

FIS Macro Report

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	Last	Previous	% Change
U.S. Dollar Index(DXY)	105.25	107.19	-1.81%
USD/CNY	6.7803	6.7673	0.19%
U.S. FOMC Upper Interest Rate	1.75	1.00	75.00%
China Repo 7 day	1.50	1.75	-14.29%
Caixin China Manufacturing PMI	50.40	51.70	-2.51%
Markit U.S. Manufacturing PMI	52.50	52.90	-0.76%

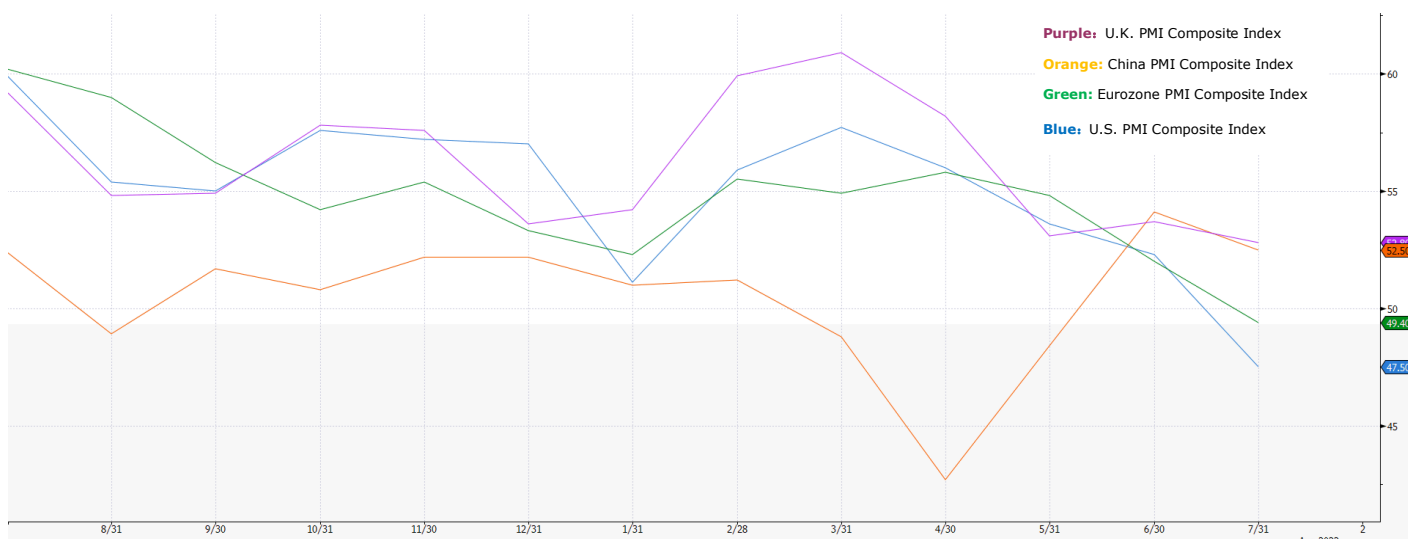
Global PMI Insights and Review

U.S. July ISM Manufacturing PMI was 52.8 maintaining 26 months above the boom-and-bust line. However, new orders dropped to their lowest level since May 2020. Specialists were concerned about the overstock of industrial materials and extension of delivery times for goods.

European July Markit PMI contracted to 49.8, the first time it is below 50 since June 2020. Similar to the U.S., new orders dropped fast from 45.2 to 42.6, which made it difficult to see a reversal of the number in the short run.

China's Manufacturing PMI in July was 49.0, unexpectedly down 1.2% from last month. Non-manufacturing PMI has recovered for two consecutive months. The drop in PMI caused by seasonal inactive industrial manufacturing in July and August due to high temperatures and rainy weather. In detail categories, steel production remains low in a effort to help recover marginal profits. However, the market expects a strong downstream to rejuvenate the mid-stream material making for the rest of 2022. Special equipment, auto-making, railroad, shipbuilding, and aerospace-making maintained a high growth rate of 52%.

PMI Composite of Major Economies



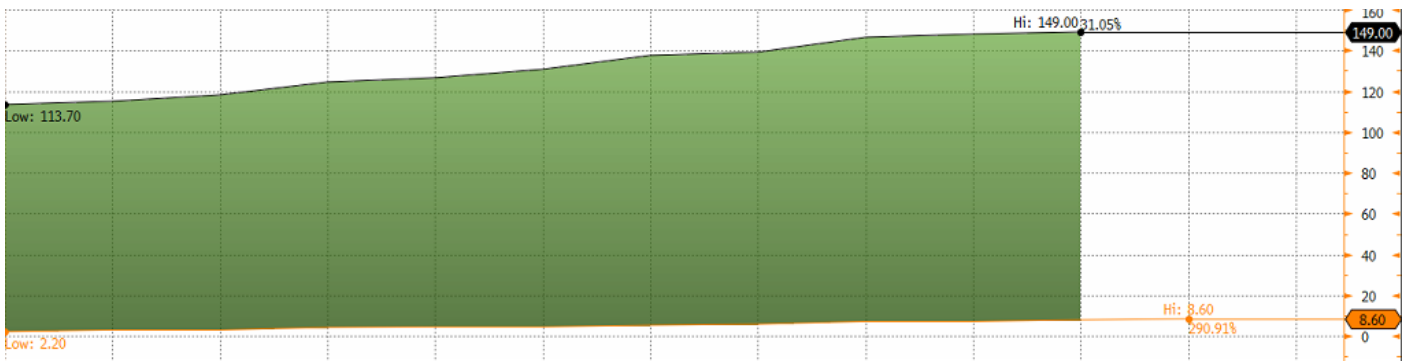
Sources: Bloomberg, FIS

	Last	Previous	
Shanghai&Shenzhen 300 Index	4188.68	4212.64	-0.57%
Dow Jones Industrial Average	32798.40	31990.04	2.53%
FTSE 100 Index	7413.42	7306.30	1.47%
Nikkei 225 Index	27993.35	27699.25	1.06%
BVAL U.S. 10-year Note Yield	2.5969	2.8131	-7.69%
BVAL China 10-year Note Yield	2.7829	2.8158	-1.17%

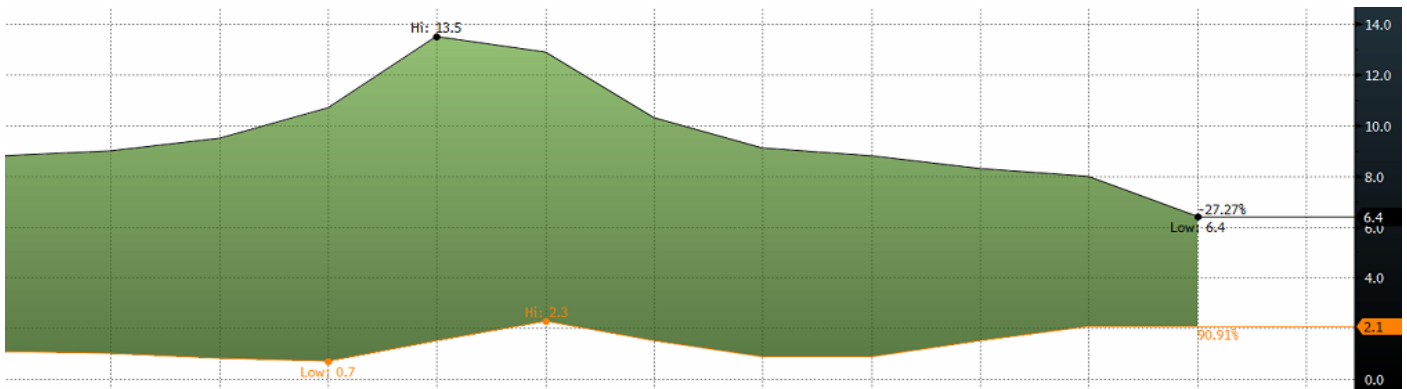
Global PMI Insights and Review(Cont'd)

Japanese Manufacturing PMI in July dropped from 52.7 to 52.1, lower than the expected 52.2. New orders fell for the first time in the last ten months. Production levels decreased for the first time since February. A governor indicated that a shortage of industrial components might weigh on the manufacturing sector in the coming months.

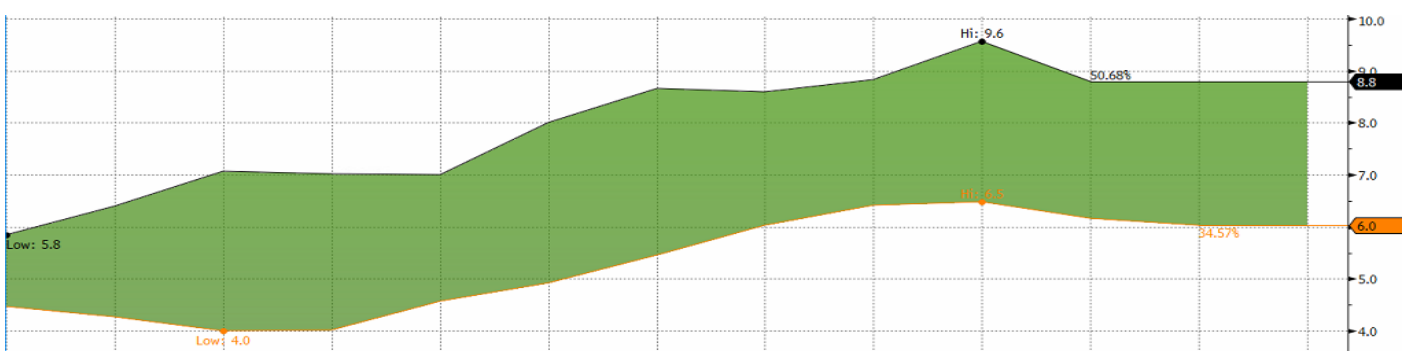
Eurozone PPI—CPI



China PPI—CPI



U.S. PPI—CPI(Excl. Food and Energy)



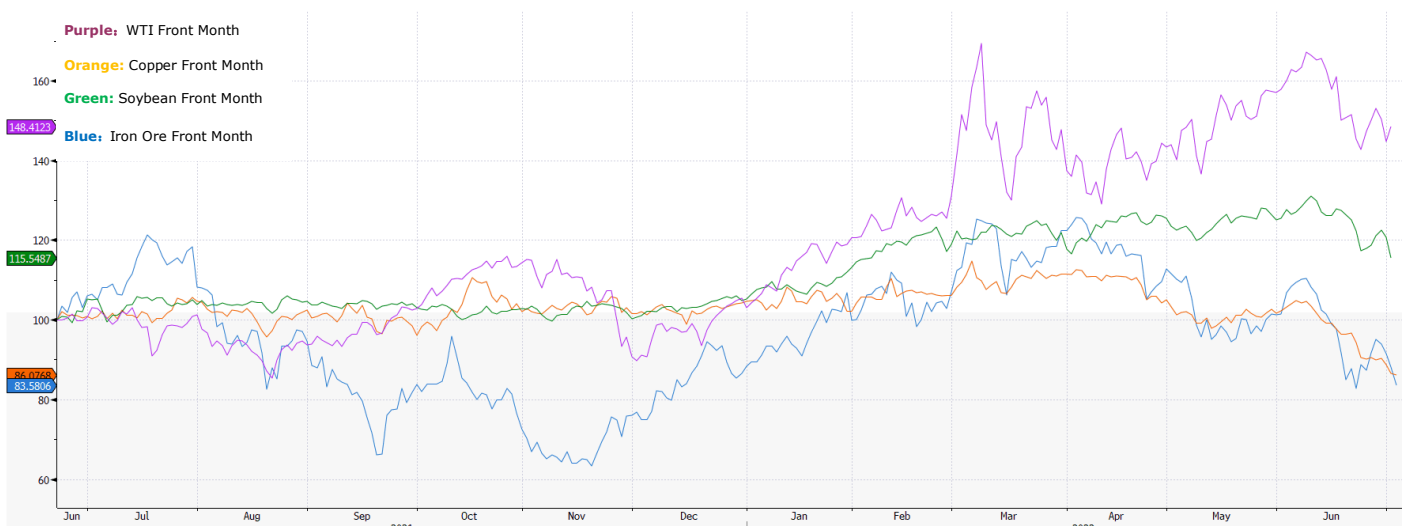
Sources: Bloomberg, FIS

	Last	Previous	
LME Copper 3 Month Rolling	7819.50	7479.00	4.55%
LME Aluminium 3 Month Rolling	2430.50	2408.50	0.91%
WTI Cushing Crude Oil	93.89	99.60	-5.73%
Platts Iron Ore Fe62%	112.90	104.00	8.56%
U.S. Gold Physical	1774.15	1717.32	3.31%
BDI	1872.00	2114.00	-11.45%

Chinese Political Conference, Impact and some Signals

- The outlined aims are to stabilise the housing market, accelerate the completion of buildings, increase cash support for developers and provide strong liquidity to the banks. Many cities and provinces started to urge the process of housing completion and timely handover to buyers. Unfinished buildings also entered a debt clearing and payment process. The policy, to some extent, guarantees the standard purchase and consumption of building materials such as steel, cement, and flat glass by developers. As a result, the market expected the construction season to be normal after the hot summer passes.
- There is also the aim to strive to avoid pandemic cases rebounding with research on a new medicine for Covid-19. The policy was as expected, as China would still maintain strict control of the pandemic cases. Thus, service department growth might be more impacted than manufacturing since they are related to more walk-in consumers.
- Also to stabilise consumer price and economic growth in H2 2022 instead of a fixed growth number stated in the last conference, focusing on recovering fundamentals and aiming for a soft landing on the economy.
- To maintain adequate liquidity. China would follow a somewhat eased monetary policy in H2 2022.
- Increase credit and loan support on mid-small cap enterprises.
- Support new energy development, help realise the carbon emission targets, and increase self-reliance in energy production.

Normalised Iron ore, Copper, Soybean and Crude Oil price



Sources: Bloomberg, FIS

Chinese PM Li Keqiang held a national conference after the political summit during weekends to promote investment and consumption, including acceleration of local debts, investment projects listed in the central budget and automobile consumption. The meeting particularly mentioned increasing subsidies on green energy home appliances businesses and developing green building materials.

—Fact Sheet—

EMH: Efficient Market Hypothesis: proposed by Eugene Fama in 1970, Economist, and Nobel Prize Winner in 2013. The EMH believed that in the stock market with sound laws, good functions, high transparency, and full competition, all valuable information should be timely, accurate, and fully reflected in the stock price trend. Unless there is market manipulation, investors can't obtain excess profits higher than the average level of the market.

Eurostat: is the highest administrative body of EU statistics, located in Luxembourg. The statistical system consists of Eurostat, statistical institutions, and central banks of EU Member States, Iceland, Norway, and Liechtenstein.

FedWatch: CME Group's FedWatch tool allows investors to gauge the market's expectations of a potential change quickly and efficiently to the Fed Funds target rate.

Lagging Economic Indicators: refers to the time lag of the indicator relative to the economic cycle. For example, if the peak or bottom of an indicator is several months behind the peak or bottom of the natural economic cycle, the indicator is called a lagging indicator. The typical examples are the unemployment rate, materials inventory, and the scale of uncollected loans.

Leading Economic Indicators: Indicators that make forecasts on economic trends. The most common indicators are unemployment insurance application rate, money supply, weekly average working hours, new house construction rate, and stock index trend.

U.S. Hiking Cycle: refers to the decision of the Management Committee of the Federal Reserve System to adjust the monetary policy and raise the federal fund's interest rate after the meeting held in Washington.

Stagflation: an economic situation with high inflation (prices rising continuously) but no increase in the available jobs or business activity.

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