

FIS Macro Report

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	Last	Previous	% Change
U.S. Dollar Index(DXY)	102.66	103.26	-0.58%
USD/CNY	6.8763	6.8765	-0.00%
U.S. FOMC Upper Interest Rate	5.00	4.75	5.26%
China Repo 7 day	2.85	2.25	26.67%
Caixin China Manufacturing PMI	51.60	49.20	4.88%
Markit U.S. Manufacturing PMI	47.70	46.70	2.14%

Has Bank System Risk Dissipated?

Deutsche Bank has become the bank in the third country to suffer a bank run. From early this week, it is easy to see a panic dissipating sentiment in the current months, as major U.S. and European stocks recovered more than half the loss created by previous weeks. UBS and the Swiss government jointly saved Credit Suisse. A week later, FDIC acquired SVB. Investors saw these actions as favourable resolutions to prevent the credit risk of banks and a financial crisis. On the downside, it is hard to persuade withdrawals from national banks with heavy debt and low revenue because investors don't make a similar mistake twice a year. In the long run, the risk tolerance has decreased significantly following the global pandemic, wars and sanctions, energy risk and bank run.

Given the complicated structure of the different financial bodies and the invisible risk behind the management and political side, it became almost impossible to subjectively evaluate the outspread risk on each bank run in the coming months. Moreover, whether in the U.S. or Europe, the approach to the banking crisis is replicating the 2008 financial crisis by merging banks in crisis with profitable banks. The merger could become a resolution in the short run. However, the risks are reallocated instead of disappearing; after the merger, giant banks face more significant risks in amount and difficulties in evaluation.

PMI Index

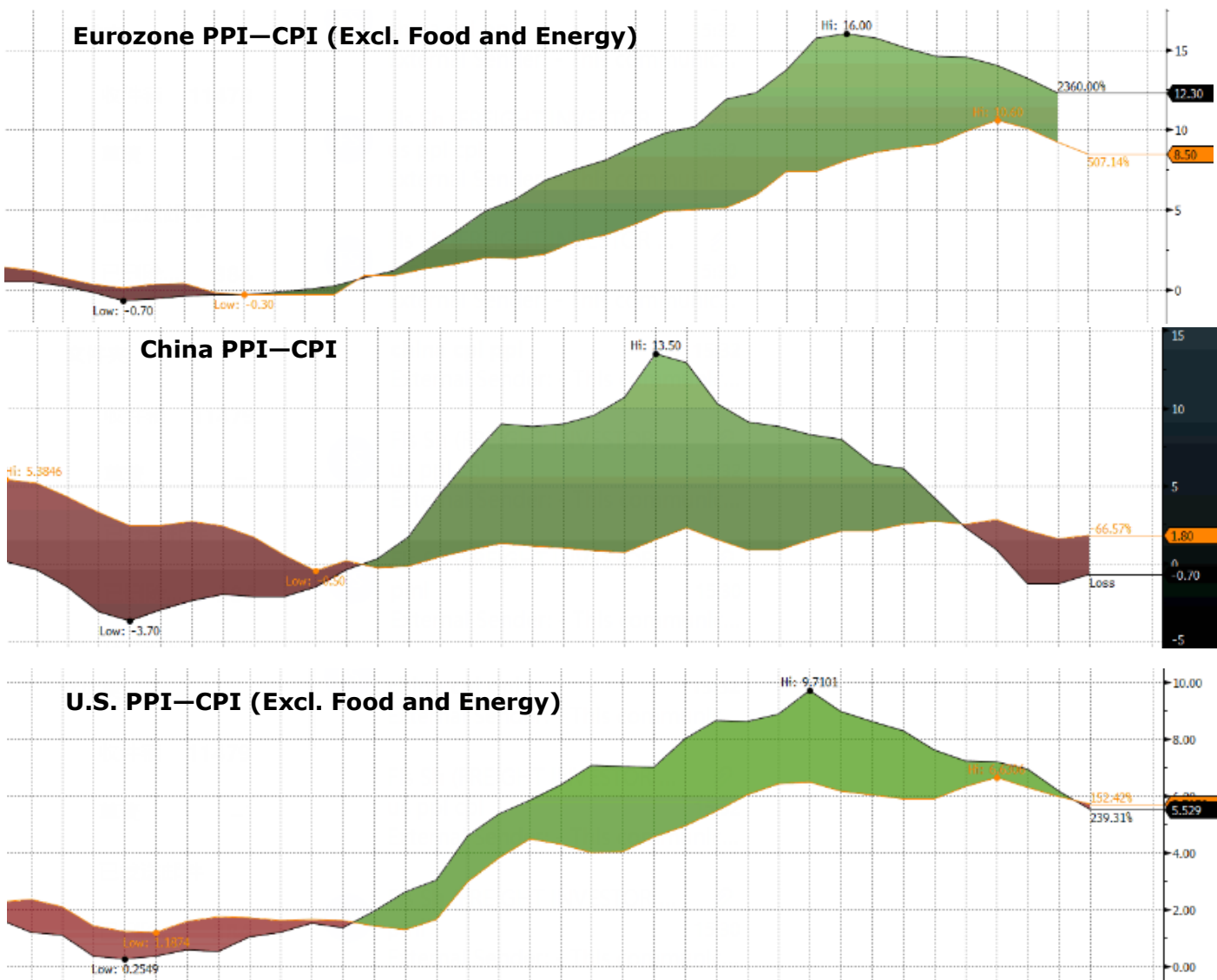


Sources: Bloomberg

	Last	Previous	
Shanghai&Shenzhen 300 Index	4027.05	3958.82	1.72%
Dow Jones Industrial Average	32432.08	32244.58	0.58%
FTSE 100 Index	7471.77	7403.85	0.92%
Nikkei 225 Index	27476.87	27333.79	0.52%
BVAL U.S. 10-year Note Yield	3.5446	3.4982	1.33%
BVAL China 10-year Note Yield	2.8550	2.8403	0.52%

The Slow Down on Interest Hike

After the bank risks in multiple countries, major central banks worldwide are now openly considering ending their interest rate hikes ahead of schedule. The U.S. Federal Reserve has indicated to end interest rate hikes after the last 25 bps hike in March. The European Central Bank has stated that it will no longer issue policy guidance on interest rate hikes but will make separate decisions at each meeting. The Bank of England indicated that inflation had already cooled down fast. Investors expected a neutral monetary environment in major economies for the rest of the year.

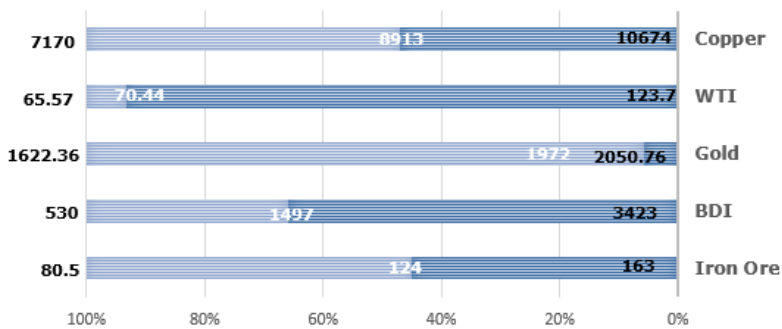


Sources: Bloomberg, FIS

	Last	Previous	
LME Copper 3 Month Rolling	8964.00	8697.50	3.06%
LME Aluminium 3 Month Rolling	2363.50	2274.50	3.91%
WTI Cushing Crude Oil	72.81	67.64	7.64%
Platts Iron Ore Fe62%	121.65	126.50	-3.83%
U.S. Gold Physical	1960.59	1940.07	1.06%
BDI	1489.00	1535.00	-3.00%

Commodity Outlook and Major Economists Event

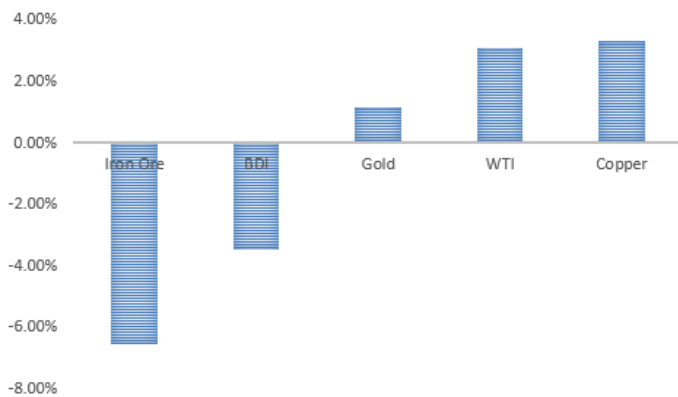
Commodity Relative Price Range



- The iron ore and steel sector corrected as consumption proved slower, and risk appetite became low after the bank run in the U.S.

- Primary coal saw resilient demand, and supply was also relieved. However secondary coals market saw a surplus.

5 DAY MOVING AVERAGE CHANGE ON COMMODITIES



- BDI corrected after.

- Copper recovered risk appetite.

- The oil and energy market is supported due to Turkey closing one crude oil pipeline.

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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