

# FIS Macro Report

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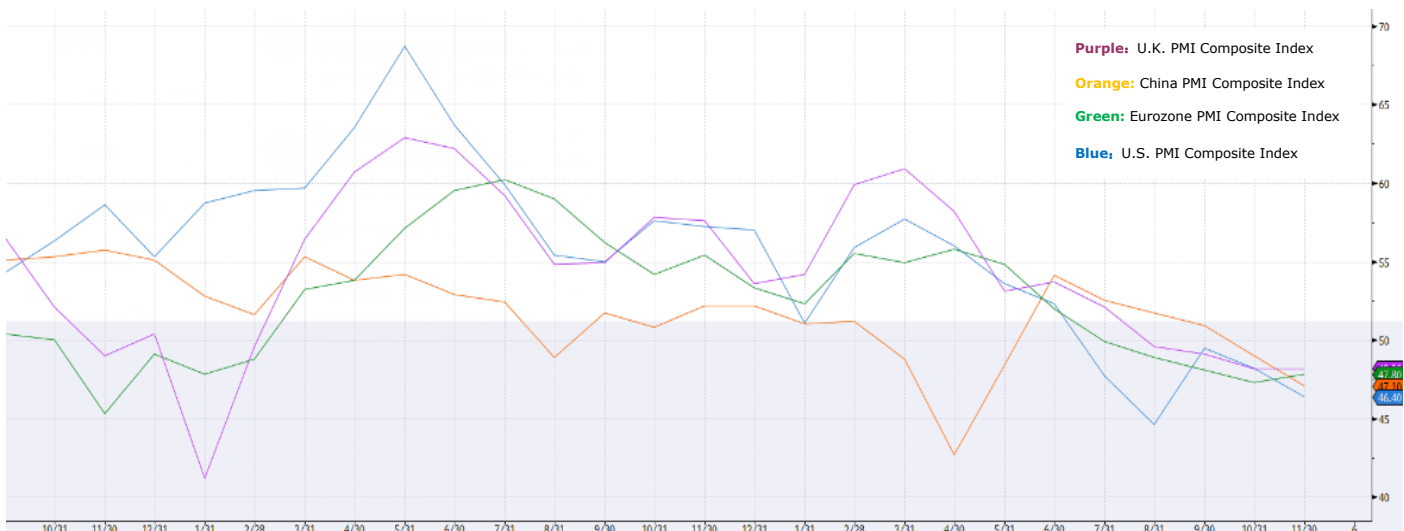
	Last	Previous	% Change
<b>U.S. Dollar Index(DXY)</b>	105.25	106.82	<b>-1.47%</b>
<b>USD/CNY</b>	6.9694	7.1406	<b>-2.40%</b>
<b>U.S. FOMC Upper Interest Rate</b>	4.00	3.25	<b>23.08%</b>
<b>China Repo 7 day</b>	1.66	2.10	<b>-20.95%</b>
<b>Caixin China Manufacturing PMI</b>	49.40	49.20	<b>0.41%</b>
<b>Markit U.S. Manufacturing PMI</b>	46.00	49.40	<b>-6.88%</b>

## Resource Competition

Competition between resources globally looks similar. High oil prices squeezed out petrochemical profits and production. High scrap, iron ore and coke prices eroded steel profits and production. High flat steel and chips prices versus Tesla cut automobile prices squeezed out other automakers.

EU's "price ceiling" at \$60 on Russia's export oil took effect from December 5th. EU will stop providing insurance and financial service for oil transportation if the export price of Russian crude exceeds \$60/barrel from then on. In response, Russia previously indicated that it would stop exporting natural gas to the countries joining price limitations. Argus Media statistics showed that the current Urals oil, the major brand exported from Russia, was only \$50/barrel after a discount, which was 17% lower than the price ceiling. However, the spot price of Urals oil was \$66 to \$67/barrel. The energy analysts from Russia believed that if the spot price of Urals oil dropped below \$50/barrel, production would drop 1.2 to 1.7 million barrels. OPEC+ maintained the previous production cut by 2 million barrels/day in the last conference. However, Saudi Arabia lowered the official sales price to Asia from a premium of \$3.25/barrel to \$2.2/barrel.

Major Economies PMI Chart

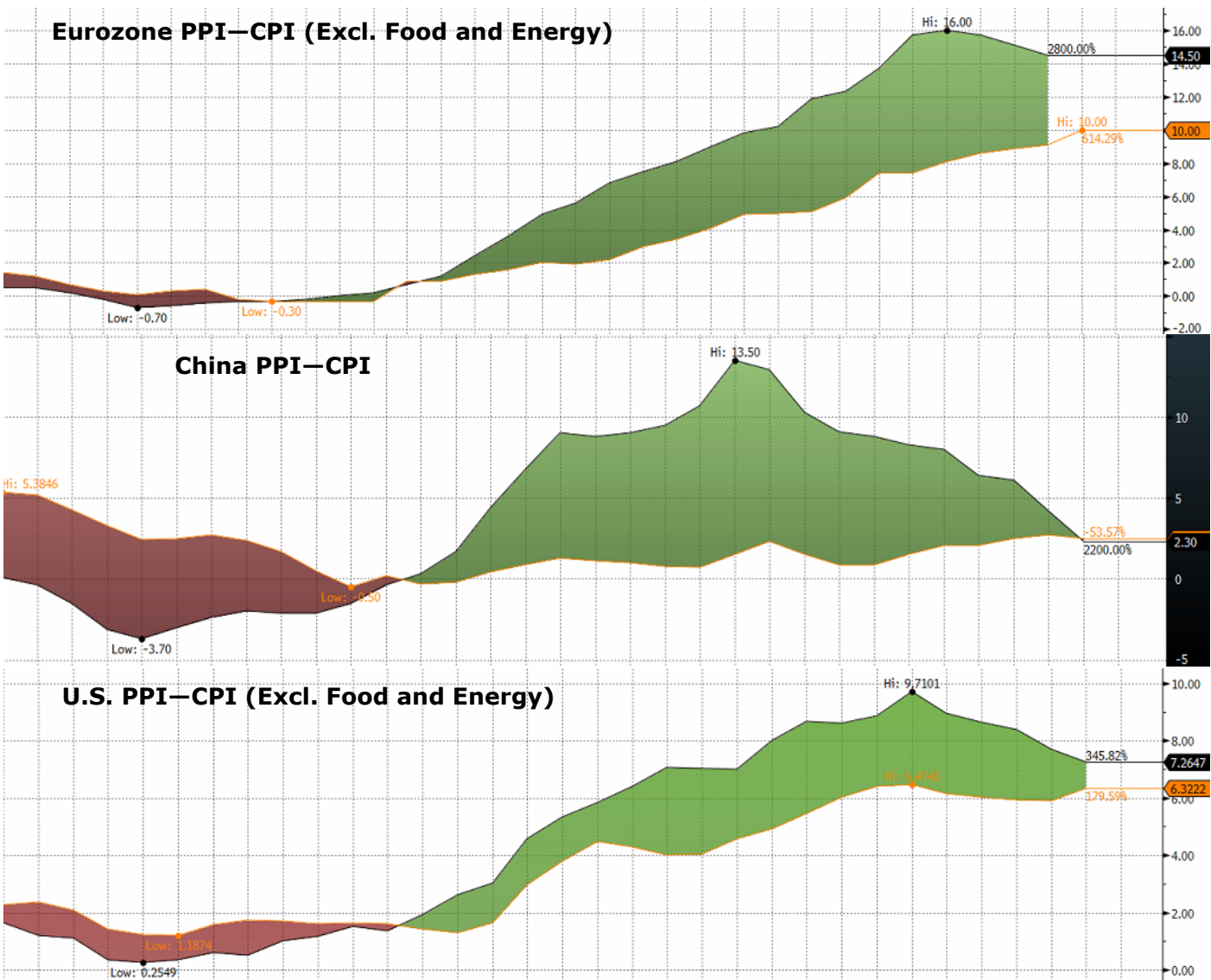


Sources: Bloomberg

	Last	Previous	
<b>Shanghai&amp;Shenzhen 300 Index</b>	3946.88	3733.24	<b>5.72%</b>
<b>Dow Jones Industrial Average</b>	33947.10	33849.46	<b>0.29%</b>
<b>FTSE 100 Index</b>	7567.54	7474.02	<b>1.25%</b>
<b>Nikkei 225 Index</b>	27820.40	28162.83	<b>-1.22%</b>
<b>BVAL U.S. 10-year Note Yield</b>	3.6033	3.6941	<b>-2.46%</b>
<b>BVAL China 10-year Note Yield</b>	2.9210	2.8891	<b>1.10%</b>

## A Quick Review on Chinese Housing Strategies and Impact in 2022

- The earliest signal was traced back to March when Chinese PM Li Keqiang said in the Government Report that there would be a guaranteed housing demand for families, supported rent and purchases, utilised custom policies in different cities, and supported housing development. The China Bank Regulatory Commission (CBRC) proposed to promote Mergers & Acquisitions (M&A) mortgages and support high-quality real estate companies.
- China loosened the restriction and limitation of house purchases in May, including increasing household purchase quota, decreasing requirements for non-local residents, and reducing property assignment period and VAT preference.



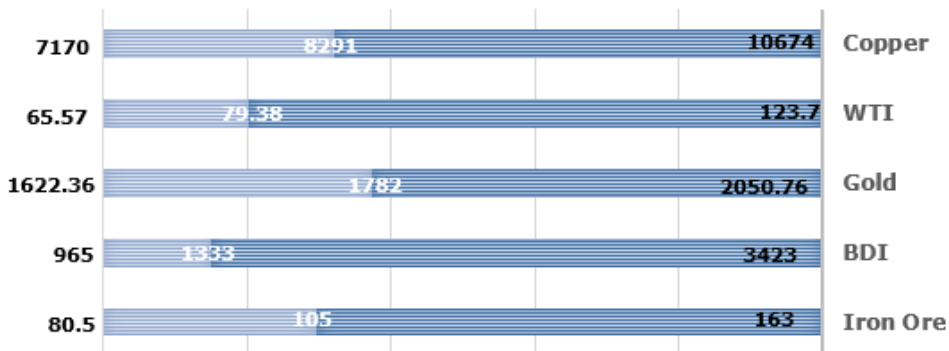
Sources: Bloomberg, FIS

	Last	Previous	
<b>LME Copper 3 Month Rolling</b>	8391.00	7959.00	<b>5.43%</b>
<b>LME Aluminium 3 Month Rolling</b>	2522.50	2362.50	<b>6.77%</b>
<b>WTI Cushing Crude Oil</b>	76.93	77.24	<b>-0.40%</b>
<b>Platts Iron Ore Fe62%</b>	109.60	98.90	<b>10.82%</b>
<b>U.S. Gold Physical</b>	1773.17	1749.85	<b>1.33%</b>
<b>BDI</b>	1323.00	1347.00	<b>-1.78%</b>

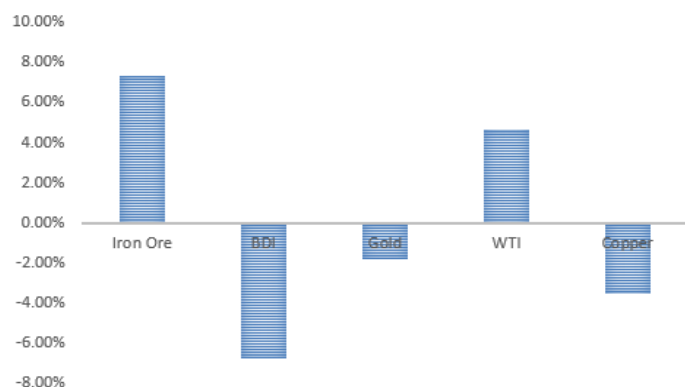
## A Quick Review on Chinese Housing Strategies and Impact in 2022 (Cont'd)

- Loan Prime Rate (LPR) decreased in China and Japan on the background of global interest hikes. Increased beneficial plans for mortgages and lowered down payments, including the down payment decreased to 20% compared with 50% in some cities previously.
- Multiple housing purchase subsidies, including high education, entrepreneurship, and small-cap enterprises support.
- Start building low-rent houses in many cities.
- “Sixteen Measures”, considered the complete version of house stimulus in 2022, guides the strategies in the next 3-5 years. The detail includes stabilising real estate development loans, supporting reasonable demand in an individual mortgage, stabilising enterprise credit line issuance, supporting trust and loan extensions, supporting special loans to guarantee house deliveries, and supporting financing tools in merger and acquisition in housing projects. The policies generally diversified finance venues to prevent house developers’ default and help restructure debts.

**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.

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