

TABLE OF CONTENTS	PAGE
Equity – Equity market continued to risk-off mode	1
Fixed Income – Risk-off sentiment continued to dominate putting the yield down.	2
Commodities – Oil prices down and gold prices was volatile	2
FX – Dollar is turning soft	3
Economic Calendar (March 2020)	3

Equity – Equity market continued to risk-off mode

- Due to the fears of the COVID-19 outbreak becoming a pandemic, equity market deteriorated in February. Given that the COVID-19 was spreading in Europe and Japan, the developed market underperformed emerging market. S&P500 and Nasdaq dropped 8.41% and 6.38%, respectively. MSCI EU Index was down 8.7%. For the emerging market, MSCI EM Index declined 5.35%. China CSI300 Index dropped 1.59% while ChiNext Index was up 5.79%. HSI was down 0.69% while HSCEI was up 0.60% during the period.
- In China, NBS manufacturing PMI fell notably to 35.7%, a new record low, in February from 50.0% in January because of the outbreak of COVID-19. Both domestic and external demand indicators dropped sharply, in which the New Export Order Index declined notably to 28.7% in February from 48.7% in January. PMI for employment dropped by 15.7ppt 31.8% in February, indicating that the labor demand was heavily hit by COVID-19. Looking forward, with the steady progress of production resumption, manufacturing PMI may see visible improvement in March.

Index	Settle	Net Change (+/-%)		Valuation (2020)	
		MoM	YTD	PE	PB
DJIA	25,409.36	-10.07%	-10.96%	16.14	3.64
S&P 500	2,954.22	-8.41%	-8.56%	17.06	3.05
Nasdaq	8,567.37	-6.38%	-4.52%	23.41	4.31
Nikkei	21,142.96	-8.89%	-10.63%	16.78	1.54
FTSE100	6,580.61	-9.68%	-12.75%	11.98	1.51
CAC40	5,309.90	-8.55%	-11.18%	13.35	1.45
DAX	11,890.35	-8.41%	-10.25%	12.96	1.38
SHCOMP	2,880.30	-3.23%	-5.57%	10.54	1.21
CSI300	3,940.05	-1.59%	-3.82%	11.52	1.56
ChiNext	2,363.27	5.79%	12.31%	27.36	4.37
HSI	26,129.93	-0.69%	-7.31%	10.12	1.06
HSCEI	10,302.36	0.60%	-7.75%	7.91	0.98
TWSE	11,292.17	-1.77%	-5.88%	15.20	1.75
KOSPI	1,987.01	-6.23%	-9.59%	11.02	0.81
JCI	5,452.70	-8.20%	-13.44%	0.00	0.00

Source: Bloomberg

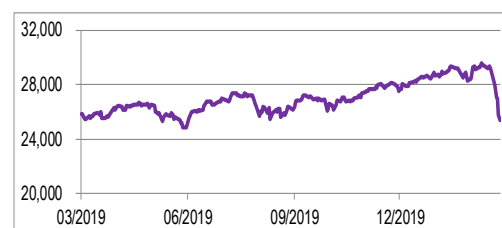


Fig. 1 One year performance of Dow Jones Index

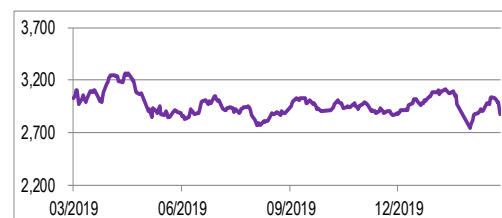


Fig. 2 One year performance of Shanghai Composite

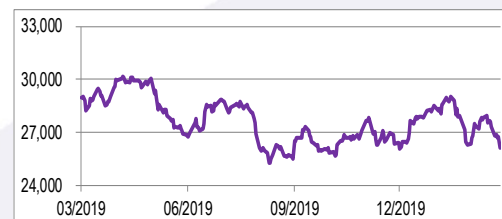


Fig. 3 One year performance of Hang Seng Index

Fixed Income – Risk-off sentiment continued to dominate putting the yield down.

- The risk-off sentiment dominated in February driving the yield down. Due to the COVID-19 outbreak in China and dovish signals from Jay Powell that the central bank considered a further rate cuts, investors rushed to the safety of the 10Y Treasury. 10Y US Treasury yields closed 1.15% in February which was a record low.
- In Europe, sovereign bonds have also been driven by virus fears, with government bond yields moving lower as investors sought to safer assets. Italy has been the worst affected and have surged threatening a recession as the economy contracted by 0.3%. Negative sentiment persisted and bonds rallied, German 10Y government bond fell 17bp. UK was gripped by COVID-19 fears causing yields to collapse as well. Also, there was an uncertainty on Boris Johnson walking away from Brexit trade talks. UK 10Y government bond yields fell 8bp.

Bonds	High	Low	Settle	Net Change (bp)	
				MoM	YTD
US 10-yr Treasury Yield	1.65%	1.15%	1.15%	-36	-77
US 30-yr Treasury Yield	2.14%	1.68%	1.68%	-32	-71
Euro 10-yr Govt Yield	-0.36%	-0.61%	-0.61%	-17	-42
Japan 10-yr Govt Yield	-0.02%	-0.15%	-0.15%	-9	-14
China 10-yr Govt Yield	2.89%	2.73%	2.73%	-27	-41

Source: Bloomberg

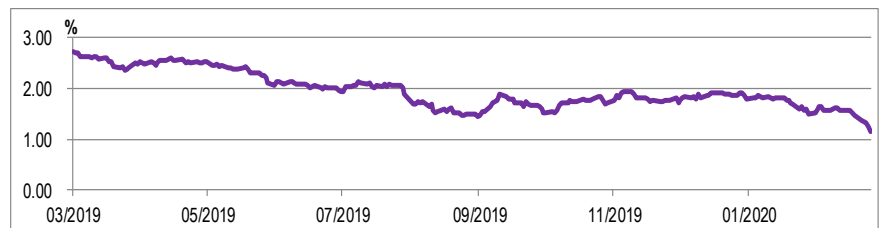


Fig. 4 One year performance of US 10-yr Treasury Yield

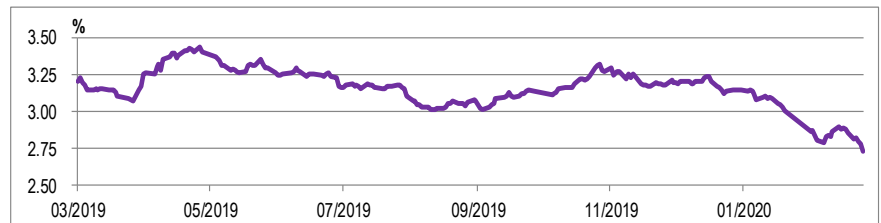


Fig. 5 One year performance of China 10-yr Treasury Yield

Commodities – Oil prices down and gold prices was volatile

Commodities	High	Low	Settle	Net Change (+/-%)	
				MoM	YTD
WTI Oil (bbl)	53.78	44.76	44.76	-13.19%	-26.70%
Brent Oil (bbl)	59.31	50.52	50.52	-13.14%	-23.45%
Gold Spot (oz)	1,659.38	1,552.92	1,585.69	-0.22%	4.51%
CMX Silver (oz)	18.96	16.46	16.46	-9.03%	-8.62%
CMX Copper (lb)	262.00	251.35	254.00	0.67%	-9.53%
LME Zinc (mt)	2,214.75	1,997.50	2,009.75	-9.14%	-11.83%
LME Aluminum (mt)	1,722.15	1,658.00	1,676.50	-1.70%	-5.88%

Source: Bloomberg

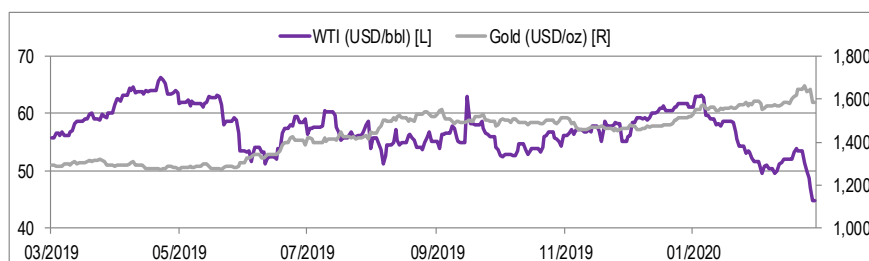


Fig. 6 One year performance of Oil and Gold Price

- Oil prices dropped sharply in February which came as the outlook for global growth and demand for crude deteriorated with no OPEC meeting during the month to help stabilize the market. Brent oil prices slipped from its monthly high of USD 60.0/b to a two-year low of USD 50.5/b last month. WTI and Brent finally went down by 13.19% and 13.14%, respectively in February.
- Gold price was volatile in February. As the COVID-19 outbreak deteriorated risk sentiment and compressed bond yields, gold price reached to a seven year high of USD 1,689.31/oz on 24 February. However, gold prices fell 4.7% later as margin liquidation from continued equity declines prompted gold selling, despite market sentiment remaining risk-off. Gold price rose Gold price finally dropped 0.22% MoM to USD 1,585.69/oz.

FX – Dollar is turning soft

- The risk-off sentiment dominated in February due to the COVID-19 outbreak with the number of confirmed COVID-19 cases outside of mainland China. Dovish commentary from the Fed in late February saw the USD weaken broadly. The expectation for the Fed to cut rates at its March meeting increased to being priced in by month-end. Also, Fed Chair Powell issued a statement which mentioned the central bank will act as appropriate to support the economy. Finally, the DXY climbed 0.76% in February.
- In UK, although the post-election data continued to beat expectations, GBP was weighed down by a mixture of Brexit concerns and risk-off sentiment. GBP-USD saw its biggest daily decline in early-February as PM Johnson stated in a speech that there was no need for a free trade agreement to involve accepting EU rules on a range of policy matters. Finally, GBP/USD dropped 2.90% MoM.

FX	High	Low	Settle	Net Change (+/-%)	
				MoM	YTD
DXY	99.87	97.39	98.13	0.76%	1.81%
EUR / USD	1.109	1.079	1.103	-0.60%	-1.67%
USD / CNH	7.046	6.971	6.980	-0.27%	0.26%
USD / JPY	112.1	107.9	107.9	-0.42%	-0.66%
GBP / USD	1.321	1.282	1.282	-2.90%	-3.27%
USD / CAD	1.341	1.322	1.341	1.28%	3.21%
AUD / USD	0.675	0.652	0.652	-2.64%	-7.21%
USD / CHF	0.984	0.963	0.965	0.16%	-0.18%

Source: Bloomberg

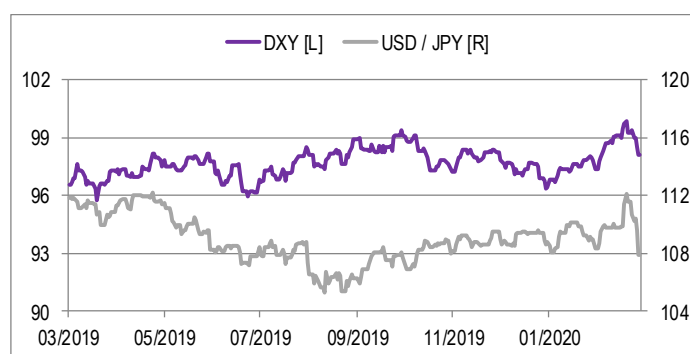


Fig. 7 One year performance of DXY and JPY

Economic Calendar (March 2020)

Monday	Tuesday	Wednesday	Thursday	Friday
2 Markit US Manufacturing PMI Construction Spending MoM ISM Manufacturing	3	4 MBA Mortgage Applications ADP Employment Change	5 Initial Jobless Claims Factory Orders Durable Goods Orders	6 Trade Balance Change in Nonfarm Payrolls Unemployment Rate Wholesale Inventories MoM
9	10	11 MBA Mortgage Applications CPI MoM	12 PPI Final Demand MoM Initial Jobless Claims	13 U. of Mich. Sentiment
16 Empire Manufacturing	17 Retail Sales Advance MoM Industrial Production MoM	18 MBA Mortgage Applications Housing Starts	19 FOMC Rate Decision Initial Jobless Claims Leading Index	20 Existing Home Sales
23	24 Markit US Manufacturing PMI New Home Sales	25 MBA Mortgage Applications Durable Goods Orders	26 Wholesale Inventories MoM GDP Annualized QoQ Initial Jobless Claims	27 Personal Income Personal Spending U. of Mich. Sentiment
30	31 Chicago Purchasing Manager Conf. Board Consumer Confidence			

Source: Bloomberg