

Index Futures Weekly Report

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Summary and trading advice:

The stock market shows the trend of falling volatility this week. In addition to a small rebound in the Shanghai composite index on Wednesday, the other index continued to shock downward, gradually away from the previous high, the overall turnover fell throughout the week. The CSI 300 index fell -1.28% to 3912.82, and IF monthly contract fell -0.67% to 3922.40. The Shanghai composite 50 index fell -1.86% to 2819.69, while the IH monthly contract fell -1.26% to 2825.40. The CSI 500 index rose 0.00% to 5,507.93 and the IC monthly contract rose 0.85% to 5,526.40. In addition, this Friday is the delivery date for May contract.

Most of SWS Industry Index showed some correction. Compared with the previous Friday, IF2005, IC2005, IC2006 and all IH contract premium and discount increased, other varieties decreased. The IH/IC ratio dropped significantly. In terms of trading positions, the average daily trading volume has increased of IF, IH and IC contracts, but the open interest have all declined. In terms of funds, the CSI 300, SSE 50 and CSI 500 index all showed a trend of accelerating outflow within a week. Fund inflow throughout the Stock Connect was reduced.

On the fundamental this week, the us employment precipitous decline, inflation and other indicators also fell significantly. Federal funds interest rate futures began to imply a cut in U.S. interest rates to negative levels next year, and U.S. President Donald trump backed the move. But several fed officials played down the possibility of negative rates. In general, the weak economy and loose policy remain the current situation in the US. In China, data showed that credit and social finance grew faster than expected in April, while CPI and PPI fell from a year earlier. Supply and demand data of April was in line with expectations, the output side of passive increasing inventory continued. The demand of real estate has maintained a significant growth, infrastructure investment has provided more support to the economy and consumer demand will accelerate driven by service consumption. However, risks of external demand still exist. Under the influence of resumption of work and policy stimulus, the economic bottoming out and recovery will be maintained, but the intensity will remain moderate. The 200 billion RMB of MLF will be expired within a week, the central bank

retracted 100 billion RMB and did not cut interest rates, weaker than some investors expected. The central bank said it would allow a period of additional leverage to expand its support for the real economy, indicating that monetary policy remains loose. We think the pace of easing will be slower than before. In terms of risk events, the tough stance of the United States on trade and other aspects shows that the risk of a new round of conflict between China and the United States is rising. The outbreak is likely to worsen again as countries in Europe and the United States lift anti-epidemic policies before it is contained. This risk still requires constant vigilance. Overall, the weekly news was a little bit more bearish and domestic economic data was in line with expectations. The short-term outlook of the market upward support temporarily weakened.

On the technical perspective, the Shanghai composite index showed a downward trend in the week, but the main technical indicators continued to rise. The mid-term trend line was still high, but the short-term line still has the risk of continued adjustment. The pressure was near 2900 and around 3050, the short-term support level is at 2850 and the main support level is above 2600. In the short term, the pressure was near 2900 and it should be warned that there will be a daily drop from the height. The current important pressure is still around upper 3050 and the main support level is above 2600. In the long run, domestic demand continues to show signs of improvement, and the stimulus policy continues to increase, and the economy gradually recovers after stabilizing. However, new uncertainties still weigh on the upward pace of the market, especially overseas economic and trade risks, and there are still uncertainties in the long-term market.

1. Market review

	Open	High	Low	Close	Settlement	Change	Amplitude	Volume	Open interest	Change
CSI 300	3974.76	3998.10	3907.40	3912.82		-1.28	2.29	49026341200		
IF2005	3966.00	3994.00	3915.00	3922.40	3922.45	-0.67	2.00	262878	0	-73087
IF2006	3929.80	3956.00	3861.00	3861.00	3871.80	-1.34	2.43	206960	102819	54039
IF2009	3844.80	3873.60	3770.80	3770.80	3779.80	-1.64	2.68	23982	23628	1960
IF2012	3838.60	3854.00	3741.00	3741.00	3751.40	-1.86	2.96	4288	3297	798

	Open	High	Low	Close	Settlement	Change	Amplitude	Volume	Open interest	Change
SSE 50	2876.77	2897.99	2818.37	2819.69		-1.86	2.77	10425372200		
IH2005	2873.00	2893.00	2824.00	2825.40	2825.83	-1.26	2.41	84201	0	-25183
IH2006	2836.00	2854.80	2779.00	2779.40	2785.20	-1.65	2.68	75642	42073	18430
IH2009	2764.40	2783.40	2704.80	2705.20	2709.60	-1.81	2.85	13741	13791	1854
IH2012	2741.40	2761.80	2683.40	2683.40	2688.80	-1.84	2.87	3610	2638	698

	Open	High	Low	Close	Settlement	Change	Amplitude	Volume	Open interest	Change
CSI 500	5529.11	5547.94	5441.70	5507.93		0.00	1.93	58554069600		
IC2005	5506.80	5543.20	5430.20	5526.40	5526.27	0.85	2.06	287692	0	-77944
IC2006	5426.00	5470.00	5351.00	5404.60	5425.00	0.04	2.20	267690	122218	56905
IC2009	5245.00	5290.00	5176.00	5209.80	5227.20	-0.47	2.18	51686	43158	2152
IC2012	5172.00	5175.00	5057.60	5081.20	5097.80	-0.75	2.29	16395	12950	2488

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

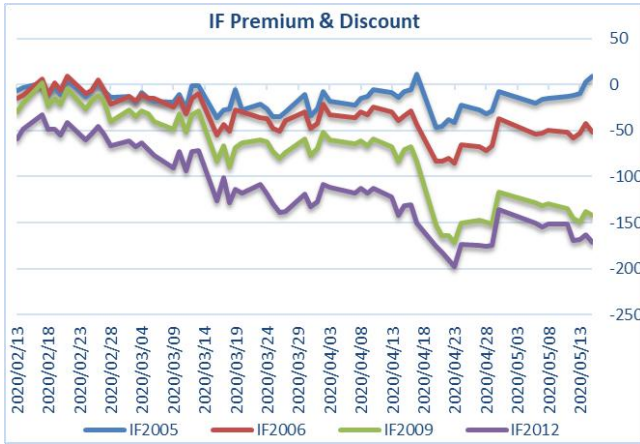


Chart III. IF premiums and discount



Chart IV. IH premiums and discount

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

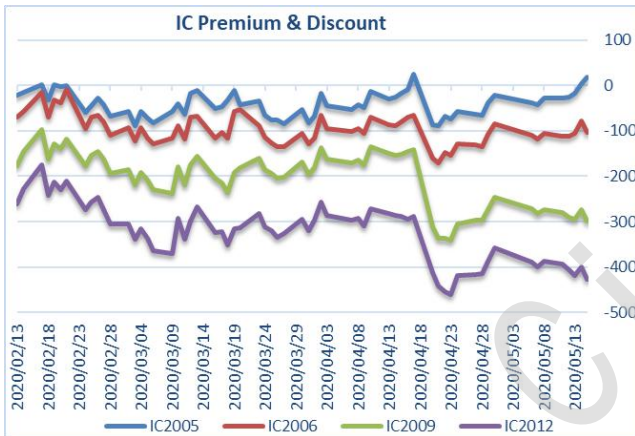


Chart V. IC premiums and discounts

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

4. Trading volume and open interests

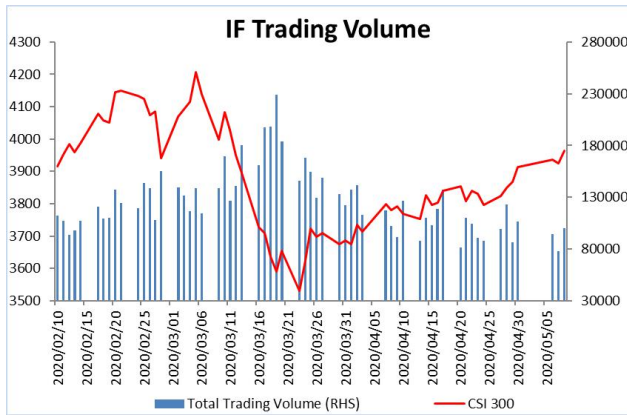


Chart VI. IF trading volume

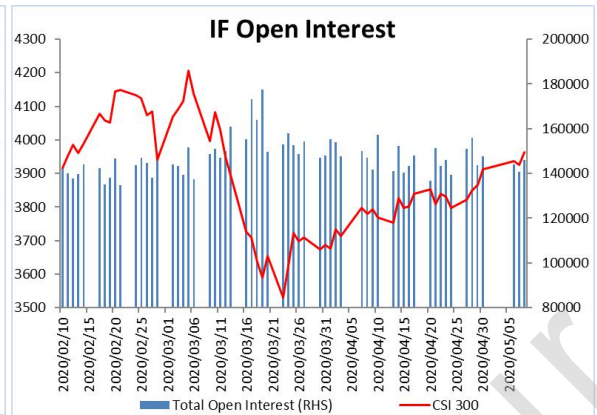


Chart VII. IF open interest

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

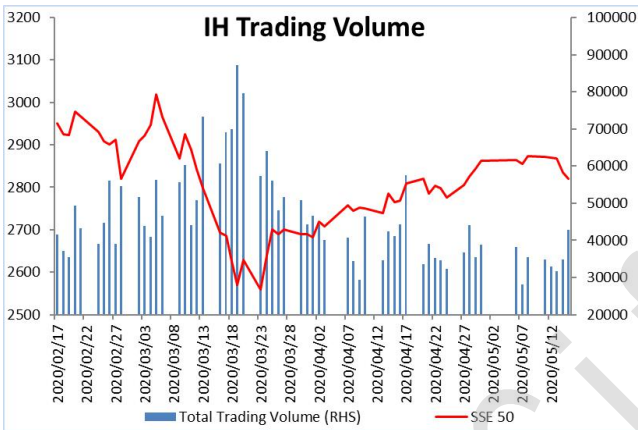


Chart VIII. IH trading volume

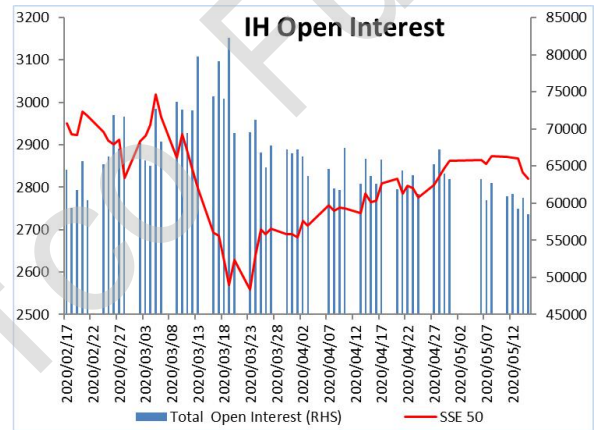


Chart IX. IH open interest

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

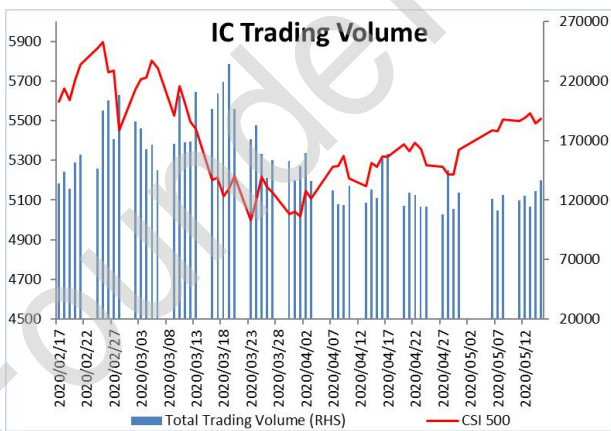


Chart X. IC trading volume

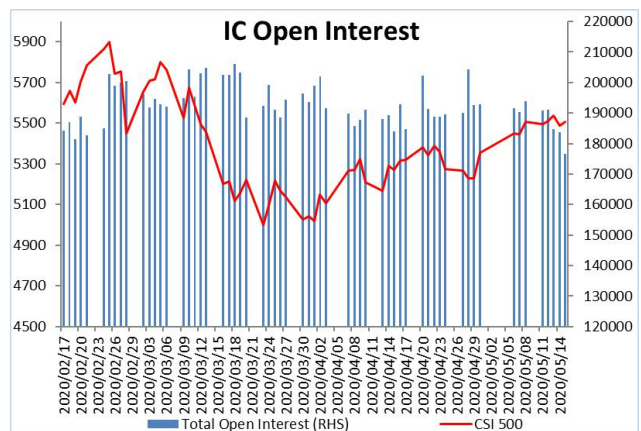


Chart XI. IC open interest

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

5. China A50 Index

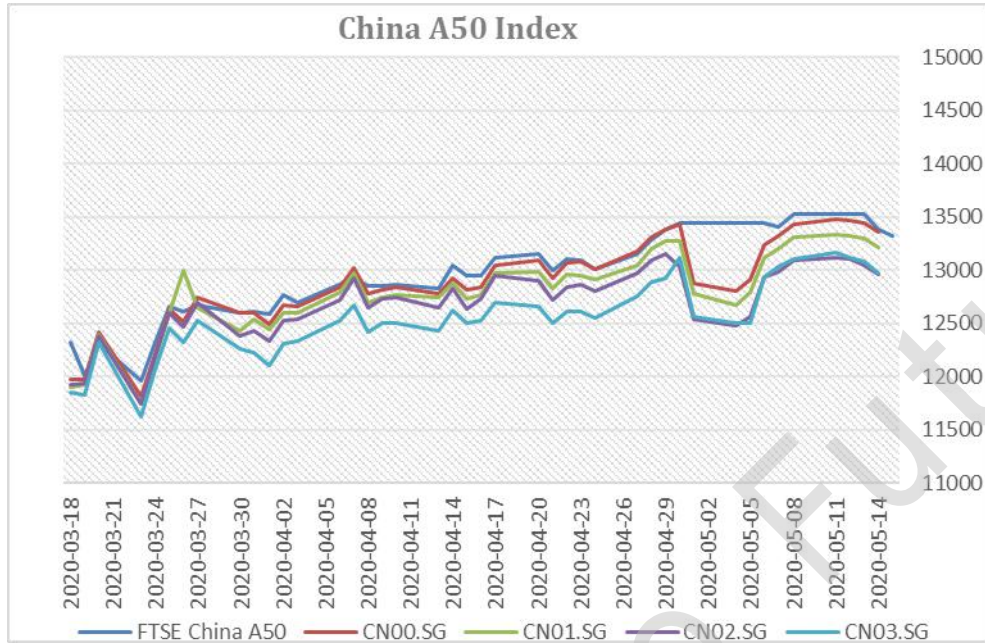


Chart XII. China A50 Index

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

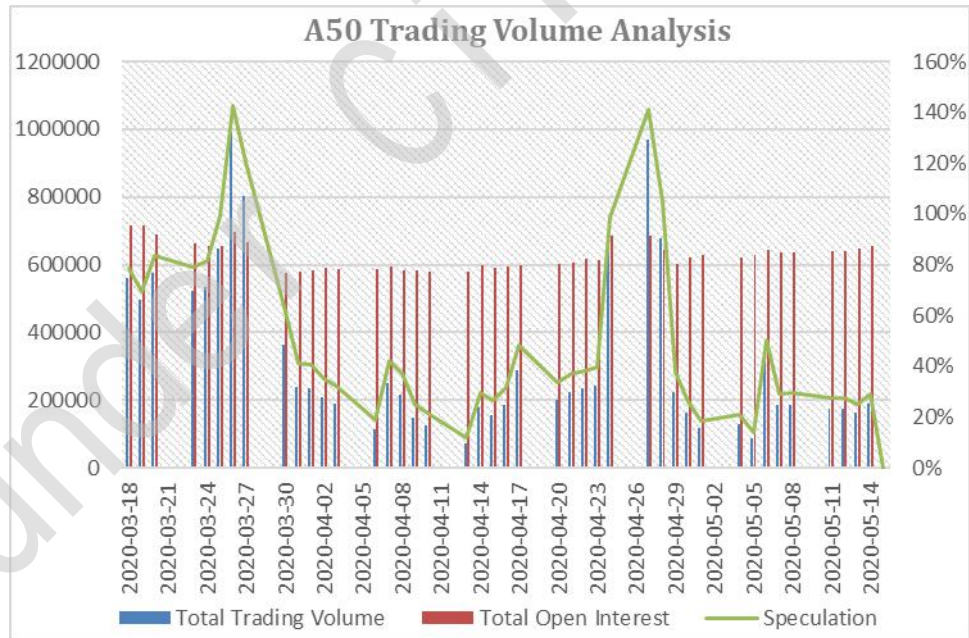


Chart XIII. Open interest of China A50 Index (Degree of Speculation = Total trading volume/ total open interest)

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

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