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Equity – Largest monthly decline since 2008 in March

- Due to the oil price war and COVID-19 pandemic spread across the globe, equity market deteriorated in March, the largest monthly decline since October 2008. Developed market and emerging market recorded similar drop amplitude. For developed market, S&P500 and Nasdaq dropped 12.51% and 10.12%, respectively, while MSCI EU Index was down 14.64%. For the emerging market, MSCI EM Index declined 15.61%. China CSI300 Index and ChiNext Index dropped 6.44% and 9.07%, respectively. China relatively outperformed as the number of new local COVID-19 cases recorded a significant drop in the region and state stimulus measures seemed to have supported investor confidence. HSI and HSCEI dropped 9.67% and 6.87%, respectively.
- In China, NBS manufacturing PMI rebounded notably from 35.7% to 52.0% in March implying the contional recovery of economic activity from February. New Export Order Index rebounded from 28.7% to 46.4%. PMI for employment rebounded by 15.1ppt to 49.0%, indicating that workers were gradually returning to their cities of employment. Economic activity improved gradually in March, but will likely remain stagnant on YoY basis. Looking forward, it is worth keeping a close eye on signs of further external demand weakness.

Index	Settle	Net Change (+/-%)		Valuation (2020)	
		MoM	YTD	PE	PB
DJIA	21,917.16	-13.74%	-23.20%	15.70	3.14
S&P 500	2,584.59	-12.51%	-20.00%	16.58	2.71
Nasdaq	7,700.10	-10.12%	-14.18%	23.32	4.01
Nikkei	18,917.01	-10.53%	-20.04%	15.58	1.38
FTSE100	5,671.96	-13.81%	-24.80%	12.19	1.32
CAC40	4,396.12	-17.21%	-26.46%	13.16	1.24
DAX	9,935.84	-16.44%	-25.01%	12.67	1.16
SHCOMP	2,750.30	-4.51%	-9.83%	10.41	1.17
CSI300	3,686.16	-6.44%	-10.02%	10.98	1.47
ChiNext	2,148.95	-9.07%	2.12%	24.66	3.95
HSI	23,603.48	-9.67%	-16.27%	9.79	0.95
HSCEI	9,594.77	-6.87%	-14.09%	7.93	0.94
TWSE	9,708.06	-14.03%	-19.08%	13.91	1.53
KOSPI	1,754.64	-11.69%	-20.16%	10.49	0.72
JCI	4,538.93	-16.76%	-27.95%	0.00	0.00

Source: Bloomberg

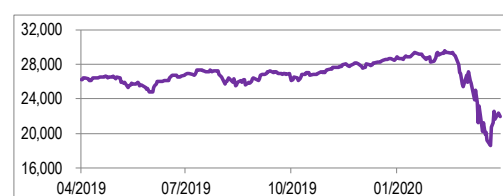


Fig. 1 One year performance of Dow Jones Index

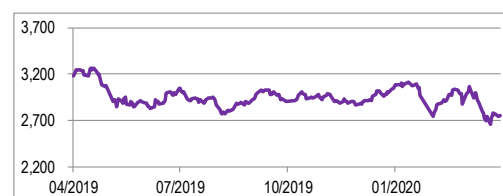


Fig. 2 One year performance of Shanghai Composite

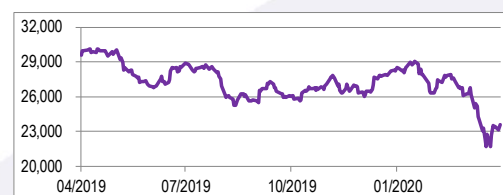


Fig. 3 One year performance of Hang Seng Index

Fixed Income – Bond markets fluctuated and yields had a record low

- The risk-off sentiment prompted the record low yield levels. 10Y US Treasury yields fell to a record low below at 0.32% on 9 March. However, in mid-month, despite the extraordinary monetary easing taken by central banks in both developed and emerging markets, high stress across financial markets drove the yield up, especially in corporate bond market, as investors demanded cash, looking to meet margin calls through selling safe-haven assets. Yet such abnormal behavior faded towards month-end, 10Y US Treasury yields closed at 0.67% in March.
- In Europe, eurozone non-core rates markets sold off aggressively during the first half of March, after ECB president Lagarde commented that the Central Bank was “not here to close spreads” between the borrowing costs of member states. The 10Y Italy BTP – Germany Bund spread surged by over 100bps to around 280bps level. However, ECB also announced to keep rates on hold but bolsters QE program, the move of the spread for the most part reversed by month-end. German 10Y government bond was up 14bp.

Bonds	High	Low	Settle	Net Change (bp)	
				MoM	YTD
US 10-yr Treasury Yield	1.19%	0.54%	0.67%	-48	-125
US 30-yr Treasury Yield	1.79%	1.00%	1.32%	-35	-107
Euro 10-yr Govt Yield	-0.19%	-0.86%	-0.47%	14	-29
Japan 10-yr Govt Yield	0.08%	-0.16%	0.02%	18	3
China 10-yr Govt Yield	2.76%	2.53%	2.59%	-15	-56

Source: Bloomberg

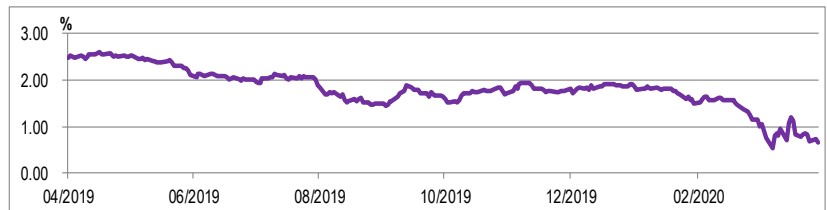


Fig. 4 One year performance of US 10-yr Treasury Yield

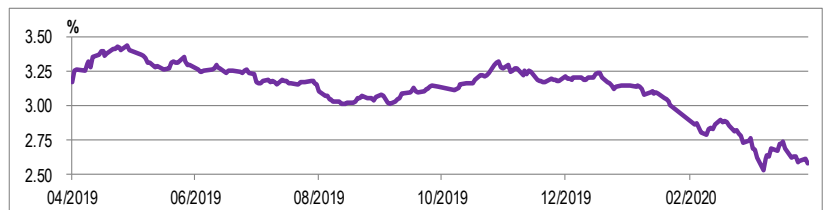


Fig. 5 One year performance of China 10-yr Treasury Yield

Commodities – Oil prices collapsed and gold prices went down

Commodities	High	Low	Settle	Net Change (+/-%)	
				MoM	YTD
WTI Oil (bbl)	47.18	20.09	20.48	-54.24%	-66.46%
Brent Oil (bbl)	51.90	22.74	22.74	-54.99%	-65.55%
Gold Spot (oz)	1,680.47	1,471.24	1,577.18	-0.54%	3.95%
CMX Silver (oz)	17.39	11.77	14.16	-13.98%	-21.39%
CMX Copper (lb)	259.50	210.05	222.80	-12.28%	-20.64%
LME Zinc (mt)	2,009.50	1,802.75	1,894.75	-5.72%	-16.88%
LME Aluminum (mt)	1,715.75	1,492.50	1,492.50	-10.98%	-16.21%

Source: Bloomberg

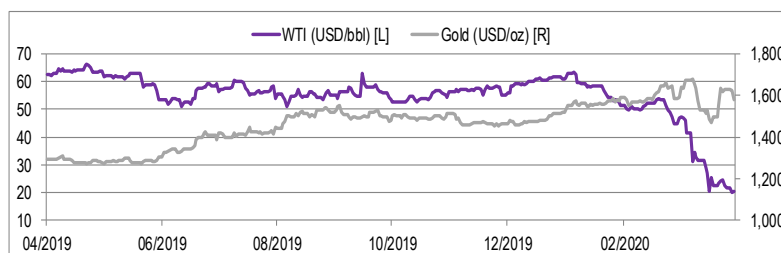


Fig. 6 One year performance of Oil and Gold Price

- Due to the price war and COVID-19 outbreak, the Brent oil prices had a historic 55% collapse in March, to a 17 year low of USD21.65 on 30 March. A price war between Saudi Arabia and Russia started early in the month, which saw crude prices dropped sharply 24.1% on 9 March, to below USD 30/bbl. Also, as the world's key economies, such as EU, went into lockdown, many airlines grounded flights indefinitely and the demand of transport fuels such as gasoline and jet fuel are severely limited. WTI and Brent finally went down by 54.24% and 54.99%, respectively in March.
- Risk off sentiment dominated in March for financial markets, which initially buoyed bullion prices. Physical gold was in high demand for protection against the ongoing turmoil during March and reached a seven year high of USD1,703.39/oz in early-March. However, there were days when equity markets hit limit-down circuit breakers multiple times and gold also fell on the day due to multi-asset deleverage and margin calls. Gold price finally dropped 0.54% MoM to 1,577.18.oz in March.

FX – Dollar kept strong

- The USD's safe haven status overwhelmed the potentially negative impact of looser US monetary and fiscal policy. As risk off sentiment intensified, USD rallied sharply and broadly. The Fed was the most aggressive of the G10 central banks, cutting rate early and in size, as well as embarking on a new unlimited QE program and increasing the supply of USD to central banks through cross currency swaps and repo operations, which tapered USD strength. Finally, the DXY gained 0.93% in March.
- In Europe, the EUR ended roughly flat in March against the USD. Eurozone member states took a splintered approach to fiscal action against the economic impacts of COVID-19. Meanwhile, the ECB kept rates on hold, but announced a significant boost to its QE program. The EUR eventually rose slightly by 0.05% against the USD in March.

FX	High	Low	Settle	Net Change (+/-%)	
				MoM	YTD
DXY	102.82	94.90	99.05	0.93%	2.76%
EUR / USD	1.145	1.069	1.103	0.05%	-1.62%
USD / CNH	7.155	6.923	7.094	1.63%	1.90%
USD / JPY	111.2	102.4	107.5	-0.32%	-0.99%
GBP / USD	1.312	1.149	1.242	-3.14%	-6.31%
USD / CAD	1.451	1.333	1.406	4.89%	8.25%
AUD / USD	0.664	0.574	0.613	-5.89%	-12.68%
USD / CHF	0.987	0.925	0.961	-0.39%	-0.57%

Source: Bloomberg

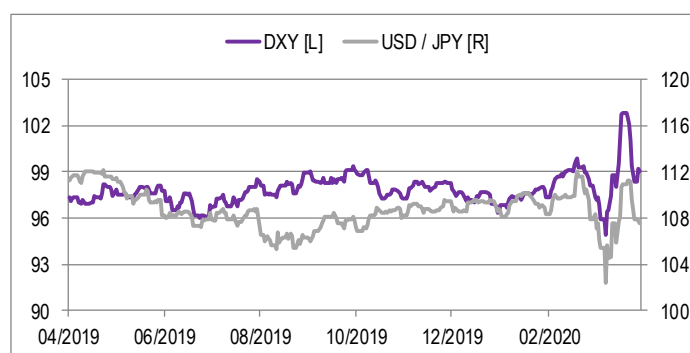


Fig. 7 One year performance of DXY and JPY

Economic Calendar (April 2020)

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

Source: Bloomberg