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## Equity – Significant recovery of global equities

- Global equities posted positive returns for the third consecutive month in June. Investor sentiment continued to remain marginally optimistic and driven by signs of recovery from easing of lockdown restrictions. The emerging market outperformed the developed market. For developed market, S&P500 and Nasdaq surged 1.84% and 5.99%, respectively, while MSCI EU Index gained 2.88%. For the emerging market, MSCI EM Index gained 6.96%. China CSI300 Index and ChiNext Index gained 7.68% and 15.26%, respectively. HSI and HSCEI gained 6.38% and 2.07%, respectively.
- In China, NBS manufacturing PMI edged up 0.3ppt to 50.9%, staying in expansion territory for a fourth consecutive month. Most sub-indices rose, but employment index continued to fall. New Export Orders jumped to 42.6% in June from 35.3% in May, but remained in contraction territory. PMI for employment index dropped 0.3ppt to 49.1% in June, indicating that labor demand remained weak. Looking forward, domestic fiscal expansion easing and overseas economic reopening may support further recovery of domestic and external demand, but we see only a moderate pace of recovery and still pressure on employment.

Index	Settle	Net Change (+/-%)		Valuation (2020)	
		MoM	YTD	PE	PB
DJIA	25,812.88	1.69%	-9.55%	23.70	3.73
S&P 500	3,100.29	1.84%	-4.04%	24.90	3.40
Nasdaq	10,058.77	5.99%	12.11%	37.49	5.24
Nikkei	22,288.14	1.88%	-5.78%	21.57	1.64
FTSE100	6,169.74	1.53%	-18.20%	18.49	1.47
CAC40	4,935.99	5.12%	-17.43%	22.47	1.45
DAX	12,310.93	6.25%	-7.08%	19.23	1.45
SHCOMP	2,984.67	4.64%	-2.15%	12.30	1.29
CSI300	4,163.96	7.68%	1.64%	13.61	1.73
ChiNext	2,692.20	15.26%	27.94%	33.74	5.20
HSI	24,427.19	6.38%	-13.35%	11.43	0.96
HSCEI	9,758.63	2.07%	-12.62%	8.54	0.96
TWSE	11,621.24	6.21%	-3.13%	18.10	1.87
KOSPI	2,108.33	3.88%	-4.07%	14.99	0.87
JCI	4,905.39	3.19%	-22.13%	0.00	0.00

Source: Bloomberg

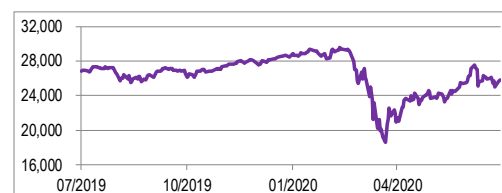


Fig. 1 One year performance of Dow Jones Index

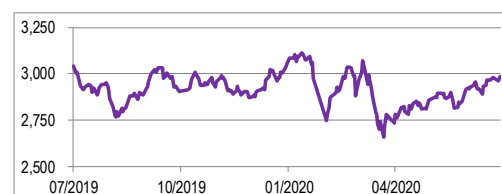


Fig. 2 One year performance of Shanghai Composite

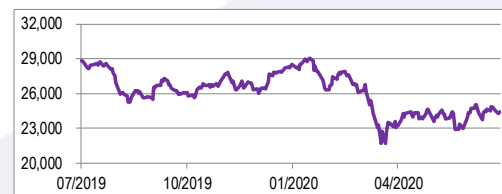


Fig. 3 One year performance of Hang Seng Index

## Fixed Income – Global bond yields kept steady in general

- Although 10Yr yields spiked to a month of 0.9% in early June due to the hopes of an economic recovery and better-than-expected US jobs data, the Fed meeting signaled its intention to keep rate low and the yield curve flattened. Despite an influx of US notes with record sales of USD 46bn of two year notes, yields across the curve held steady, showing the increase in demand for safe haven US government debt. 10Yr US Treasury yields finally closed at 0.66% in June.
- As ECB announced a larger than expected EUR 600bn boost to its bond-buying package and the comment from ECB president warned of a restrained recovery, German 10Yr government bond yields went down 0.7bp in June. In UK, 10Yr gilt yields hit a month high of 0.35% due to the hopes of increased economic stimulus and further lockdown easing boosted risky assets. However, with the disappointing economic data in April and the BoE alluded to a more open-ended form of QE, 10Yr gilt yields retreated and closed the month at 0.17%.

Bonds	High	Low	Settle	Net Change (bp) MoM	YTD
US 10-yr Treasury Yield	0.90%	0.62%	0.66%	0	-126
US 30-yr Treasury Yield	1.67%	1.37%	1.41%	0	-98
Euro 10-yr Govt Yield	-0.28%	-0.48%	-0.45%	-1	-27
Japan 10-yr Govt Yield	0.05%	0.01%	0.03%	2	4
China 10-yr Govt Yield	2.92%	2.74%	2.85%	16	-29

Source: Bloomberg

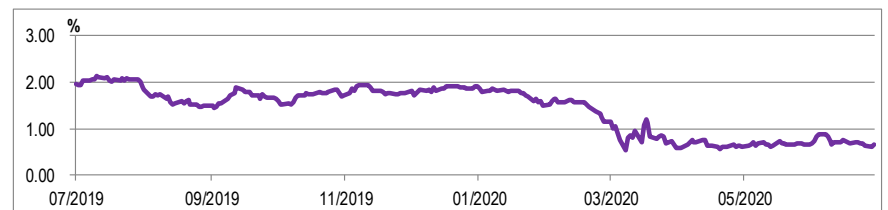


Fig. 4 One year performance of US 10-yr Treasury Yield

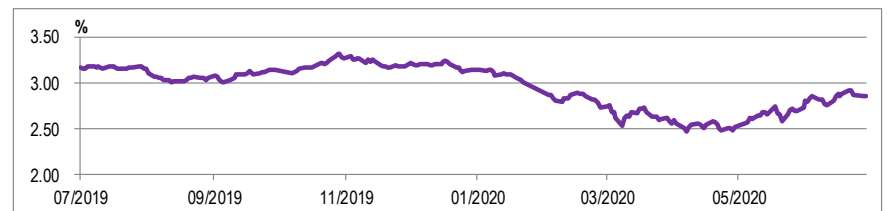


Fig. 5 One year performance of China 10-yr Treasury Yield

## Commodities – Oil price rebound continued and gold continued to act as safe haven

Commodities	High	Low	Settle	Net Change (+/-%) MoM	YTD
WTI Oil (bbl)	40.46	35.44	39.27	10.65%	-35.69%
Brent Oil (bbl)	43.08	38.32	41.15	16.47%	-37.65%
Gold Spot (oz)	1,780.96	1,685.06	1,780.96	2.93%	17.38%
CMX Silver (oz)	18.95	17.55	18.64	0.29%	2.62%
CMX Copper (lb)	272.85	248.20	272.85	11.92%	-3.24%
LME Zinc (mt)	2,085.00	1,966.27	2,036.75	2.21%	-10.65%
LME Aluminum (mt)	1,605.50	1,509.00	1,601.75	4.95%	-10.08%

Source: Bloomberg

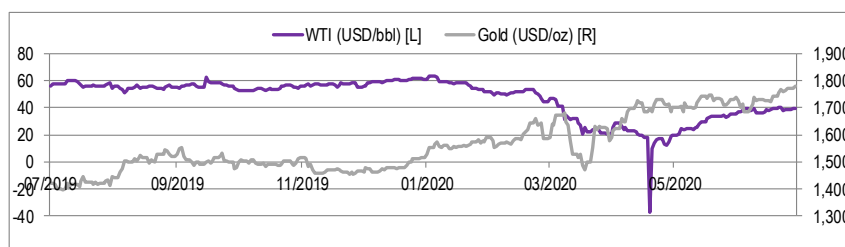


Fig. 6 One year performance of Oil and Gold Price

- Following the COVID-19 induced volatility of April and May, oil prices were somewhat calmer throughout the month. Although investors feared a resurgence of virus cases and the potential reintroduction of lockdowns, oil prices climbed up and get rid of heightened geopolitical tensions and pandemic fears until late June when oil prices fell back as a result of swelling US crude stockpiles. WTI and Brent finally went up by 10.65% and 16.47% respectively in June.

- Although the Nonfarm payrolls was released showing an increase of 2.5mn and gold price fell in early June, gold price rebounded and rallied later as the announcement of continued low interest rates and asset purchases by the Fed and investors feared the idea of a possible second wave of COVID-19 due to the stark increase in the number of cases in Florida, California and Texas. Gold price rallied to an eight-year high and finally closed at USD 1,780.96/oz, up 2.93% MoM.

## FX – Dollar turning soft

- The Dollar oscillated between the potential speed of economic recovery and risk-off sentiment driven by the fears of a second wave of COVID-19 cases. The Nonfarm payrolls number and Retail sales were better than expected which were upside surprises for market participants. However, the Fed chairman Powell stated there was a long road to recovery and markets weighed the risk of a second wave of COVID-19 against the potential reward from improving economic data. Finally, the DXY went down by 0.97% in June.
- In Europe, the EUR rose in early June as ECB increased its asset purchase programme by EUR 600bn which is more than expected. The rest of the month the EUR oscillated as investor sentiment shifted between risk-on and risk-off. German exports and industrial production fell 25.8% and 17.9% respectively but Eurozone PMIs climbed higher and beat expectations. The EUR eventually was up 1.20% against the USD in June. In UK, although GBP rallied after the announcement of six weeks of intensive Brexit negotiations, BoE announced an additional GBP 100bn of QE putting some pressure on GBP. GBP-USD eventually rose 0.47% in June.

FX	High	Low	Settle	Net Change (+/-%)	
				MoM	YTD
DXY	97.83	95.96	97.39	-0.97%	1.04%
EUR / USD	1.137	1.114	1.123	1.20%	0.19%
USD / CNH	7.127	7.054	7.070	-0.89%	1.55%
USD / JPY	109.6	106.5	107.9	0.09%	-0.63%
GBP / USD	1.275	1.230	1.240	0.47%	-6.46%
USD / CAD	1.369	1.338	1.358	-1.48%	4.51%
AUD / USD	0.702	0.680	0.690	3.54%	-1.68%
USD / CHF	0.962	0.944	0.947	-1.49%	-2.00%

Source: Bloomberg

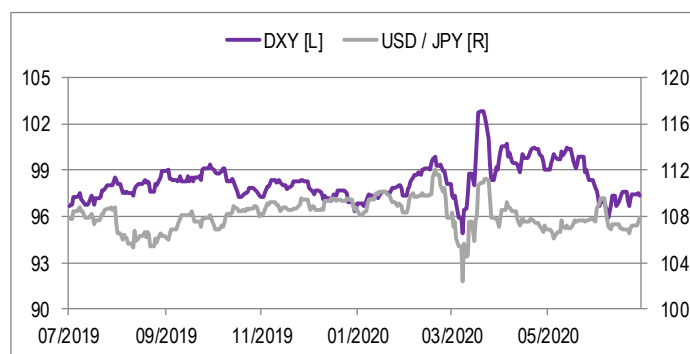


Fig. 7 One year performance of DXY and JPY

## Economic Calendar (July 2020)

Monday	Tuesday	Wednesday	Thursday	Friday
		1	2	3
			Change in Nonfarm Payrolls Unemployment Rate Initial Jobless Claims Trade Balance Factory Orders	
6	7	8	9	10
		MBA Mortgage Applications	Initial Jobless Claims Wholesale Inventories MoM	PPI Final Demand MoM
13	14	15	16	17
	CPI MoM	MBA Mortgage Applications Empire Manufacturing Industrial Production MoM	Retail Sales Advance MoM Initial Jobless Claims	Housing Starts U. of Mich. Sentiment
20	21	22	23	24
		MBA Mortgage Applications Existing Home Sales	Initial Jobless Claims Leading Index	Markit US Manufacturing PMI New Home Sales
27	28	29	30	31
Durable Goods Orders	Conf. Board Consumer Confidence	MBA Mortgage Applications Wholesale Inventories MoM	FOMC Rate Decision GDP Annualized QoQ Initial Jobless Claims	Personal Income Personal Spending Chicago Purchasing Manager U. of Mich. Sentiment

Source: Bloomberg