

FIS Macro Report

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

29/11/2022

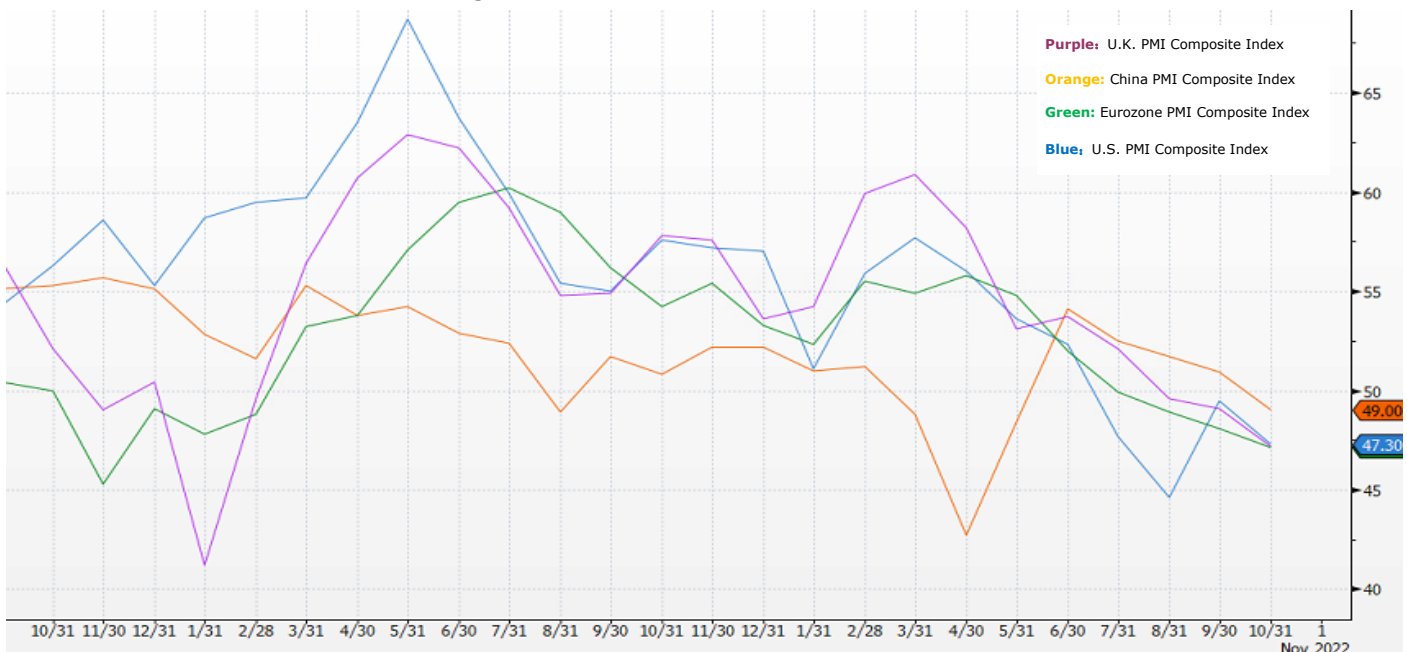
	Last	Previous	% Change
U.S. Dollar Index(DXY)	106.29	107.22	-0.87%
USD/CNY	7.1812	7.1367	0.62%
U.S. FOMC Upper Interest Rate	4.00	3.25	23.08%
China Repo 7 day	2.10	1.71	22.73%
Caixin China Manufacturing PMI	49.20	48.10	2.29%
Markit U.S. Manufacturing PMI	49.40	52.20	-5.36%

China Housing Market Supported Investment Sentiment

The recovery of the Chinese housing market from the late half of November has become an engine to contribute a big push to all major industrial commodities after the marginal weakening impact on forex and interest hike. In addition, the Paper (financial news media in China) indicated that the Chinese property market entered a “most eased period in history”, symbolised by the reopening of refinancing tools, banned previously.

China has leveraged a mixture of measures to avoid a “hard landing” on the property sectors, contributing up to 30% or more of GDP proportion if including the industrial chain. However, conservative economists believed that China at this stage was still one year out of a decade of exiting the fast growth in the housing market. The theory could hardly be proven wrong, but as long as the biggest economic part has enough time to shift to new economies, China can avoid the real meaning of economic crisis.

Major Economies PMI Chart

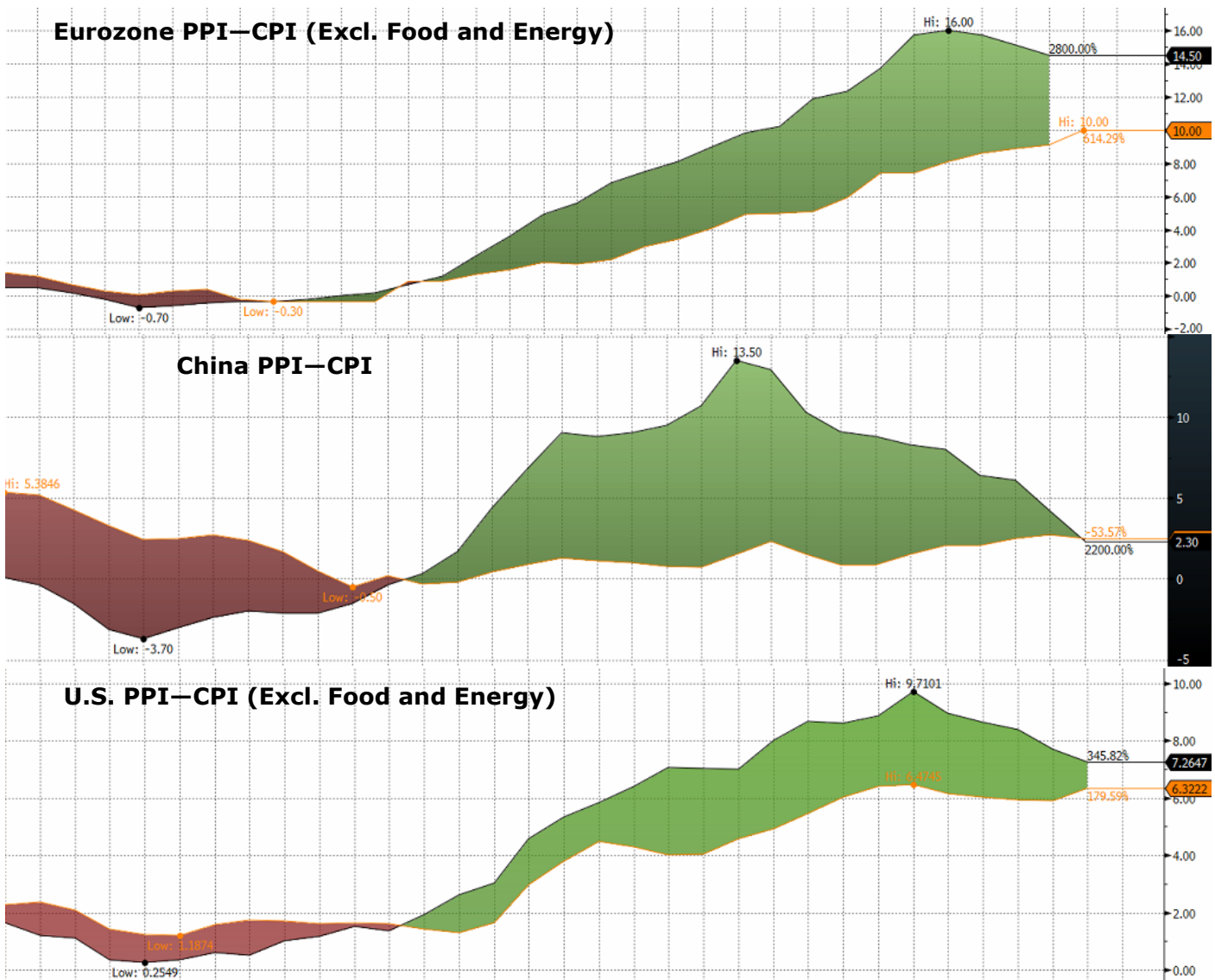


Sources: Bloomberg

	Last	Previous	
Shanghai&Shenzhen 300 Index	3733.24	3769.13	-0.95%
Dow Jones Industrial Average	33849.46	33745.69	0.31%
FTSE 100 Index	7474.02	7376.85	1.32%
Nikkei 225 Index	28162.83	27899.77	0.94%
BVAL U.S. 10-year Note Yield	3.6941	3.8274	-3.48%
BVAL China 10-year Note Yield	2.8891	2.8637	0.89%

China Housing Market Supported Investment Sentiment (Cont'd)

In early this week, CSRC allowed qualified housing companies to restructure and enter IPO process, and resume refinancing of listed property companies. The continuous strategies were meant to hedge against the default risk of housing companies. Commercial banks started to issue credit lines to Tier 1 private property companies including Vanke and Longfor. Previously, many asset management companies were allowed to provide financial relief on debt issues for NPA(Non-Performing Asset) in housing sectors. Major asset management companies and commercial banks received 12 white lists in property companies from supervision division in China.



Sources: Bloomberg, FIS

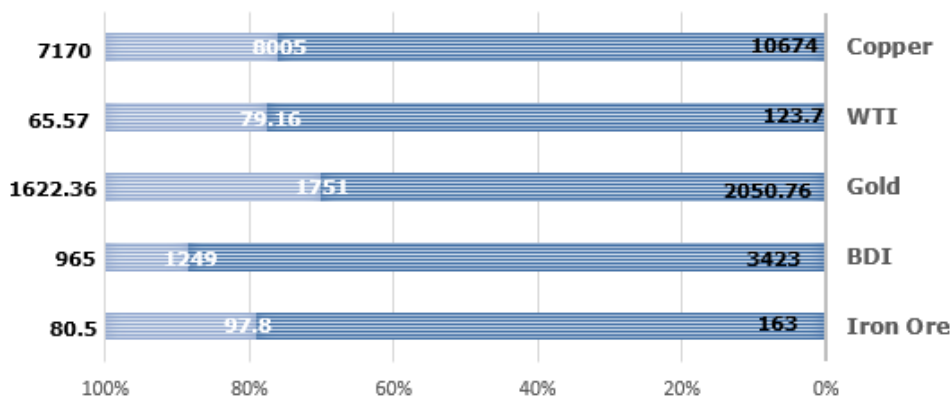
	Last	Previous	
LME Copper 3 Month Rolling	7959.00	7880.50	1.00%
LME Aluminium 3 Month Rolling	2362.50	2379.00	-0.69%
WTI Cushing Crude Oil	77.24	81.64	-5.39%
Platts Iron Ore Fe62%	98.90	96.25	2.75%
U.S. Gold Physical	1751.68	1740.25	0.66%
BDI	1347.00	1177.00	14.44%

China Housing Market Supported Investment Sentiment (Cont'd)

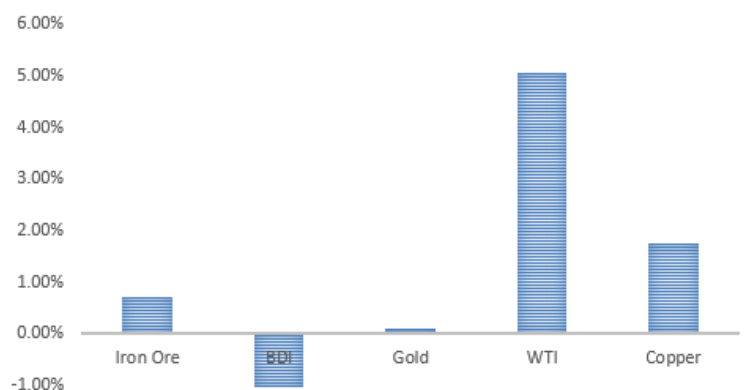
The primary market would provide "bottom support" for sufficient housing and fund chain liquidity. More private housing companies were still evaluating the business and expecting a dynamic development rather than solely betting on housing. However, more housing companies were still investing in related sectors, including property management, travel, and home decoration. Only some listed companies with state-owned backgrounds were looking to expand the new energy area, which involved an enormous investment amount and time cycle. Undoubtedly, many private-owned housing companies will naturally exit the market in China's long-run housing market shift.

The secondary market would expect limited growth since the marginal growth of building materials is expected to decrease. In other words, the market could go back after evaluating an oversupply next year.

Commodity Relative Price Range



5 DAY MOVING AVERAGE CHANGE ON COMMODITIES



Sources: Bloomberg, FIS

—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. 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 the 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.

Written by **Hao Pei**, FIS Senior Research Analyst

Edited by **Mopani Mkandawire**, FIS Content Manager

News@freightinvestor.com, +44 207 090 1120

The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at [freightinvestorservices.com](https://www.freightinvestorservices.com)