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Instant Thoughts

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Too Clever by Half

- **Trump's dramatic battle against the virus proved to be more than juicy nugget. The Phase IV relief program appears to have become all but inevitable.**
- **But it takes two to tango. Why wouldn't Biden even press his fellows to cross aisle and make a fiscal deal with Republicans? Cooperation could be misconstrued as capitulation.**
- **The most fascinating part of this story is that, no matter how many times the vague promises of fresh relief went wrong, investors seem to keep making them with the same confidence. Market's optimism about the post-COVID world is hard to miss.**

Trump's dramatic battle against the virus proved to be more than juicy nugget. Now taking the fiscal impasse into his own hands, the Phase IV relief program appears to have become all but inevitable. No wonder the S&P 500 is flirting the 3,400 level again.

But it takes two to tango. Joe Biden has sown seeds of doubt by dodging simple a question. Why wouldn't he, self-proclaimed as "one of the most progressive" presidents in history, press his fellows to cross aisle and make a deal with Republicans, even in face of once-in-a-century pandemic?

His line saying "I don't hold public office now" is worse than lame. Here's a darker interpretation: cooperation could be misconstrued as capitulation. Fundamentally, Biden's silence is akin to Nero fiddled while Rome burned; tactically though, you have



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to admire Biden's instinct not to make unforced errors.

Democracy institutionalizes uncertainty, but not without one. Perhaps the most fascinating part of this story is that, no matter how many times the vague promises of fresh stimulus went wrong, investors seem to keep making them with the same confidence. Assets might be quoted in numbers, but what investors trade in is emotions. Market's optimism about the post-COVID world is hard to miss.



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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%
			Total return[#]				18.3%
			Hit ratio[#]				67.5%

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

[#]Since August 2018

Source: Shanghai Commercial Bank



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