

FIS Macro Report

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	Last	Previous	% Change
U.S. Dollar Index(DXY)	103.55	104.13	-0.55%
USD/CNY	7.1547	7.1289	0.36%
U.S. FOMC Upper Interest Rate	5.25	5.00	5.00%
China Repo 7 day	1.90	1.85	2.70%
Caixin China Manufacturing PMI	50.90	49.50	2.83%
Markit U.S. Manufacturing PMI	51.30	51.70	-0.77%

FOMC Interest Rate Decision

Most economic analysts expected that the FOMC would shift interest hike from June to July, which was believed as the last 1 or 2 hikes in 2023. Federal tend to make more hawkish voices to the market before taking actions, given a limited financial toolbox on hand. Unsurprisingly, the prediction management worked well in 2023. In addition, the investment market can't wait to embrace the economic recovery, eying Nasdaq Index created the highest since April, 2022. Industrial commodities also enjoyed a two-week length growth after the warming on risk appetite.

In fact, the "High for Longer" strategy doesn't mean a continuous interest hike. The Federal could even maintain the rate through 2023, as long as the absolute interest rate was believed at high level.

The Q1 U.S. GDP growth rate was at 1.6%, which was 0.2% higher than prediction. The expected growth rate for Q4 was 0.4%, indicating that it is unlikely to see a recession in 2023 technically. The higher than expected number together with the delay of the debt ceiling risk became positive factors to support secondary market.

PMI Index

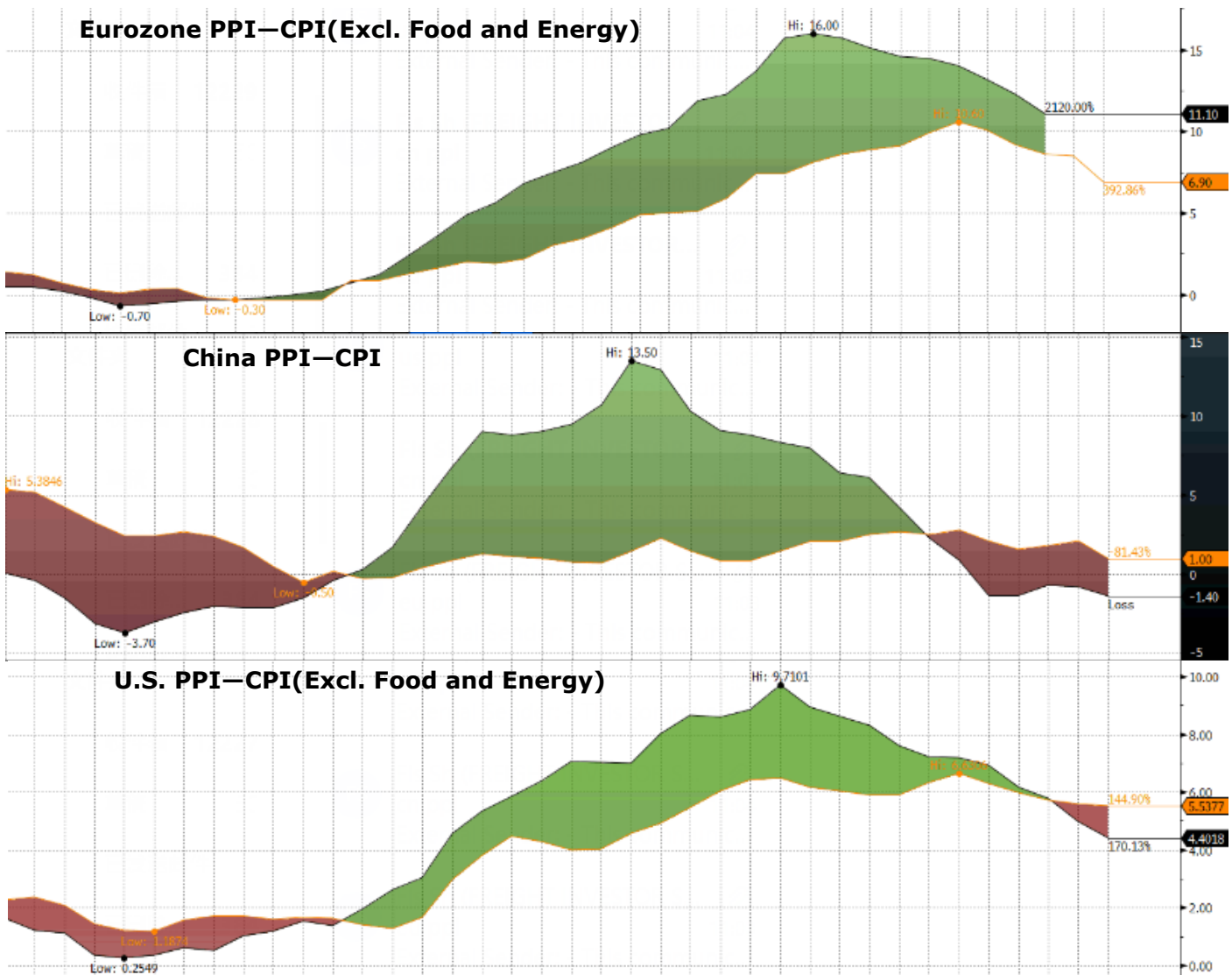


Sources: Bloomberg

	Last	Previous	
Shanghai&Shenzhen 300 Index	3836.70	3861.83	-0.65%
Dow Jones Industrial Average	34066.33	33562.86	1.50%
FTSE 100 Index	7570.69	7599.99	-0.39%
Nikkei 225 Index	32434.00	32217.43	0.67%
BVAL U.S. 10-year Note Yield	3.7450	3.7135	0.85%
BVAL China 10-year Note Yield	2.7070	2.7263	-0.71%

China Housing Strategies Came Out

After witnessing the weak Q1 housing numbers in May in China, the investment market entered a freezing mode, as the houses and related industries account for more than 30% of GDP. Following the U.S. debt repayment delay, several cities in China lowered the downpayment ratio and decreased qualifications for the second house purchasing. Market read as positive signals and more policies landing in June and July. Industrial commodities including iron ore, steel and equity stocks have grown significantly during past two weeks.

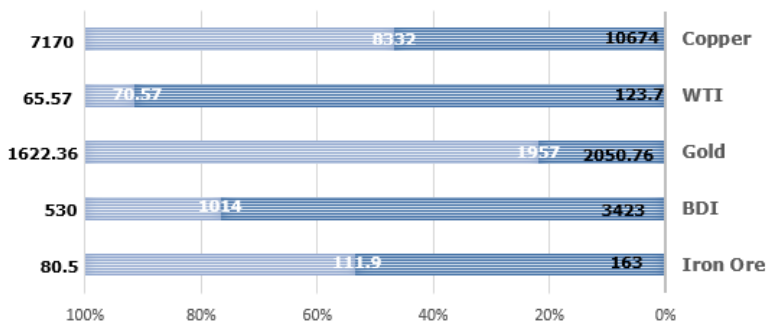


Sources: Bloomberg, FIS

	Last	Previous	
LME Copper 3 Month Rolling	8310.50	8335.00	-0.29%
LME Aluminium 3 Month Rolling	2228.00	2244.00	-0.71%
WTI Cushing Crude Oil	67.12	72.15	-6.97%
Platts Iron Ore Fe62%	112.40	109.00	3.12%
U.S. Gold Physical	1960.35	1963.52	-0.16%
BDI	1055.00	919.00	14.80%

Commodity Outlook and Major Economists Event

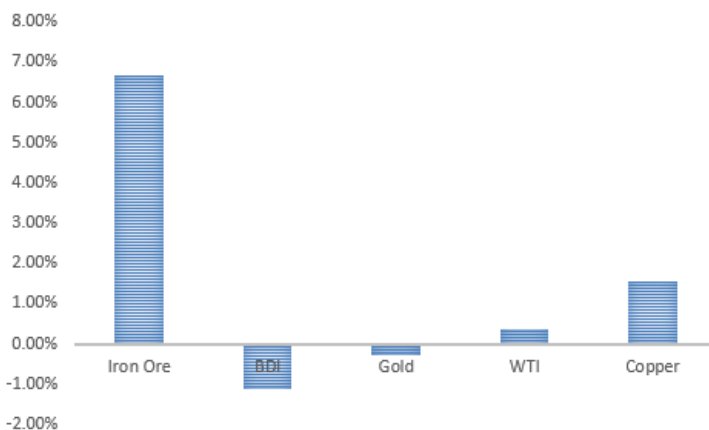
Commodity Relative Price Range



- Iron ore rebounded fast during past week as the risk appetite shifted back after a few macro events sending positive signals including interest cut and housing stimulus.

- Prime coal market gained support as Indian end-users were importing more in Q2.

5 DAY MOVING AVERAGE CHANGE ON COMMODITIES



- BDI correction slowed given the recovery of global economic outlook.

- Copper was supported by Chinese completion on grids, air-conditioner productions increased.

- Oil and energy market currently have a split view between stronger production cut and weaker demand.

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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