

## Index Futures Weekly Report

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### Summary and trading advice:

The stock market shows a trend of shock this week. The Shanghai composite index opened lower on Monday, then continued to oscillate higher to a new rebound since the high on Friday, the overall trading volume of the week has been somewhat enlarged. For the week, the CSI 300 index rose 1.87% to 3,839.49, while the IF2004 rose 2.32% to 3,850.40. The Shanghai composite index rose 2.15% to 2,809.08, while the IH2004 rose 2.61% to 2,814.60. The CSI 500 index rose 2.11% to 5,318.45, while the IC2004 rose 2.81% to 5,342.00. In addition, Friday is index futures delivery date for April contract.

Most of SWS Index was increased, except agriculture, forestry, animal husbandry and fishing sector declined. The premium and discount on IF2004, IH2004, IC2004 and IC2006 have increased, and other contracts fell. The IH/IC ratio remains unchanged. In terms of trading positions, IF, IH and IC have seen a decline in the final trading volume, but overall positions were increased. In terms of funds, the CSI 300 index and SSE 50 index have seen inflows this week, while the CSI 500 index has seen outflows. Fund flow throughout the Stock Connect was significantly expanded.

On the news this week, the outbreak has led to great pressure on the US economy, with employment, consumption, housing and other data showing significant weakness. The FED launched a new stimulus program, reducing the QE of treasuries and MBS while increasing the purchase of high-yield bonds. The FED and Mr. Powell argue that economic risks are rising and that policy needs to be looser. The picture is not good in Europe either, with PMI readings for services and manufacturing both falling sharply in March, and the euro zone's policy intensity being relatively weak compared to the United States, posing a greater risk of continued pressure in the future. In China, auto sales picked up steadily in March and CPI and PPI growth fell more than expected. After the Chinese New Year factor subsided, the overseas epidemic, international oil price and metal price had an impact on inflation, and the return of inventories in the economic cycle was not conducive to PPI recovery, so the risk of deflation was greater than the inflation in the short term. This week, the central bank began to implement the policy of IOER reduction and no liquidity release operation,

net withdrawal of 70 billion RMB of maturing reverse repos. Overall, the risk of second outbreak in China is low, and the focus of the market is still on the degree of economic weakness and the extent of the recovery in domestic economic data. In terms of the outbreak, European countries may be approaching an inflection point, the United States is a little behind, and developed countries have entered a period of remission. However, the situation in India, Brazil, Russia, Turkey and other developing countries is still unclear and requires continued attention.

On the news this week, the overseas economy continues to be under pressure, the U.S. employment, output, demand, housing data all plummeted, is expected to continue to dip, the second quarter may be weaker than the first quarter. The FED's efforts to tighten short-term liquidity while still supporting the real economy continued to be dovish among key officials. The European economy is also under pressure and monetary policy remains loose. As the outbreak shows signs of improving, many countries plan to ease restrictions. Overall, Europe's economy may be stronger than US in the short term as the outbreak dissipates. Domestically, the growth rates of credit, social finance and M2 all increased significantly in March, and the growth rate of import and export exceeded expectations. GDP growth in the first quarter was basically in line with expectations. Negative growth in output, investment and consumption narrowed in March. Overall, the recovery of output in March was obvious. The main demand was investment demand, especially the recovery of real estate investment, followed by infrastructure investment. The recovery in manufacturing investment and consumption is weak. The domestic economy continues a weak recovery rather than a v-shaped reversal. The performance of real estate and infrastructure is better than the manufacturing sector, which indicates that the policy support has obvious effect, but the internal driving force still needs to be strengthened. The manufacturing sector continues to be affected by the global industrial chain, and external demand risks still need to be vigilant. The central bank released 100 billion (RMB) of MLF and cut the interest rate by 20BP in line with expectations, continuing to show a loose policy attitude this week. In general, after more expected economic data released, the stock index can continue to look forward to the shock rebound.

On the technical level, the Shanghai composite index fell, the whole week trending up. The weekly technical line improved again and it breaks through 2830 pressure level. The 3050 is the important pressure and the strong support around 2600 is still effective. In the long term, the economy has shown some signs of stabilizing after increasing signs of improving domestic demand and the continued increase of stimulus policies. However, new uncertainties still drag the upward pace of the market, especially the abnormal volatility of overseas markets and the increase of long-term market uncertainty.

## 1. Market review

	Open	High	Low	Close	Settlement	Change	Amplitude	Volume	Open interest	Change
CSI 300	3751.71	3863.45	3740.19	3839.49		1.87	3.27	52610517800		
IF2004	3746.80	3861.00	3734.80	3850.40	3849.47	2.32	3.35	288681	0	-86534
IF2005	3735.00	3837.40	3716.00	3796.60	3805.60	1.38	3.24	180043	81725	71361
IF2006	3688.00	3796.20	3681.40	3756.60	3766.20	1.25	3.09	68956	46520	4517
IF2009	3640.00	3730.00	3628.60	3689.00	3697.80	0.89	2.77	19455	19868	1531

	Open	High	Low	Close	Settlement	Change	Amplitude	Volume	Open interest	Change
SSE 50	2740.09	2825.96	2731.03	2809.08		2.15	3.45	12684825000		
IH2004	2738.00	2955.20	2725.80	2814.60	2814.37	2.61	8.36	103071	0	-35318
IH2005	2715.40	2798.80	2707.40	2771.80	2778.00	1.70	3.35	65731	31668	28112
IH2006	2690.80	2759.20	2671.40	2732.00	2739.60	1.52	3.26	37516	22248	4450
IH2009	2641.60	2687.60	2620.00	2666.80	2671.40	0.90	2.56	13373	11944	1225

	Open	High	Low	Close	Settlement	Change	Amplitude	Volume	Open interest	Change
CSI 500	5176.44	5377.15	5140.85	5318.45		2.11	4.54	58855866300		
IC2004	5160.00	5383.00	5117.80	5342.00	5341.41	2.81	5.10	328175	0	-92119
IC2005	5120.00	5335.00	5061.20	5251.80	5251.60	2.20	5.33	205483	85073	74453
IC2006	5033.80	5258.60	4998.60	5176.60	5180.20	2.04	5.12	103596	60364	6447
IC2009	4900.00	5106.60	4870.80	5031.00	5033.20	1.88	4.78	47655	39876	3657

Chart I. Market price of IF, IH, IC and corresponding index

Source: Wind, Research Institute of Founder CIFCO Futures Co., Ltd.

## 2. Up or down in various industries

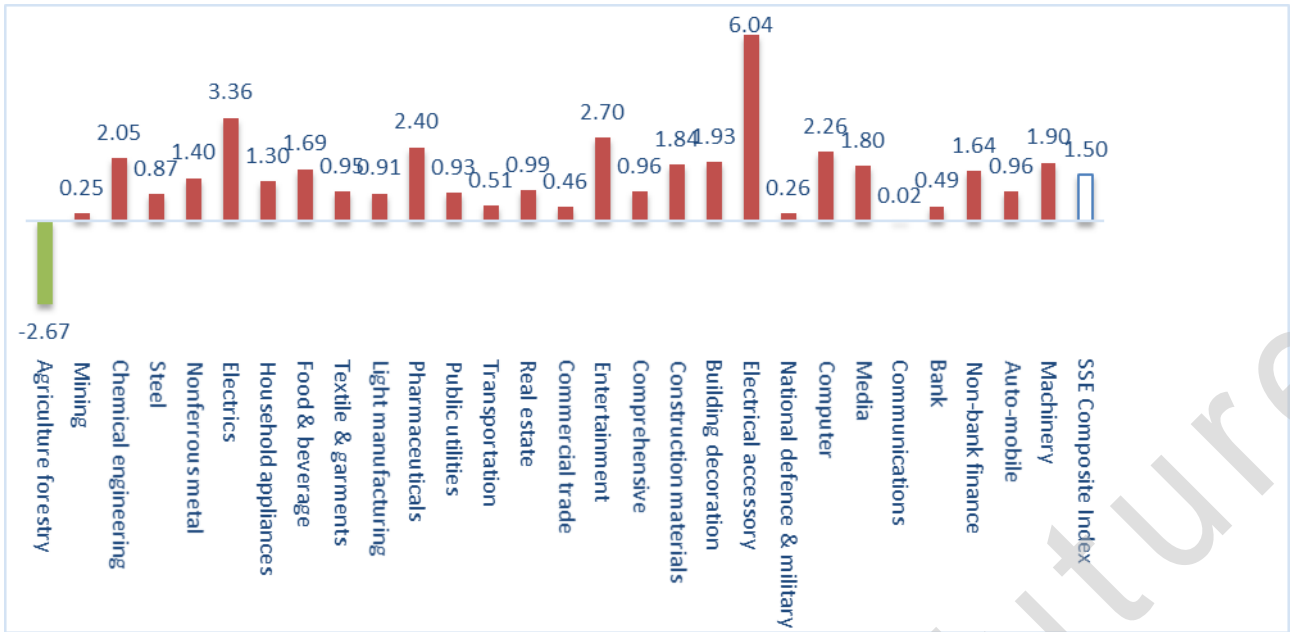


Chart II. Weekly up or down of SWS Index of first industry

Source: Wind, Research Institute of Founder CIFCO Futures Co., Ltd.

### 3. Market review

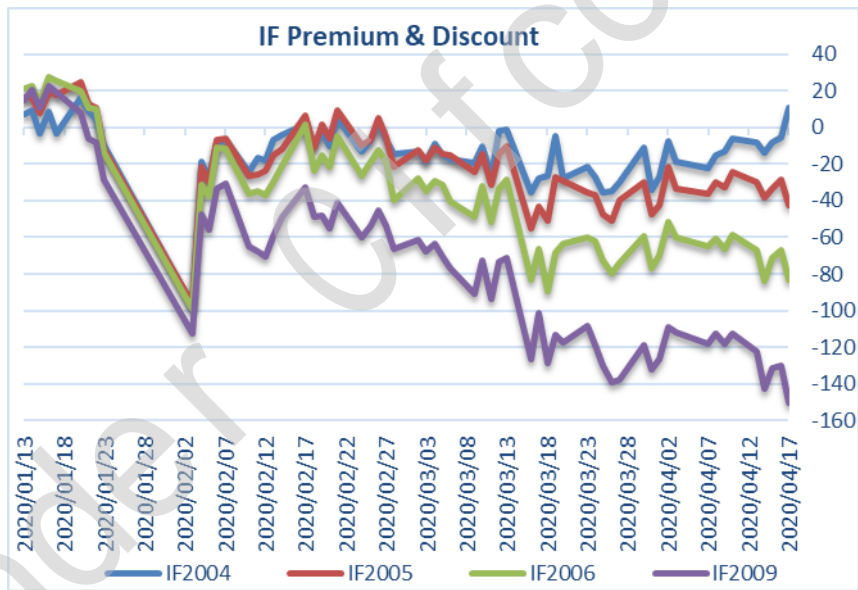


Chart III. IF premiums and discounts

Source: Wind, Research Institute of Founder CIFCO Futures Co., Ltd.

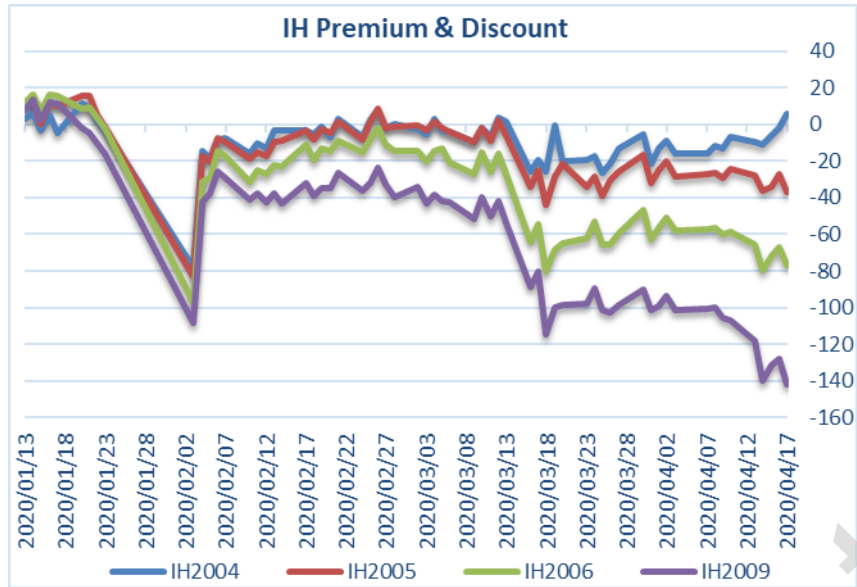


Chart IV. IH premiums and discounts

Source: Wind, Research Institute of Founder CIFCO Futures Co., Ltd.

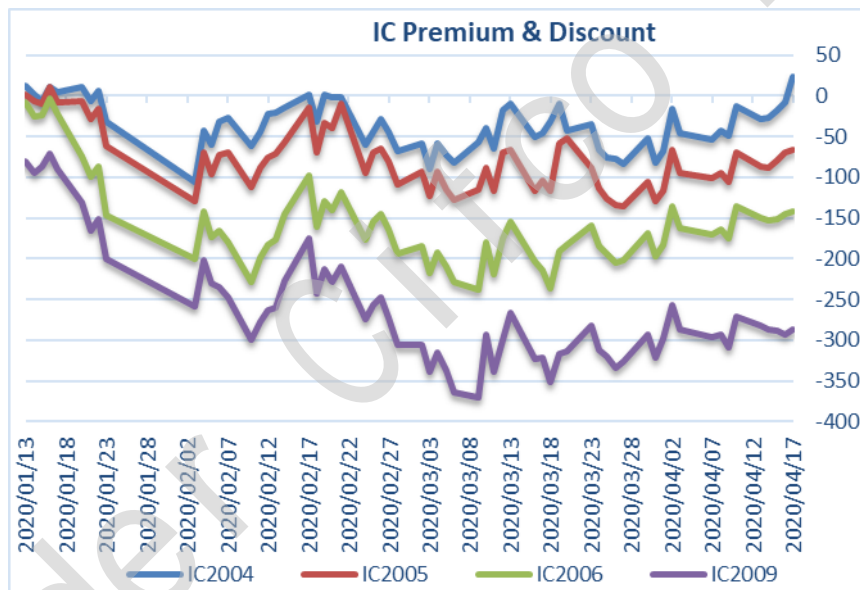


Chart V. IC premiums and discounts

Source: Wind, Research Institute of Founder CIFCO Futures Co., Ltd.

#### 4. Trading volume and open interests

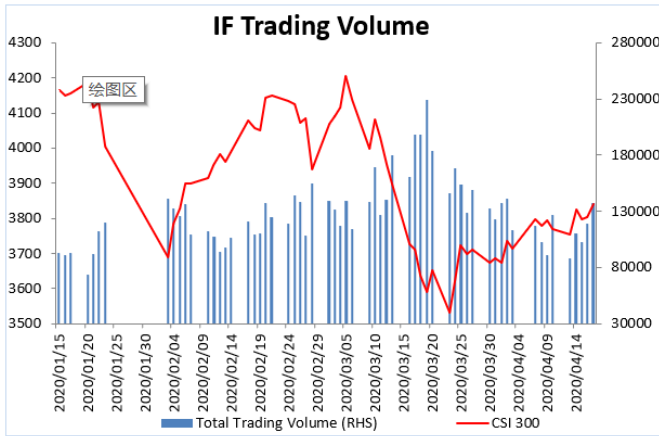


Chart VI. IF trading volume

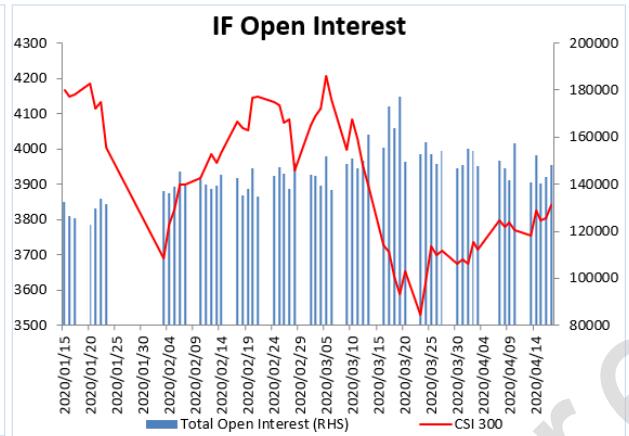


Chart VII. IF open interest

Source: Wind, Research Institute of Founder CIFCO Futures Co., Ltd.

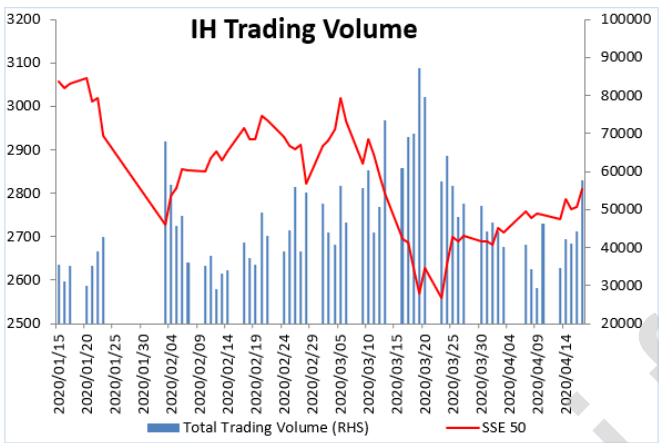


Chart VIII. IH trading volume

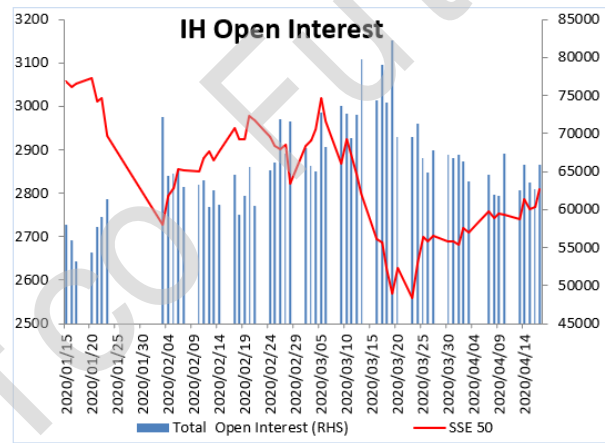


Chart IX. IH open interest

Source: Wind, Research Institute of Founder CIFCO Futures Co., Ltd.

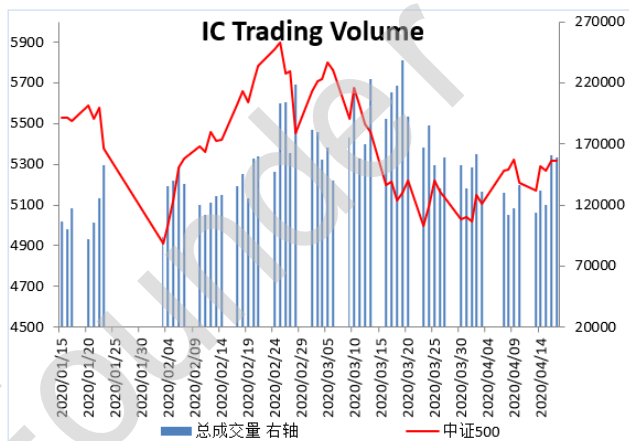


Chart X. IC trading volume

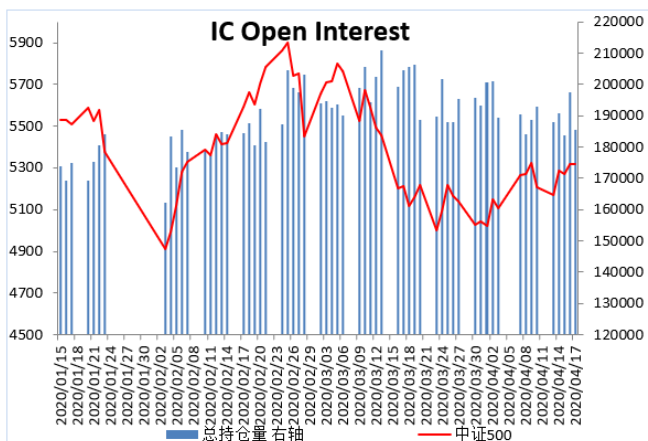


Chart XI. IC open interest

Source: Wind, Research Institute of Founder CIFCO Futures Co., Ltd.



5. China A50 Index

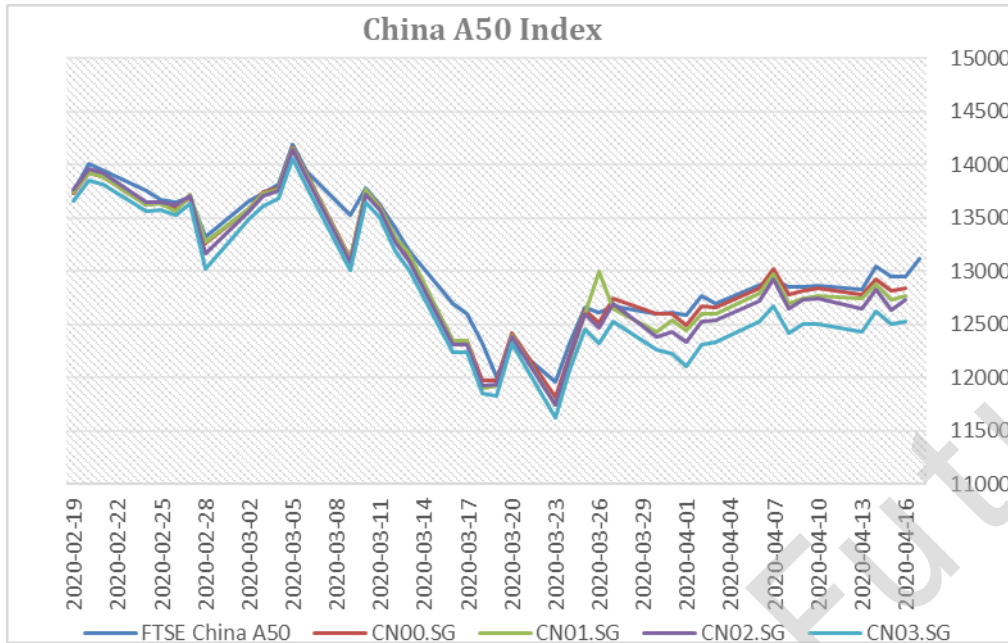


Chart XII. China A50 Index

Source: Wind, Research Institute of Founder CIFCO Futures Co., Ltd.

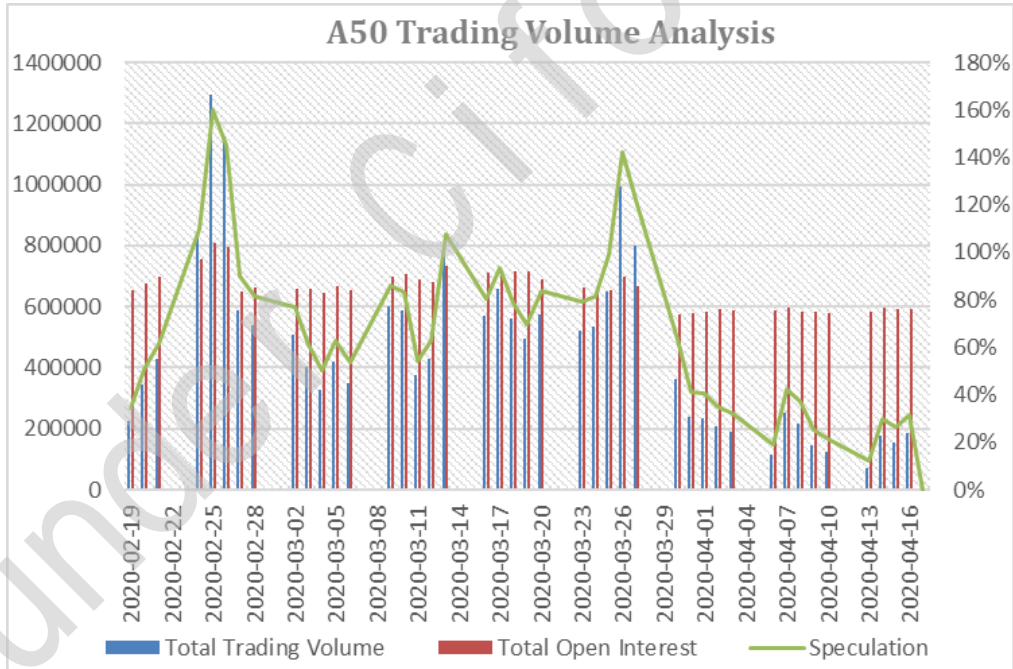


Chart XIII. Open interest of China A50 Index (Degree of Speculation = Total trading volume/ total open interest)

Source: Wind, Research Institute of Founder CIFCO Futures Co., Ltd.

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