

FIS Macro Report

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	Last	Previous	% Change
U.S. Dollar Index(DXY)	103.26	104.52	-1.20%
USD/CNY	6.7761	6.9237	-2.13%
U.S. FOMC Upper Interest Rate	4.50	4.00	12.50%
China Repo 7 day	1.85	3.00	-38.33%
Caixin China Manufacturing PMI	49.00	49.40	-0.81%
Markit U.S. Manufacturing PMI	45.50	46.00	-1.09%

Investment Banks Outlook Takeaways in 2023

- Goldman Sachs mentioned that recession became avoidable for the U.S. in 2023. However, the U.S. would not enter the interest decrease cycle in 2023.
- Morgan Stanley felt positive in 2023, with the roofing of interest rates and a recovered supply chain. In addition, the U.S. dollar depreciating relieved global trades.
- JP Morgan believed that bonds would become the most attractive investments among all asset classes. Low-priced stocks are expected to recover to a more reasonable value.
- Citi Bank introduced a sequence of opportunities, emphasising the fixed income, high dividends stocks and high volatility in U.S. dollars.
- HSBC is concerned about the high inflation, which is expected to maintain a high level in the long run. The high inflation potentially leads to an unexpected downward trend for assets at any time.
- Barkley valued the policies that became gradually important in 2022 and 2023.
- UBS think the economic performance largely depends on how central banks react to avoid the hard landing of the economy and how long it takes to lower inflation to target levels.

Major Economies PMI Chart

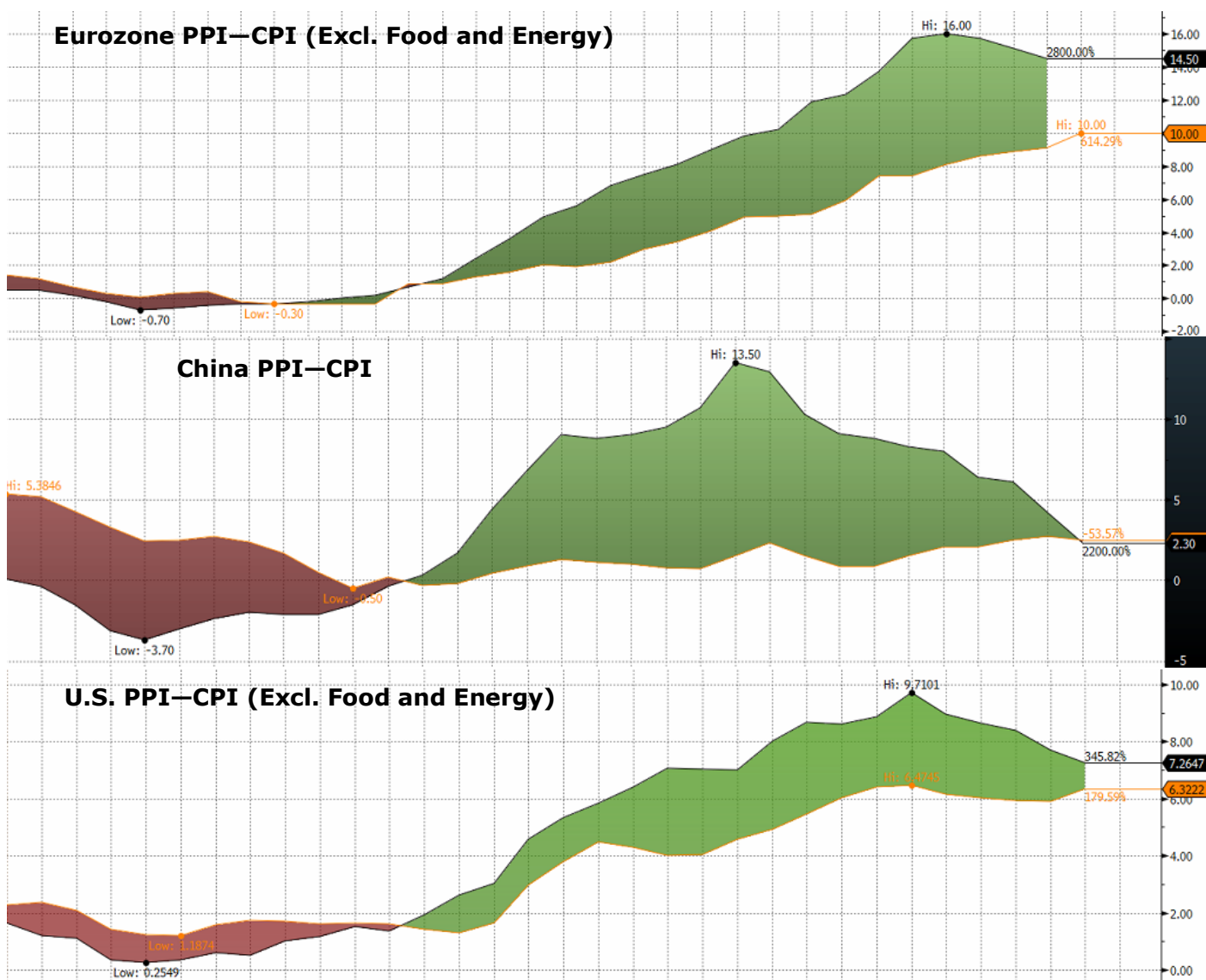


Sources: Bloomberg

	Last	Previous	
Shanghai&Shenzhen 300 Index	3980.89	3856.70	3.22%
Dow Jones Industrial Average	33517.65	33147.25	1.12%
FTSE 100 Index	7724.94	7451.74	3.67%
Nikkei 225 Index	25973.85	26340.50	-1.39%
BVAL U.S. 10-year Note Yield	3.5201	3.8737	-9.13%
BVAL China 10-year Note Yield	2.8800	2.8805	-0.02%

Investment Banks Outlook Takeaways in 2023 (Cont'd)

- Black Rock believed the equity market was yet to reveal recession and promote short government bonds, MBS and inflation-linked assets.
- Allianz appealed to the investors to stay calm because the recession would test the resilience of the economy and the independence of central banks.
- Macquarie promoted infrastructure, fixed-income and agriculture investment in 2023.



Sources: Bloomberg, FIS

	Last	Previous	
LME Copper 3 Month Rolling	8859.50	8372.00	5.82%
LME Aluminium 3 Month Rolling	2438.50	2378.00	2.54%
WTI Cushing Crude Oil	74.63	80.26	-7.01%
Platts Iron Ore Fe62%	118.70	117.35	1.15%
U.S. Gold Physical	1870.61	1839.48	1.69%
BDI	1130.00	1650.00	-31.52%

Commodity Outlook and Major Economists Event

Fed Spectrometer: A Summary of FOMC Participants' Policy Inclinations			
2023 FOMC Voting Members		[-2 = dovish/ 0 = neutral/ +2 = hawkish(1)]	
Board of Governors		Alternate Voters(2)	
Jerome Powell, Chair	+1	Helen Mucciolo, Interim First VP of FRB New York	N/A
Lael Brainard, Vice Chair of Board of Governors	-2	Loretta Mester, Cleveland	+1
Michael Barr, Vice Chair for Supervision	0	James Bullard, St. Louis	+2
Michelle Bowman, Governor	+1	Esther George, Kansas City	+1
Christopher Waller, Governor	+1	Susan Collins, Boston	0
Lisa Cook, Governor	-1		
Philip Jefferson, Governor	0		
Voting Regional FRB Presidents		Non-Voters	
John Williams, Vice Chair of FOMC, New York	0	Thomas Barkin, Richmond	0
Austan Goolsbee, Chicago	-1	Raphael Bostic, Atlanta	-1
Patrick Harker, Philadelphia	0	Mary Daly, San Francisco	+1
Neel Kashkari, Minneapolis	+2		
Lorie Logan, Dallas	0		

(1) Numerical ratings are subjective assessments of Bloomberg's U.S. Economics team based on recent public comments.
(2) Alternate Voters are non-voting unless required to vote in the absence of a voting member.

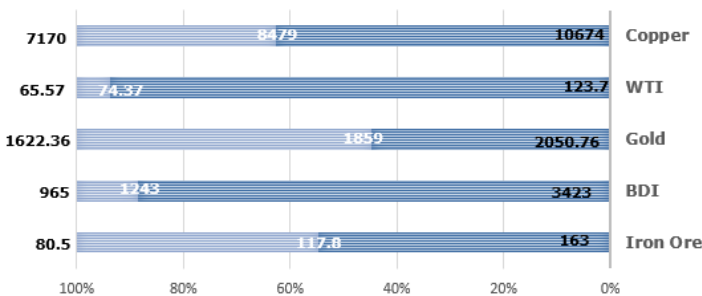
- On the left side, the Bloomberg Economics Fed Spectrometer subjectively classifies each governor or banker in a spectrum spanning from -2 (Dove) to +2(Hawk). Voters tilt Dovish in 2023 from this Spectrometer.

- Iron ore growth might slow down after the squeezed physical steel margins moved to negative levels again. On the other hand, physical coke in China started to correct, given a strong Pacific market.

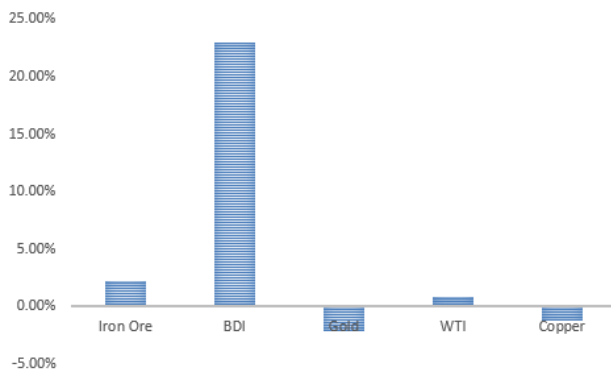
- BDI retreated as the recovery on maritime capacity.

- Demand increase became slower than supply for copper from January to November. The market expected a consolidation instead of a strong rebound because of Chinese production growth in January.

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. 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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