

# FIS Macro Report

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	Last	Previous	% Change
<b>U.S. Dollar Index(DXY)</b>	102.21	101.92	<b>0.28%</b>
<b>USD/CNY</b>	6.7572	6.7840	<b>-0.40%</b>
<b>U.S. FOMC Upper Interest Rate</b>	4.50	4.00	<b>12.50%</b>
<b>China Repo 7 day</b>	2.14	2.60	<b>-17.69%</b>
<b>Caixin China Manufacturing PMI</b>	49.00	49.40	<b>-0.81%</b>
<b>Markit U.S. Manufacturing PMI</b>	45.50	46.00	<b>-1.09%</b>

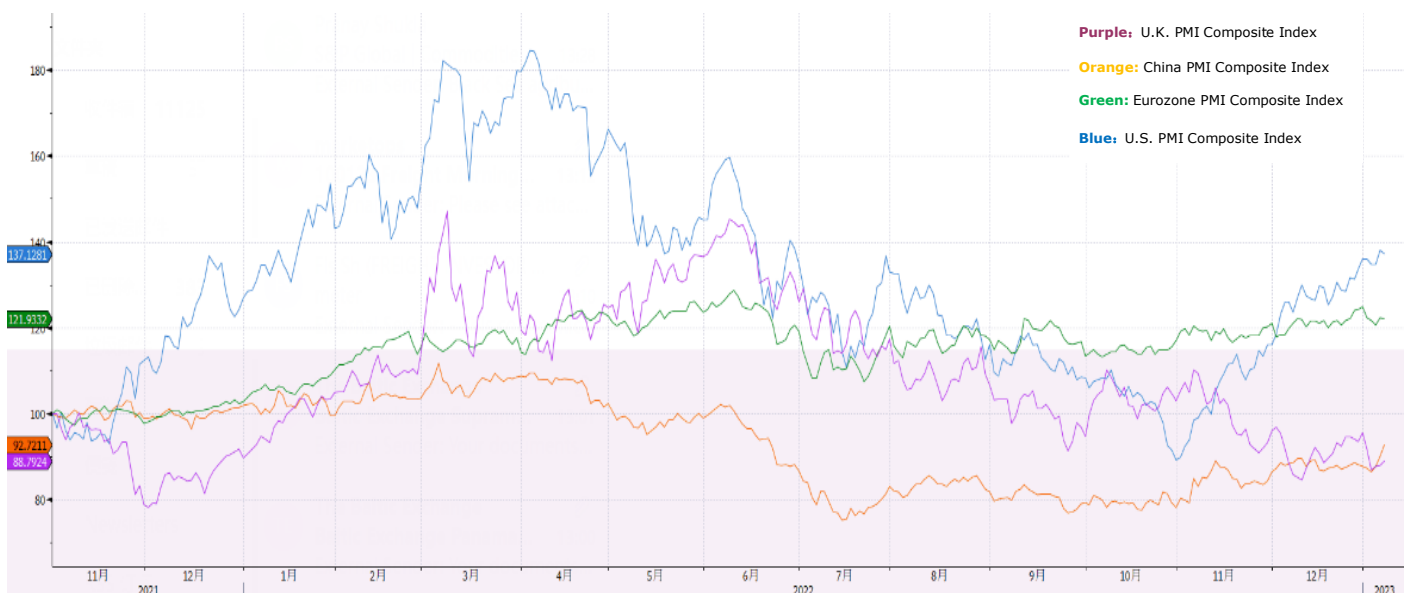
## Major Economic Statistics indicated Soft-landing in 2023

The probability of a "soft landing" of the U.S. economy is rising, while the tightening policy of the Federal Reserve is expected to approach an end. Nick Timiraos, a reporter, quoted the comments of Federal Reserve Director Waller, stressing the slowdown in the demand market and the 25bps increase in interest rates. U.S. Treasury Secretary Janet Yellen said that the fall in energy prices and the easing of the supply chain are cooling down global inflation.

In the long run, the monetary tightening policies could last the entire 2023 for most of the countries, given that the rates hike slowed down in both Europe and U.S. compared with 2022. Many economists expect to see the highest inflation rate in the U.S. in late Q2 2023. However, it takes longer to see the peak of the inflation rate in Europe because of the pre-historic high salaries. U.S. Federal and the European Central Bank (ECB) will announce their monetary decision in early February.

U.S. Q4 GDP growth rate at 2.9% is better than the expected 2.6%, slower than 3.2% in Q3. The biggest contributor was the slow-down house demand caused by the high mortgage rate, which also discouraged housing investment by 26% and building permits by 30%. U.S. Markit January Manufacturing PMI reached 46.8 last December 46.2. Service PMI 46.6, last 44.7.

### PMI Index



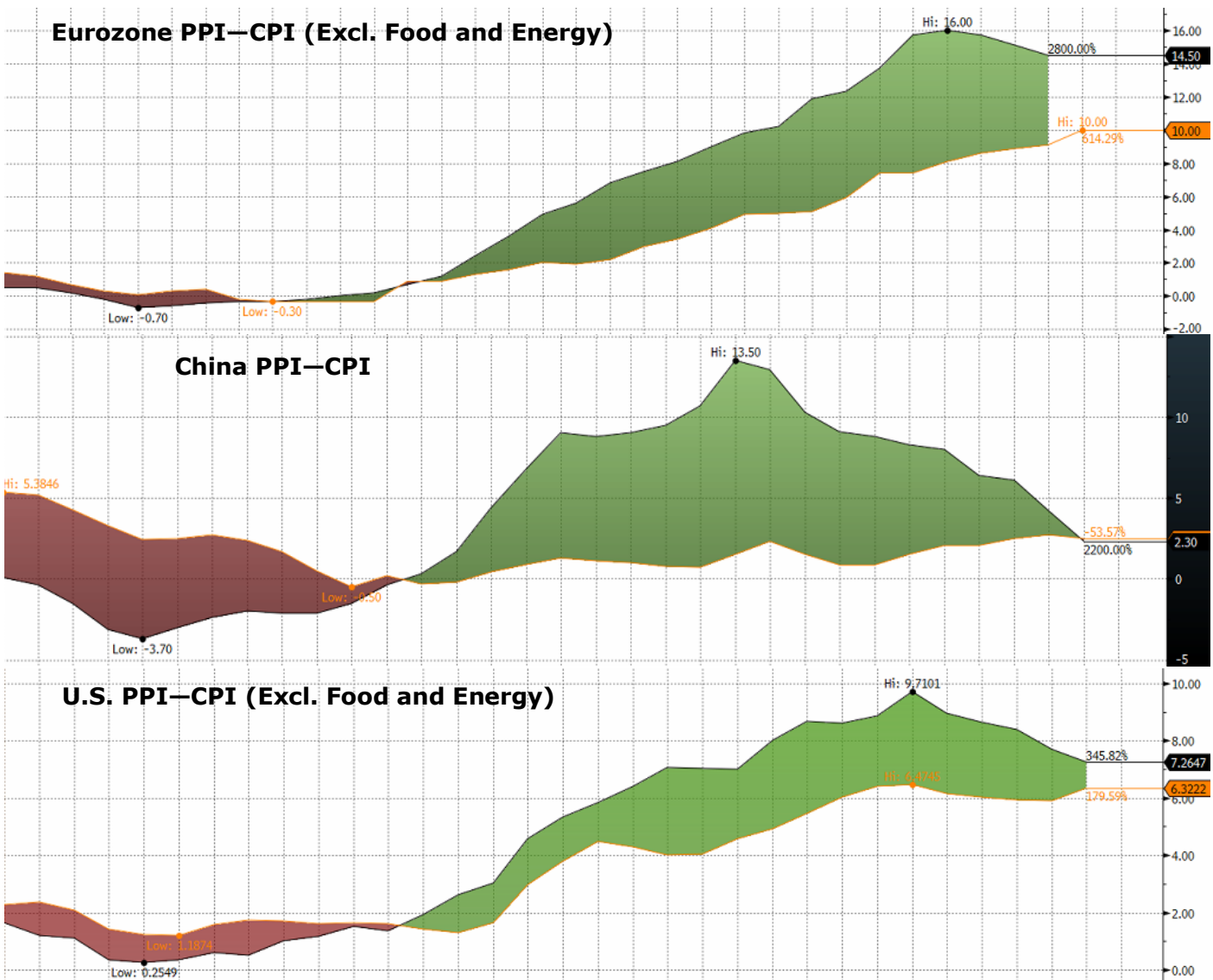
Sources: Bloomberg

	Last	Previous	
<b>Shanghai&amp;Shenzhen 300 Index</b>	4181.53	4074.38	<b>2.63%</b>
<b>Dow Jones Industrial Average</b>	33717.09	33629.56	<b>0.26%</b>
<b>FTSE 100 Index</b>	7784.87	7784.67	<b>0.00%</b>
<b>Nikkei 225 Index</b>	27433.40	26906.04	<b>1.96%</b>
<b>BVAL U.S. 10-year Note Yield</b>	3.5366	3.5160	<b>0.59%</b>
<b>BVAL China 10-year Note Yield</b>	2.9447	2.9451	<b>-0.01%</b>

### Major Economic Statistics indicated Soft-landing in 2023 (Cont'd)

United Nations predicted the growth rate of the U.S. GDP at 0.4%, the EU at 0.2%, Japan at 1.5, and the U.K. at 0.8%. U.N. expects China's growth rate to recover to 4.8% after the ease of the pandemic and the boost of consumption.

Non-ferrous metals saw steady growth supported by the slower interest rate hike. Ferrous saw a slight increase supported by better China demand in housing after the lift. The oil market rebounded concerning the war's impact and the return of the Chinese market.



Sources: Bloomberg, FIS

	Last	Previous	
<b>LME Copper 3 Month Rolling</b>	9210.00	9356.00	<b>-1.56%</b>
<b>LME Aluminium 3 Month Rolling</b>	2589.50	2636.50	<b>-1.78%</b>
<b>WTI Cushing Crude Oil</b>	77.90	81.27	<b>-4.15%</b>
<b>Platts Iron Ore Fe62%</b>	129.80	124.95	<b>3.88%</b>
<b>U.S. Gold Physical</b>	1923.28	1937.36	<b>-0.73%</b>
<b>BDI</b>	676.00	763.00	<b>-11.40%</b>

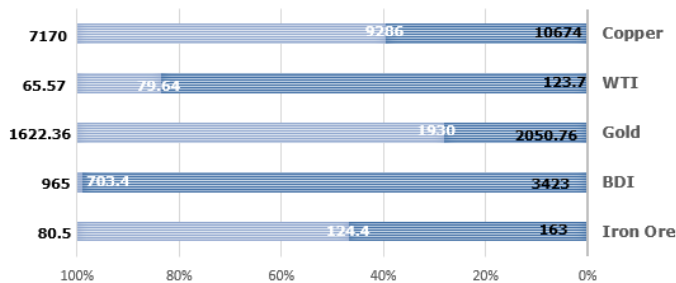
## Commodity Outlook and Major Economists Event

Fed Spectrometer: Fed Members' Policy Inclinations			
2023 FOMC Voting Members [-2 = dovish/ 0 = neutral/ +2 = hawkish (1)]			
<b>Board of Governors</b>		<b>Alternate Voters (2)</b>	
Jerome Powell, Chair	+1	Helen Mucciolo, Interim First VP of FRB New York	N/A
Lael Brainard, Vice Chair of Board of Governor(3)	-2	Loretta Mester, Cleveland	+1
Michael Barr, Vice Chair for Supervision	0	Thomas Barkin, Richmond	0
Michelle Bowman, Governor	+1	Raphael Bostic, Atlanta	-1
Christopher Waller, Governor	+1	Mary Daly, San Francisco	+1
Lisa Cook, Governor	-1		
Philip Jefferson, Governor	0		
<b>Voting Regional FRB Presidents</b>		<b>Non-Voters</b>	
John C Williams, New York	0	James Bullard, St Louis	+2
Austan Goolsbee, Chicago	-1	Esther George, Kansas City	+1
Patrick Harker, Philadelphia	0	Susan Collins, Boston	0
Neel Kashkari, Minneapolis	+2		
Lorie Logan, Dallas	0		

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

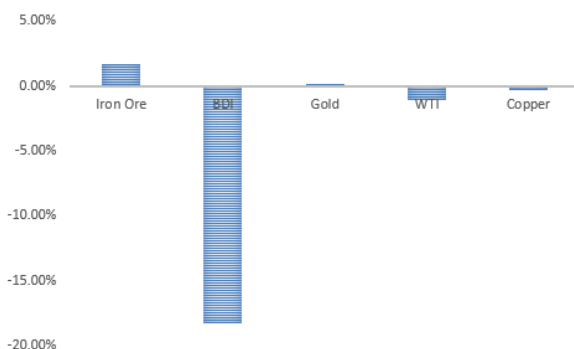
- On the left side, the Bloomberg Economics Fed Spectrometer subjectively classifies each governor or banker in a spectrum spanning from -2(Dove) to +2 (Hawk). Voters tilt Dovish in 2023 from this Spectrometer. The chart is updated weekly to observe the voter's decision expectations as an early indicator of FOMC decision.

### Commodity Relative Price Range



- Iron ore growth might slow down after the squeezed physical steel margin to a negative area again. In addition, coal supply was impacted by the wet weather, train accident and long laycan queues at ports.

### 5 DAY MOVING AVERAGE CHANGE ON COMMODITIES



- BDI retreated as the recovery in maritime capacity and the recovery in the supply chain.
- Non-ferrous metals saw steady growth supported by the slower interest rate hike; however, they might give back gains when they return to follow fundamental logic.

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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