

FIS Macro Report

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	Last	Previous	% Change
U.S. Dollar Index(DXY)	103.52	102.10	1.39%
USD/CNY	6.7909	6.7568	0.50%
U.S. FOMC Upper Interest Rate	4.75	4.50	5.56%
China Repo 7 day	2.03	2.14	-5.14%
Caixin China Manufacturing PMI	49.20	49.00	0.41%
Markit U.S. Manufacturing PMI	46.70	45.50	2.64%

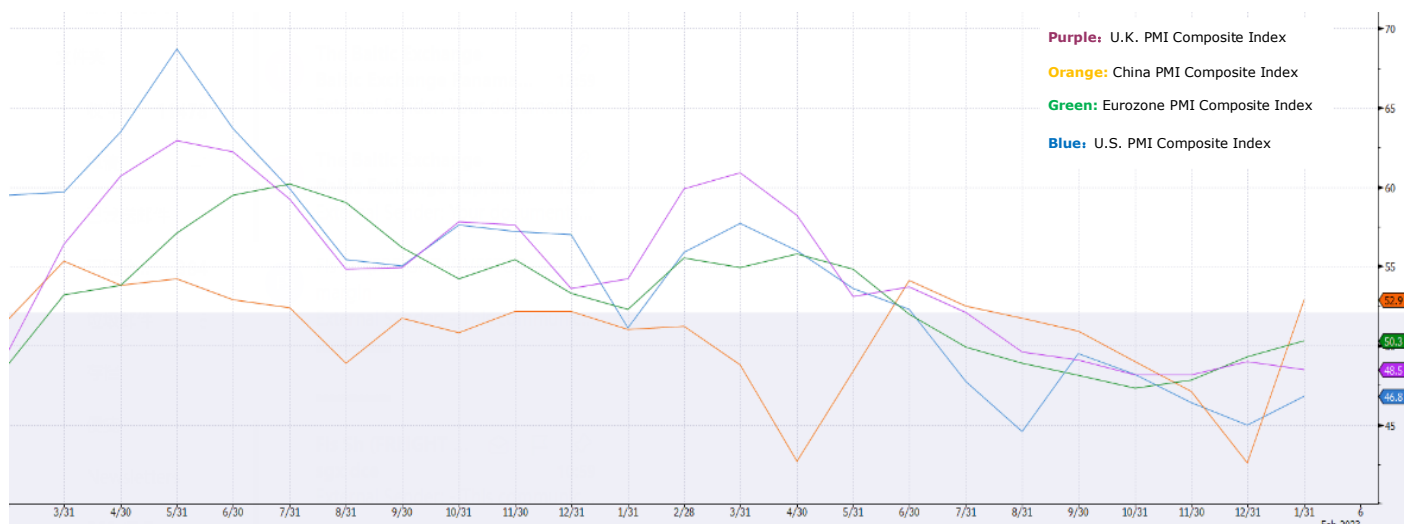
U.S. Job Growth Presented new Challenge for Federal Reserves

The U.S. non-farm payrolls reached 517,000 in January, which almost tripled the analysts' prediction of 190,000 jobs, way higher than 260,000 in December 2022. The unemployment rate fell to 3.4%, the low since 1969. The strong job growth would become the indicator to support the high inflation rate, which left the U.S. Federal Reserve in an embarrassing condition just after the Fed announced the smallest hike over the past three years.

If we look back to the previous FOMC, major committee members sent a very hawkish signal, giving a 25-bps hike. The ultimate interest rate raised above 5%, which had consistently adjusted upward during the past few meetings. The target inflation rate of 2% was only half of the current level of 3.9% in January. Undoubtedly, the Fed will not press the pause button until the inflation rate sees a much faster or significant decrease.

Positive gains led the job growth in the hospitality and entertainment, business services and healthcare sectors. The inflation pressure had transferred from the manufacturing industry to the service sector. Chair of the Federal Reserve of the U.S. Jerome Powell stated that the inflation control was in the 'initial stage', which meant it would take more steps and time to see the victory.

PMI Index



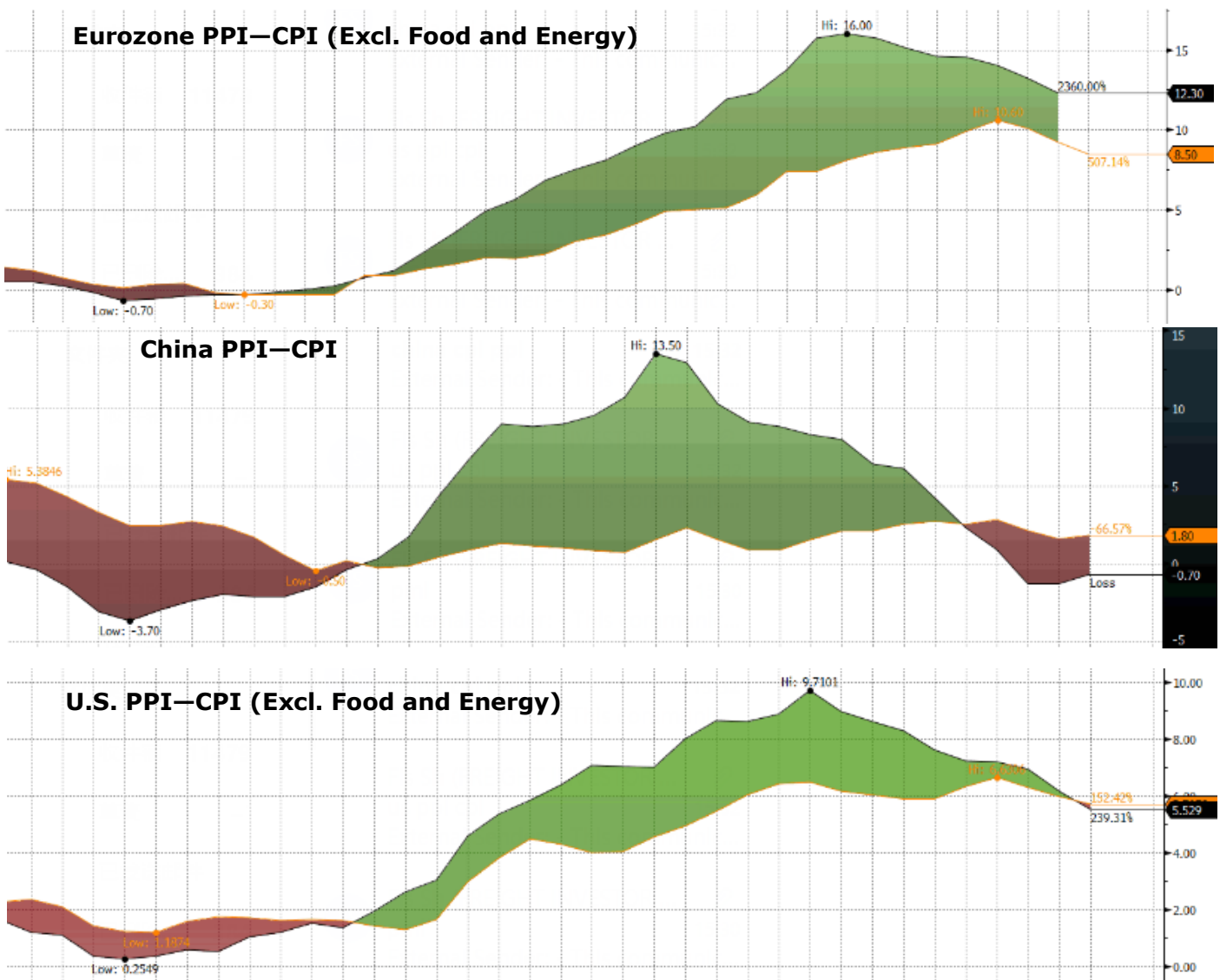
Sources: Bloomberg

	Last	Previous	
Shanghai&Shenzhen 300 Index	4086.88	4201.35	-2.72%
Dow Jones Industrial Average	33891.02	33717.09	0.52%
FTSE 100 Index	7836.71	7784.87	0.67%
Nikkei 225 Index	27693.65	27433.40	0.95%
BVAL U.S. 10-year Note Yield	3.6224	3.5366	2.43%
BVAL China 10-year Note Yield	2.9144	2.9447	-1.03%

Industry Profit Expected to Recover

China manufacturing PMI in January returned to the boom area at 50.1%, ending the three consecutive bust months, indicating that the Chinese industrial profit and size recovered. Previously China NBS statistics showed a 91.3% decrease in 2022 year-on-year.

IMF refreshed the World Economy Outlook and increased the GDP growth from 2.7% to 2.9% in late January.



Sources: Bloomberg, FIS

	Last	Previous	
LME Copper 3 Month Rolling	8871.50	9210.00	-3.68%
LME Aluminium 3 Month Rolling	2533.50	2589.50	-2.16%
WTI Cushing Crude Oil	74.11	77.90	-4.87%
Platts Iron Ore Fe62%	124.05	129.80	-4.43%
U.S. Gold Physical	1871.84	1928.36	-2.93%
BDI	621.00	676.00	-8.14%

Commodity Outlook and Major Economists Event

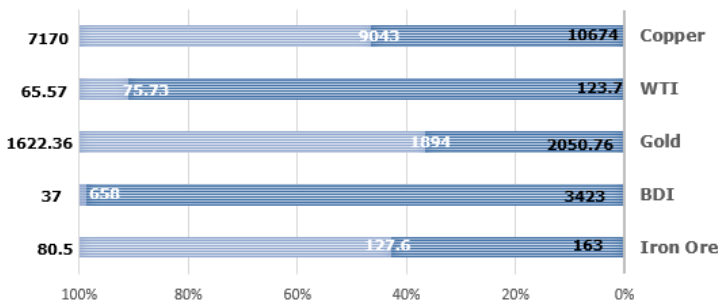
Fed Spectrometer: Fed Members' Policy Inclinations

2023 FOMC Voting Members [-2 = dovish/ 0 = neutral/ +2 = hawkish (1)]		Alternate Voters (2)	
Board of Governors			
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		
Voting Regional FRB Presidents			
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		
Non-Voters			

(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.

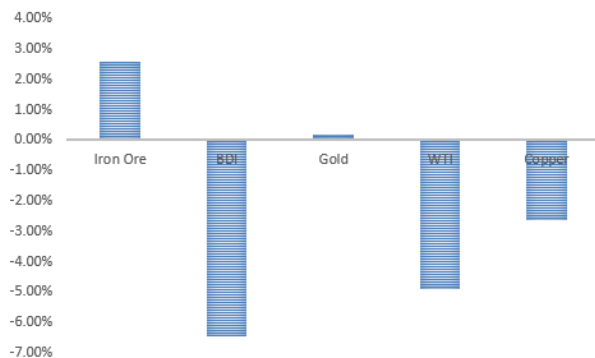
- On the left side, the Bloomberg Economics Fed Spectrometer subjectively classifies each governor or banker in a spectrum spanning from -2(Dove) to +2 (Hawk). Voters tilt Dovish in 2023 from this Spectrometer. The chart is updated on a weekly basis to observe the voter's decision expectations as an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

Commodity Relative Price Range



- Iron ore potentially saw taking gains effect after the policies of China entered a muted month in February.
- The upcoming cyclones supported primary coals price in Queensland.

5 DAY MOVING AVERAGE CHANGE ON COMMODITIES



- BDI retreated as the recovery in maritime capacity and the recovery in the supply chain.
- Metals saw a correction as risk appetite shifted after the Fed announced a few hawkish views following the high non-farm payroll number.
- The oil and energy market saw a rebound as Turkey's earthquake led to an explosion in gas pipelines and Chinese demand recovery.

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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