

Index Futures Weekly Report

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Summary and trading advice:

The stock market shows the trend of falling this week. The Shanghai composite index rebounded to its highest level since April on Monday and Tuesday with overall trading volume rising throughout the week. The CSI 300 index fell -2.27% to 3824.06, while the monthly contract fell -3.55%. The Shanghai composite index fell -1.56% to 2,775.81, while the IH monthly contract fell -2.97% to 2,741.60. The CSI 500 index fell -3.26% to 5328.23, while the IC monthly contract fell -4.68% to 5267.80. In addition, this Friday is the May contract delivery date.

Most of SWS Index were slightly adjusted except the commercial trade sector. IF, IH and IC near month contract discount range was widening because of the last week's delivery, two of the quarterly month contract discount narrowed. IH/IC ratio has rebounded. In terms of trading positions, the average daily trading volume of IF, IH and IC contracts has declined, but the open interest have all increased, and the trading activity has decreased significantly. In terms of funds, the outflows from the CSI 300 index and the SSE 50 index decreased, while the outflows from the CSI 500 index accelerated. Fund inflow throughout the Stock Connect was slightly increased.

On the news this week, the U.S. business sector recovered in May, but things like employment remained weak, and the economic recovery remained slow, combined with a slump in retail and manufacturing output. Fed chairman Colin Powell and other officials mostly support more easing. In Europe, the manufacturing sector, the service sector and the composite PMI of the euro zone, Germany, France and other economies all rebounded in May from the previous period and exceeded expectations. The European economy is still at the bottom with a small recovery. In China, auto production rose in April and retail sales fell less in May, with consumption expected to continue to be driven by cars. The government work report at the two sessions showed that due to uncertainties such as the covid-19 outbreak, no GDP target will be set for this year. The government has become more tolerant of economic and employment risks and raised its unemployment target. The easing policy continued to be strengthened, especially in the fiscal area. The deficit, local government

special bonds and the deficit target were significantly raised. Special government bonds were issued. Both M2 and social loans growth are required to be significantly higher than last year. In addition, the housing policy still avoided the speculation of the real estate market, and the focus has shifted from the shed area reconstruction to the old area reconstruction. In the past, the market had high expectations for the two sessions and the government work report, expecting massive stimulus and reform policies. However, there was little information that actually exceeded expectations, especially the reduction of taxes and other measures that was relatively small compared with the same period last year, which was also an important factor that led to a big decline in the market on Friday. On the risk side, the United States has threatened new sanctions against China and new restrictions on Huawei. China and the United States trade conflict is once again expanding, the bilateral confrontation is spreading to other aspects, which is another recent disadvantage. Overall, the market support is shifting from positive economic data to negative policy implications and risks overseas.

Technically, the Shanghai composite index showed a downward trend in the week, but the main technical indicators continued to rise, the mid-term shock trend is still high, but the short term still has the risk of continued adjustment. The pressure was near 2900 and 3050 above, the short line support is at 2850, the main support level is above 2600. In the long term, 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	3914.66	3966.85	3818.15	3824.06		-2.27	3.80	50584759600		
IF2006	3871.80	3930.80	3778.00	3783.00	3794.40	-3.55	3.90	377127	110068	110068
IF2007	3831.80	3900.00	3737.00	3744.00	3752.40	-3.03	4.22	14130	7009	-95810
IF2009	3775.20	3836.60	3688.00	3694.20	3701.80	-2.03	3.94	29973	26092	2464
IF2012	3752.80	3801.20	3664.60	3670.20	3678.00	-1.89	3.65	6824	5028	1731

	Open	High	Low	Close	Settlement	Change	Amplitude	Volume	Open interest	Change
SSE 50	2821.73	2872.70	2775.31	2775.81		-1.56	3.45	11032405800		
IH2006	2787.60	2845.40	2738.00	2741.60	2750.00	-2.97	3.80	136041	42122	42122
IH2007	2742.40	2804.80	2701.20	2704.00	2713.00	-2.71	3.73	9086	4574	-37499
IH2009	2711.20	2762.40	2660.00	2663.00	2671.60	-1.56	3.79	18541	15495	1704
IH2012	2692.40	2739.00	2643.20	2650.40	2656.00	-1.23	3.57	4938	4012	1374

	Open	High	Low	Close	Settlement	Change	Amplitude	Volume	Open interest	Change
CSI 500	5522.72	5548.22	5307.30	5328.23		-3.26	4.37	59012960700		
IC2006	5434.60	5466.80	5251.80	5267.80	5280.60	-4.68	3.89	454690	122558	122558
IC2007	5379.80	5396.40	5185.40	5204.20	5213.40	-3.71	3.90	9944	4630	-117588
IC2009	5230.20	5274.00	5066.00	5082.00	5096.20	-2.45	3.99	60139	45124	1966
IC2012	5100.20	5141.60	4935.80	4953.60	4961.00	-2.51	4.05	18361	16322	3372

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.

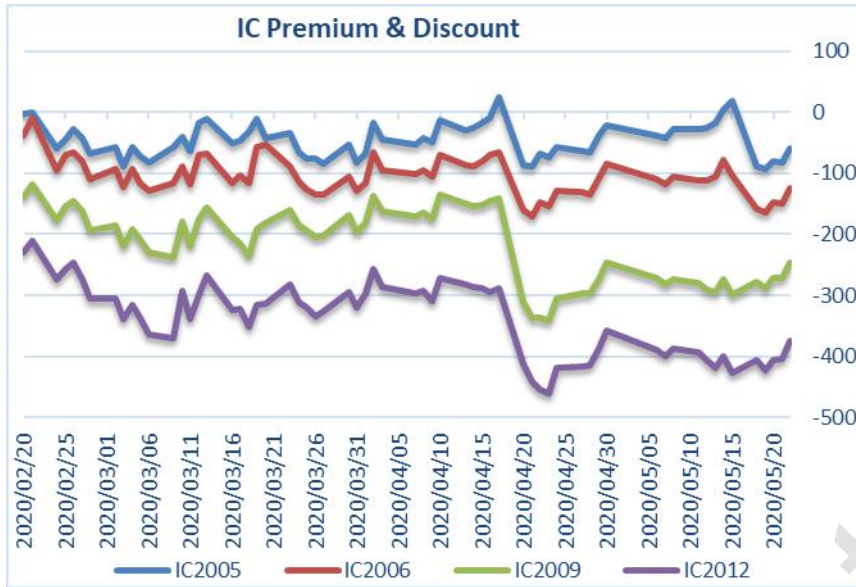


Chart V. IC premiums and discounts

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

4. Trading volume and open interests

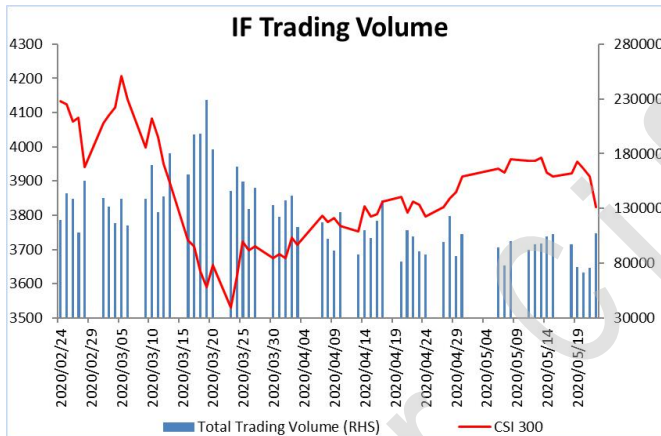


Chart VI. IF trading volume

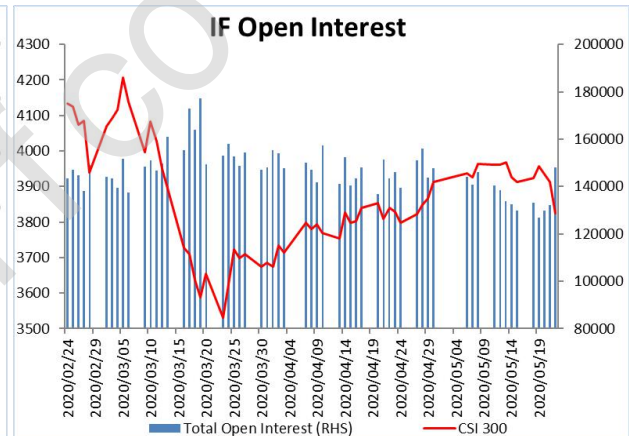


Chart VII. IF open interest

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

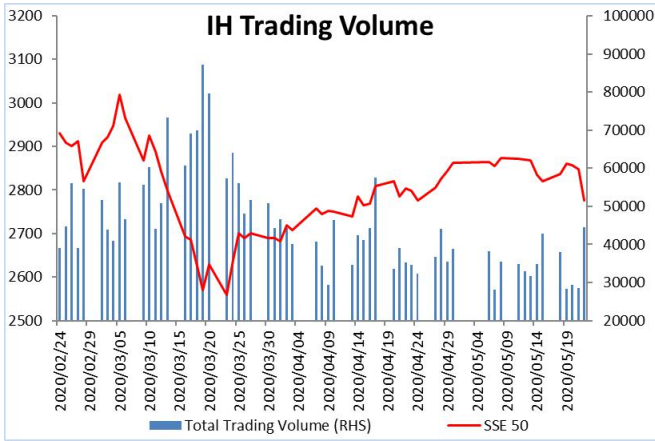


Chart VIII. IH trading volume

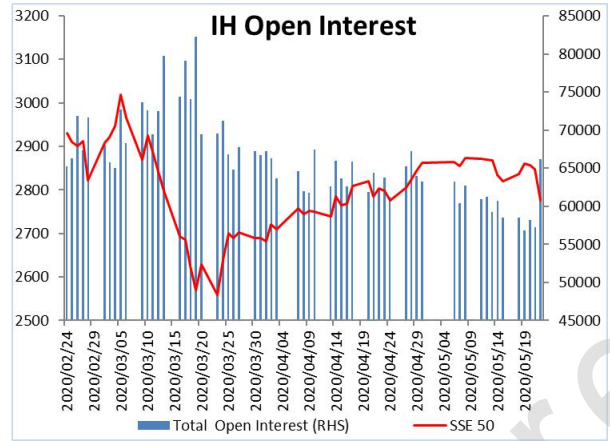


Chart IX. IH open interest

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

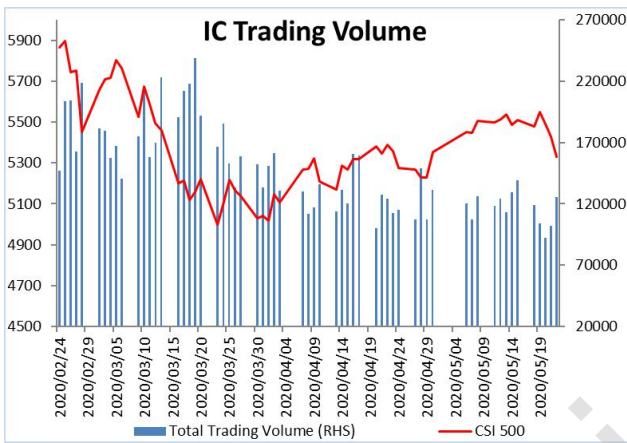


Chart X. IC trading volume

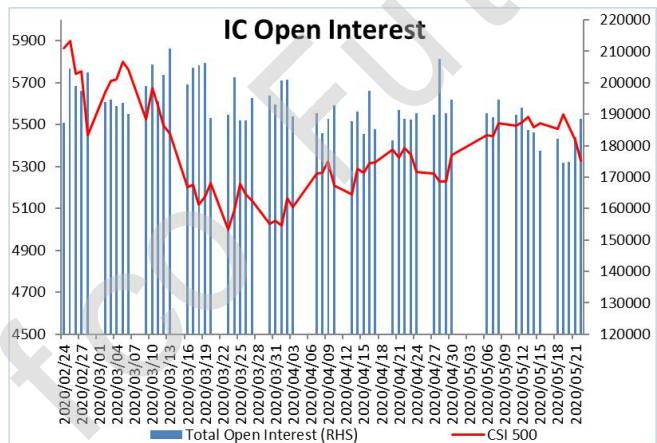


Chart XI. IC open interest

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

5. China A50 Index

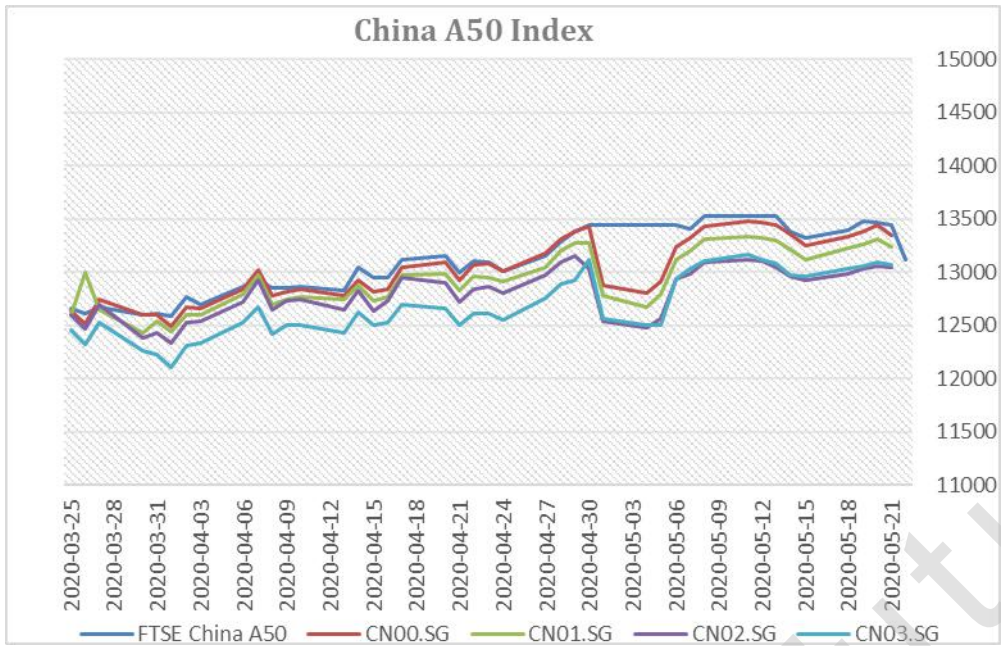


Chart XII. China A50 Index

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

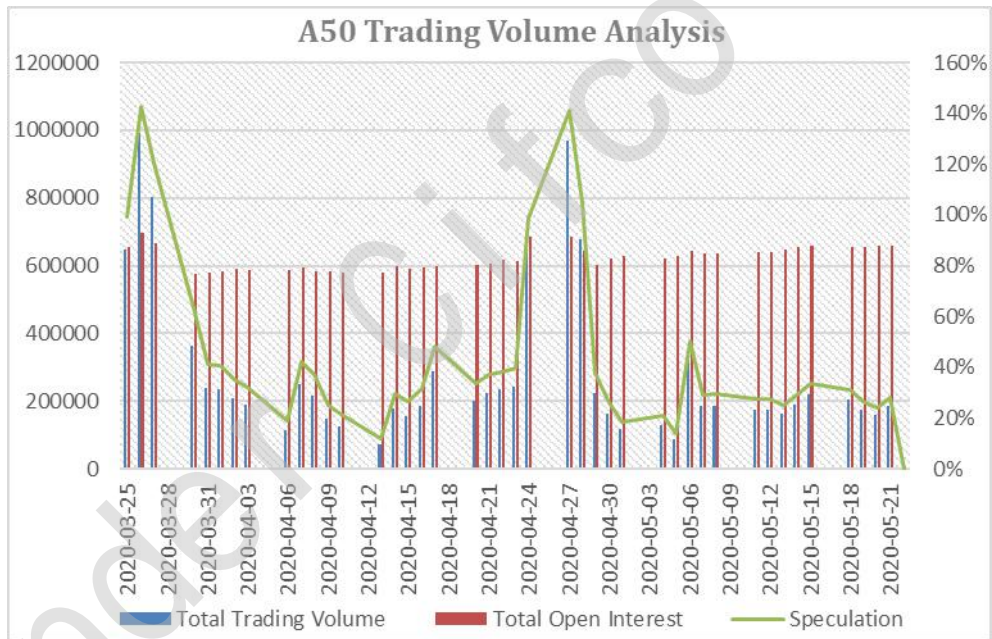


Chart XIII. Open interest of China A50 Index (Degree of Speculation = Total trading volume/ total open interest)

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

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