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# Instant Thoughts

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## Life Is a Process of Becoming

- **The U.S. economy created another 1.76 million jobs in July.**
- **The eyebrow-raising pace in job creation, however, owes much to eggheaded adjustment. The seasonal adjustment, in its isolation, likely biased up the topline number by at least a half million.**
- **Such an intriguing development has lasted for quite a while - there's something for everyone.**
- **For now, neither equity bulls nor bond bears seem willing to, much less have to, compromise. Summertime is carry time.**

The U.S. economy created another 1.76 million jobs in July. Just with a snap of finger, Americans have had monthly job growth number in the seven figures for three consecutive months. No wonder U.S. stocks has been hotter than a cup of freshly brewed coffee lately.

As Jean de la Fontaine tells us, "a person often meets his destiny on the road he took to avoid it." In fact, the eyebrow-raising pace in job creation owes much to eggheaded adjustment.

Typically, there're massive layoffs as school ends in summer, consistently over 1 million. This seasonal distortion behooves any self-respecting statistician to add back about this same amount to the spotlight-grabbing "seasonally adjusted" data. No one would argue against theory has its own deserved place - at least not until school ends well before the summer this year and yet the seasonal adjustment is carved in stone.



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The unintended result is that the seasonal adjustment, in its isolation, likely biased up the topline number by at least a half million.

It is what it is. The U.S. economy is crawling back to its feet, but far from returning its full strength. Such an intriguing development has lasted for quite a while - there's something for everyone. Investors feel free to pick a narrative to fit their views at time. For now, neither equity bulls nor bond bears seem willing to, much less have to, compromise. Summertime is carry time.



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**Table 1: Strategy Performance Summary**

			Ex post performance (1-month)				
Date		Key recommendations	Entry level*	Low	High	Period-end level	1-month return
8-May-20	08:25	The CNH sellers will re-gain the upper hand	7.0886	7.0651	7.1961	7.0733	-0.2%
30-Jan-20	11:03	The indiscriminate bid for the dollar could remain uninterrupted	98.03	97.36	99.91	98.14	0.1%
20-Jan-20	4:00	We remain stubborn buyers on dips for GBP	1.3000	1.2908	1.3228	1.2921	-0.6%
18-Jan-20	0:00	We remain stubborn buyers on dips for CAD	1.3070	1.3044	1.3302	1.3223	-1.2%
13-Dec-19	11:25	The pair (GBP) will meet strong resistance above 1.35	1.3466	1.2905	1.3466	1.3033	3.3%
30-Oct-19	11:40	Yet more strength for the pound	1.2863	1.2772	1.2970	1.2925	0.5%
23-Oct-19	11:05	Dips (in pound) are buy into	1.2848	1.2772	1.2970	1.2846	0.0%
26-Sep-19	8:30	Dollar shorts are swimming against the tide	98.94	98.85	99.67	98.66	-0.3%
16-Sep-19	09:55	We recommend to re-load yen long exposure	107.77	106.48	108.89	108.69	-0.8%
13-Sep-19	10:55	We see some upside in EUR/USD in the short run	1.1066	1.0880	1.1108	1.1042	-0.2%
1-Aug-19	11:15	Skeptical about just how much juice is left in the dollar rally	98.81	97.22	99.02	98.81	0.0%
26-Jul-19	10:45	We prefer to fade any EUR rallies	1.1148	1.1030	1.1243	1.1140	0.1%
24-Jul-19	10:15	Sterling is likely to be an outcast	1.2434	1.2016	1.2520	1.2256	1.5%
5-Jul-19	10:10	The theme of (HKD) normalisation will unfold yet again	7.7900	7.7883	7.8354	7.8300	0.5%
2-Jul-19	17:30	There is nothing compelling about the current AUD rally	0.6990	0.6788	0.7076	0.6790	2.9%
4-Jun-19	17:30	We see little value in chasing the AUD higher	0.6980	0.6833	0.7048	0.7021	-0.6%
22-May-19	15:50	The pound will test lower levels in the short run	1.2676	1.2512	1.2759	1.2723	-0.4%
8-May-19	14:15	The idea of sell (AUD) in May still looks appealing to us	0.7023	0.6865	0.7023	0.7000	0.3%
2-May-19	11:00	Dollar spike is more than flashes in the pan	97.60	97.04	98.13	97.76	0.2%
29-Apr-19	10:00	The BoC might deliver something for bears to get their teeth into	1.3458	1.3378	1.3505	1.3488	0.2%
9-Apr-19	19:00	It could take weeks for the USD/HKD to revert back to 7.85	7.8423	7.8324	7.8494	7.8483	0.1%
21-Mar-19	10:50	Playing the high-carry USD from the long side	95.88	95.74	97.52	97.39	1.6%
13-Mar-19	10:20	The resolution in sight warrants holding a GBP long position	1.3084	1.3081	1.3381	1.3090	0.0%
8-Mar-19	10:35	EUR/JPY is a cleaner expression of the EUR-bearish view	124.86	123.85	127.45	124.99	-0.1%
19-Feb-19	9:10	Underweighting the dollar and staying nimble	96.83	96.29	97.71	96.48	0.4%
12-Feb-19	9:10	For HKD bear, it is the Trojan horse you want to smuggle in	7.8470	7.8470	7.8500	7.8500	0.0%
31-Jan-19	10:40	The USD will going on struggling	95.26	95.16	97.16	96.06	-0.8%
30-Jan-19	10:10	We have interest in chasing GBP higher	1.3094	1.2779	1.3335	1.3293	1.5%
16-Jan-19	11:20	The GBP remains a buy-in-dip play	1.2845	1.2839	1.3217	1.2905	0.5%

\*Entry level recorded at the time of publication, if not stated otherwise

**Total return<sup>#</sup>**

**18.3%**

<sup>#</sup>Since August 2018

**Hit ratio<sup>#</sup>**

**67.5%**

Source: Shanghai Commercial Bank



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