FIS

Macro Report

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	Last	Previous	% Change
U.S. Dollar Index(DXY)	113.39	110.07	**3.02%**
USD/CNY	7.1926	7.0416	**2.14%**
U.S. FOMC Upper Interest Rate	3.25	2.50	**30.00%**
China Repo 7 day	1.60	2.06	**-22.33%**
Caixin China Manufacturing PMI	48.10	49.50	**-2.83%**
Markit U.S. Manufacturing PMI	52.20	51.20	**1.95%**

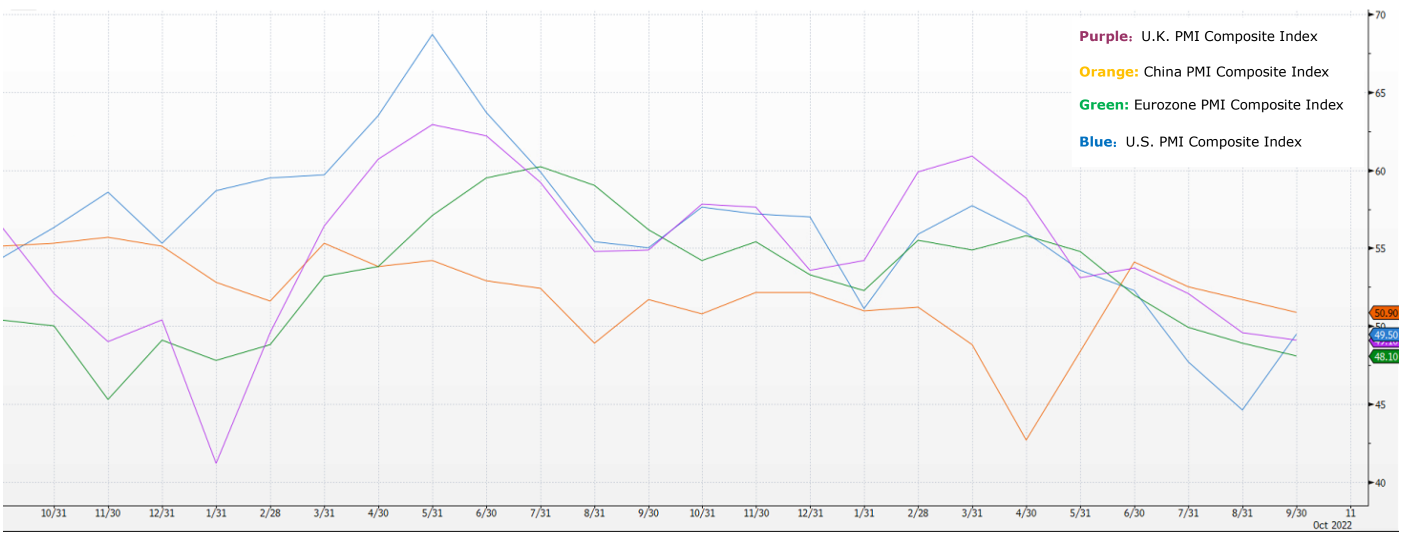
Manufacturing PMIs

Major economies published their September PMIs in the first week of October. Manufacturing PMIs are normally used as a leading indicator of economic health. Global September Manufacturing PMI was 50.3%, down 0.6% from August, a 4-month decrease in a row and it refreshed a new low not seen since July 2020. Market participants expect the number to fall below the boom and bust line in the next two months. The major drags on the global figure were U.S. and Europe. The low PMI number mirrored the low economy growth globally.

The economic spill over effect from the continuous U.S. interest rate hikes, the energy crisis brought by European confliction, and the epidemic have increased input costs, broken set worldwide logistics and put up obstacles to prevent a smooth economic recovery. The Organization for Economic Cooperation and Development (OECD) reduced their projected world economic growth rate in 2023 from 2.8% to 2.2%. Thus, the economy recovery in non-U.S. countries was largely constrained by the monetary strategies of the United States.

European Manufacturing PMI was 48.8% in September, down 0.7% from August, making it eight-months of decrease, and a second month below the boom and bust line. Among the European countries, Germany and France were the notable drags on the September data, while the U.K. and Italy contributed a slight increase to the overall number.

Major Economies PMI Chart



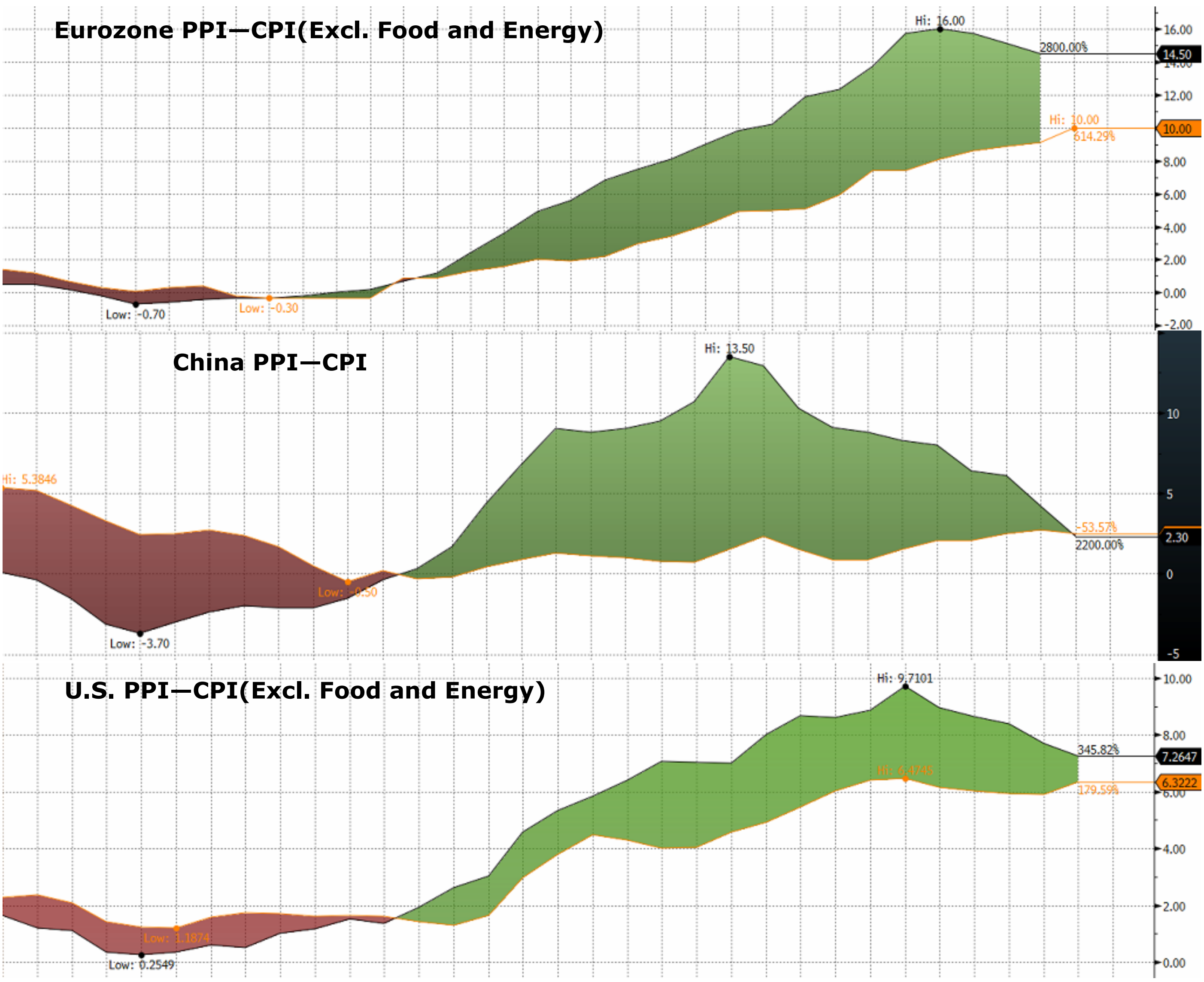
Sources：Bloomberg

	Last	Previous	
Shanghai&Shenzhen 300 Index	3720.94	3836.68	**-3.02%**
Dow Jones Industrial Average	29202.88	29490.89	**-0.98%**
FTSE 100 Index	6959.31	6908.76	**0.73%**
Nikkei 225 Index	27116.11	25937.21	**4.55%**
BVAL U.S. 10-year Note Yield	3.8926	3.8015	**2.40%**
BVAL China 10-year Note Yield	2.8106	2.7690	**1.50%**

Manufacturing PMIs (Cont'd)

The European economy was facing a contraction of demand, energy crisis and tight monetary policy risks, which all put unprecedented pressure on the economy. Eurozone CPI in September was up 10% on the year, refreshing an historical high and beyond an expectation of 9.7%. OECD decreased the Eurozone economy projected growth rate from 3.6% to 3.1%.

U.S. September manufacturing PMI at 50.9%, down 1.9% from August, created a three-month low. The major drag was new orders and new jobs, compared with a stable production index. The U.S. Federal Bank has hiked interest rates by 300 bps, which became a direct resistance point for economic growth in order to reduce inflation. The U.S. entered a technical recession with two consecutive quarters of negative growth.



Sources：Bloomberg, FIS

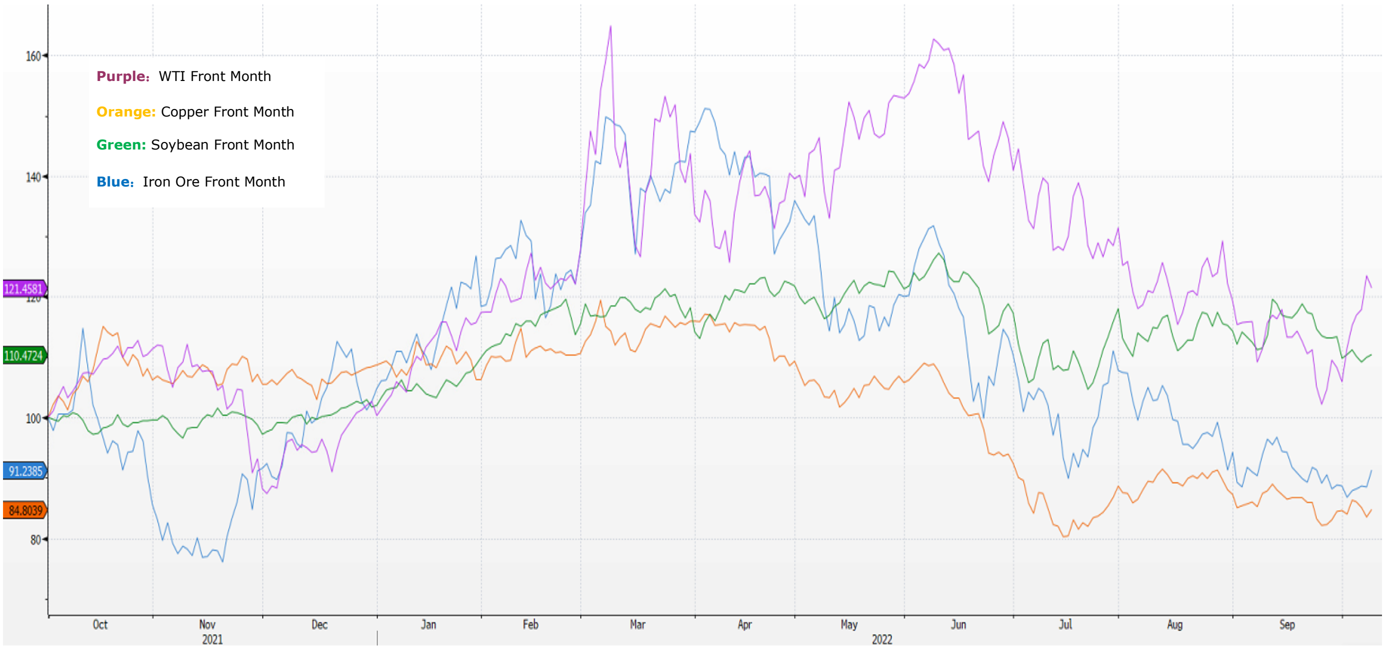
	Last	Previous	
LME Copper 3 Month Rolling	7578.50	7508.00	**0.94%**
LME Aluminium 3 Month Rolling	2260.00	2219.50	**1.82%**
WTI Cushing Crude Oil	91.13	83.63	**8.97%**
Platts Iron Ore Fe62%	98.75	95.30	**3.62%**
U.S. Gold Physical	1664.94	1726.13	**-3.54%**
BDI	1944.00	1788.00	**8.72%**

Manufacturing PMIs (Cont'd)

Asia's manufacturing PMI was at 50.8% in September, up 0.1% from August. China, Indonesia, the Philippines and Thailand played leading roles, however India, Korea and Japan suffered two months of consecutive drops in the number. In general, the number in Asian countries was stable compared with the decline in Europe. In the long run, the Asian Development Bank (ADB) decreased its projected growth rate from 5.4% to 4.3% sharply, believing that Asian countries would find it difficult to contradict the global trend of recession.

African manufacturing PMI was at 49.6% in September, down 0.8% from August. The number maintained around the boom-and-bust line for the past three months. African countries are significantly dependent on external factors. The interest hike in the U.S. has caused the super-inflation in some Africa countries, with half of Africa stuck in a debt trap with rising borrowing costs and falling revenues.

Normalised Iron ore, Copper, Soybean and Crude Oil price



Sources：Bloomberg, FIS

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—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 common 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 where there is high inflation (prices rising continuously) but no increase in the available jobs or business activity.

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