiment
29 Personal Income Personal Spending	30 Chicago Purchasing Manager Conf. Board Consumer Confidence			

Source: Bloomberg