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Equity – Global equities rise

- Global equities continued to power ahead in April, with the gain led mainly by US equities. The rise of global stock markets is likely to be boosted by Fed’s comments on the recent increase in inflation as transitory. Regionally Europe (CAC40 up 3.33%, DAX up 0.85%) underperformed amid global equities rise. At the country level, Taiwan outperformed the most across all major markets, seemingly due to the global chip shortage and following surge in prices. For developed market, S&P500 and Nasdaq rose 5.24% and 5.4% respectively. MSCI EU rose 1.64% as well. For the emerging market, MSCI EM was up 2.37%. China CSI300 and ChiNext rose 1.49% and 7.19% respectively. HSI rose 1.22% and HSCEI down 1.34%.
- In China, NBS manufacturing PMI index dropped 0.8ppt to 51.1%, and non-manufacturing PMI dropped 1.4ppt to 54.9%. Manufacturing PMI fell in April primarily due to Beijing’s antipollution measures, a resumption of economic activity following LNY holiday, and supply shortages of key intermediate goods. The PMI new order index declined from 53.6% in March to 52.0% in April and the new export order index dropped from 51.2% to 50.4%. Overall, April PMI data indicates that market concerns over an imminent PBoC tightening are overdone and expect manufacturing PMI to rebound slightly. While the non-manufacturing sector may rebound due to the Labor Day Golden Week in May. The new export order index declined in April, which suggests a weakening of export growth.

Index	Settle	Net Change (+/-%)		Valuation (2021)	
		MoM	YTD	PE	PB
DJIA	33,874.85	2.71%	10.68%	20.40	4.85
S&P 500	4,181.17	5.24%	11.32%	22.95	4.24
Nasdaq	13,962.68	5.40%	8.34%	32.96	6.21
Nikkei	28,812.63	-1.25%	4.99%	20.59	1.98
FTSE100	6,969.81	3.82%	7.88%	14.09	1.76
CAC40	6,269.48	3.33%	12.93%	18.25	1.50
DAX	15,135.91	0.85%	10.33%	15.81	1.76
SHCOMP	3,446.86	0.14%	-0.75%	12.48	1.48
CSI300	5,123.49	1.49%	-1.68%	14.29	2.03
ChiNext	3,056.91	7.19%	-1.74%	34.92	5.59
HSI	28,724.88	1.22%	5.49%	12.67	1.24
HSCEI	10,825.25	-1.34%	0.81%	10.63	1.28
TWSE	17,566.66	6.91%	19.24%	17.10	2.54
KOSPI	3,147.86	2.82%	9.55%	12.89	1.22
JCI	5,995.62	0.17%	0.28%	16.30	1.88

Source: Bloomberg

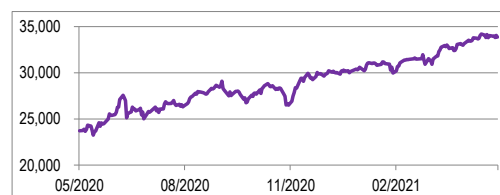


Fig. 1 One year performance of Dow Jones Index

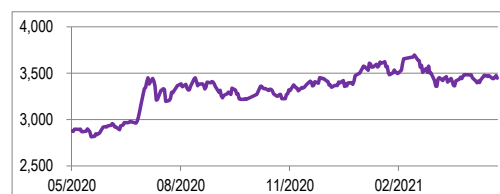


Fig. 2 One year performance of Shanghai Composite

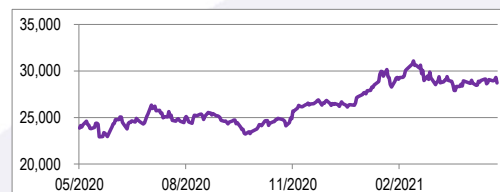


Fig. 3 One year performance of Hang Seng Index

Fixed Income – The Fed’s monetary policy remains loose

- US Treasuries yields fell for most of April before ticking higher and closed at levels unseen since 2013. During the April FOMC meeting, the Fed maintained its dovish posture following the March meeting, acknowledging the improving economic conditions. The market maintained the bearish bias due to the predictable dovish rhetoric and market insufficient inspiration. 10Y US Treasury yields finally closed at 1.63% in April.
- In Europe, ECB continued to stress its commitment to support economy and reaffirm the faster pace of PEPP purchase at its 20 April meeting as EU managed to begin a more effective vaccination program. Eventually, Euro 10Y government bond yields closed at -0.20% in April. In UK, there is still much uncertainty in gilt markets. During mid-month, 10Y yield dipped likely due to DMO’s GBP43bn gilt remit and dragged higher into month-end as wider rate moves. BoE is widely expected to remain having a slow pace of asset purchases, with a small chance of tapering in the upcoming 6 May MPC meeting. Eventually, 10Y gilt closed at 0.842%.

Bonds	High	Low	Settle	Net Change (bp)	
				MoM	YTD
US 10-yr Treasury Yield	1.74%	1.54%	1.63%	-11	71
US 30-yr Treasury Yield	2.41%	2.22%	2.30%	-11	65
Euro 10-yr Govt Yield	-0.19%	-0.34%	-0.20%	9	37
Japan 10-yr Govt Yield	0.13%	0.07%	0.10%	0	8
China 10-yr Govt Yield	3.23%	3.15%	3.16%	-3	1

Source: Bloomberg

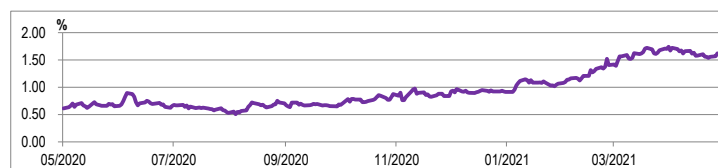


Fig. 4 One year performance of US 10-yr Treasury Yield

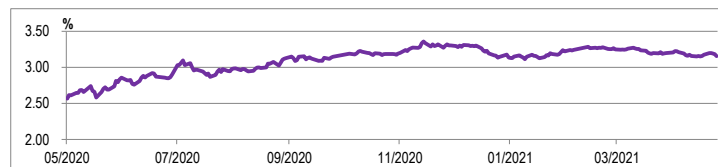


Fig. 5 One year performance of China 10-yr Treasury Yield

Commodities – Oil price and gold price strong

Commodities	High	Low	Settle	Net Change (+/-%)	
				MoM	YTD
WTI Oil (bbl)	65.01	58.65	63.58	7.47%	31.04%
Brent Oil (bbl)	68.56	62.15	67.25	5.84%	29.83%
Gold Spot (oz)	1,793.79	1,707.71	1,769.13	3.60%	-6.81%
CMX Silver (oz)	26.61	24.57	25.87	5.29%	-2.49%
CMX Copper (lb)	449.75	399.45	446.80	11.69%	26.70%
LME Zinc (mt)	2,913.25	2,734.45	2,913.25	3.85%	6.74%
LME Aluminum (mt)	2,421.25	2,187.50	2,407.50	10.06%	21.99%

Source: Bloomberg

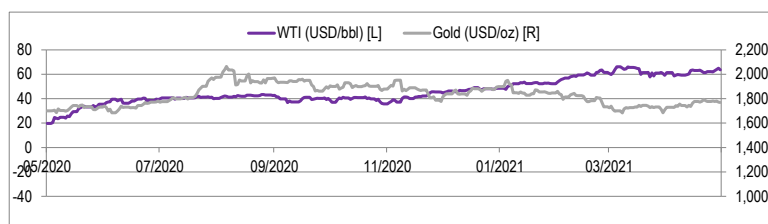


Fig. 6 One year performance of Oil and Gold Price

Oil price rose in April. Oil price fell in early April as the rising supply from OPEC+ and higher Iranian output against the strong economic rebound in the United States. Oil price was traded in a narrow range until mid-month, where a significant draw in US crude oil inventories helped prices surge higher. Brent prices briefly topped on 20 April to USD 68/b, and dropped back toward USD 65/b as a spike of COVID-19 cases in India likely darkened the demand outlook. However, a strong economic rebound in the US and an increase in US gasoline consumption to pre-pandemic levels fueled a rally into month-end. WTI and Brent both went up 7.47% and 5.84% respectively in April.

- Gold price was strong throughout April driven by a weakening USD and falling US Treasury yields, despite a continuing decline in the level of ETF gold holdings. Other drivers of gold strength came from FOMC rate hold, unchanged QE program, and a surge in imports of gold in India. Gold price finally closed at USD 1,769.13/oz, up 3.60% MoM.

FX – USD under pressure

- The DXY fell over the duration of the month, losing most gains from March as US Treasury yields abated and Fed remained on hold remaining rates and its QE program unchanged. DXY index started the month falling alongside the strong gains in equities and “risk-on” sentiment. The best one-day performance came on late April, but the general direction was overall downhill. Finally, the DXY went down 2.09% in April.
- The EUR rose throughout April as firm positive risk sentiment and falling US yields. The EUR strength is likely to be prompted by the faster domestic recovery in the Eurozone with economic data generally showing improving picture, and an effective ramped-up vaccination rollout, despite rising COVID-19 cases across the continent. In ECB meeting on 22 April, the central bank reaffirmed faster pace of PEPP purchases and to remain data dependent.

FX	High	Low	Settle	Net Change (+/-%)	
				MoM	YTD
DXY	93.23	90.61	91.28	-2.09%	1.49%
EUR / USD	1.213	1.173	1.202	2.47%	-1.60%
USD / CNH	6.577	6.465	6.474	-1.39%	-0.45%
USD / JPY	110.7	107.9	109.3	-1.27%	5.87%
GBP / USD	1.399	1.371	1.382	0.28%	1.11%
USD / CAD	1.261	1.228	1.229	-2.19%	-3.44%
AUD / USD	0.780	0.760	0.772	1.55%	0.29%
USD / CHF	0.944	0.909	0.913	-3.23%	3.15%

Source: Bloomberg

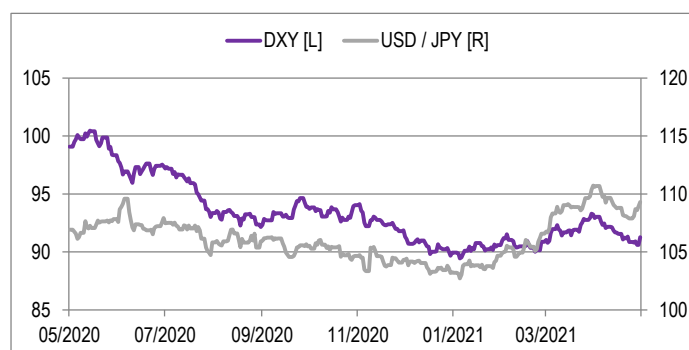


Fig. 7 One year performance of DXY and JPY

Economic Calendar (May 2021)

Monday	Tuesday	Wednesday	Thursday	Friday
3 Markit US Manufacturing PMI Construction Spending MoM ISM Manufacturing	4 Trade Balance Factory Orders Durable Goods Orders	5 MBA Mortgage Applications ADP Employment Change	6 Initial Jobless Claims	7 Change in Nonfarm Payrolls Unemployment Rate Wholesale Inventories MoM
10	11	12 MBA Mortgage Applications CPI MoM	13 PPI Final Demand MoM Initial Jobless Claims	14 Retail Sales Advance MoM Industrial Production MoM U. of Mich. Sentiment
17 Empire Manufacturing	18 Housing Starts	19 MBA Mortgage Applications	20 Initial Jobless Claims Leading Index	21 Markit US Manufacturing PMI Existing Home Sales
24	25 New Home Sales Conf. Board Consumer Confidence	26 MBA Mortgage Applications	27 Initial Jobless Claims Durable Goods Orders GDP Annualized QoQ	28 Wholesale Inventories MoM Personal Income Personal Spending Chicago Purchasing Manager U. of Mich. Sentiment
31				

Source: Bloomberg